

Re-Searching Stewardship

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ABSTRACT

Since the theory of stewardship was introduced, there have been various studies testing the constructs of stewards and stewardship. However, few studies have focused on the development of stewardship theory. Stewardship research has largely been conducted in a variety of unrelated contexts and with a variety of approaches and perspectives. Due to this disarray, there is no agreement as to what stewardship is about. In fact, stewardship has not been explicitly defined until recently. In addition, these studies have mostly been conducted from an individualist ontological perspective and few, if any, are empirical in nature. There are also several problems with previous stewardship research that has caused its under-development: vocabulary, model of man, the meaning of interest and the principal.

In view of this, the purpose of this study is to explore the ontology of stewardship as it could be productive in increasing consensus on the characteristics of stewardship. The establishment of an ontology for the construct of stewardship is essential because it builds the foundation for epistemological queries. In addition, the ontology influences the methodologies used to study the construct.

Using the concept of site ontology, this study explores the ontology of stewardship within the practices and material arrangements of the bank Svenska Handelsbanken. The ontology is further delimited to the practices at two of the bank's locations: Great Britain and Singapore. Based on the definition of stewardship from a previous study, stewardship is theorized to involve virtues. Thus, narratives of virtues and actions are coded from interview transcripts to arrive at how virtuous actions may be created and sustained.

The discovery is that stewardship involves the practice of virtuous actions. These actions are linked by understandings, rules and teleoaffectivity. Organizational actors select who they want as their principals and there can be more than one principal in a stewardship context. One finding refutes the model of man assumed in previous stewardship studies. Further, interest is discovered to have a multitude of meanings. Accordingly, these findings broaden the possibility of the vocabulary for future stewardship research.

This study offers a different ontological perspective of stewardship through an empirical case study. Several problems with previous stewardship research are identified and new insights are suggested. The study concludes by offering a new definition of stewardship.

Keywords: stewardship, virtues, ontology, site ontology, practice, actions, banking, Svenska Handelsbanken

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True heroism is remarkably sober,
very undramatic. It is not the urge
to surpass all others at whatever
cost, but the urge to serve others at
whatever cost.

Arthur Ashe (1943-1993)

CHAPTER 1: INTRODUCTION

Banks are one of the most influential organizations in every country's economy. As financial institutions and intermediaries, we trust them with one of the most important areas of our lives - our finances. We trust them because we think they will handle our financial assets honestly and responsibly. Yet today, especially after the 2008 financial crisis, many people are highly critical of banks, and, some would say, with good reason. It is widely suspected that some of the world's largest banks were guilty of breaching the trust and confidence of their customers in the early twenty-first century. A duty of care seemed lacking. However, most of us still depend on the banks and trust them as pillars of society. To some extent, we lack alternatives. Given these mixed opinions on the banking sector, it is appropriate that we question the role of banks as our financial caretakers. The influence of the banking sector on our daily lives is enormous.

I chose the Swedish bank, Svenska Handelsbanken (SHB) as the focal point of this thesis, which is a qualitative study of this bank that has a well-respected position and reputation in Sweden and in several other countries. I chose this bank mainly for its unique characteristics. SHB does not use budgets, and awards no performance bonuses. Despite its many branches, ultimately under the authority of the head office in Stockholm, the bank has a decentralized management philosophy. SHB has an unusually loyal group of employees, many of whom have been with the bank for years (Kroner, 2011). Bloomberg has rated SHB one of the strongest banks in the world on several occasions (Curran and Lee, 2011; Alexander and Pasternak, 2012; Nylander, 2012). SHB has also received very high customer satisfaction ratings for several consecutive years.

I researched two of SHB's international sites: SHB in Great Britain and SHB in Singapore. Both sites were accessible and willing to participate in my research. In addition, these banks' managers and employees are fluent in English, which is my native language. Moreover, the two sites are of interest because, first, they differ in their operations, and, second, neither site has a Swedish culture.

Using SHB in Great Britain and SHB in Singapore as the focus of my research, in this thesis I deal with the theoretical construct of stewardship. Stewardship is currently a rather undefined research area. Instinctively, when we think of stewardship, we think of the management of assets and affairs by someone, for someone. The good steward acts responsibly and honestly in caring for others' belongings.

Exactly what is stewardship? How does the steward exercise good stewardship? What actions should the good steward take or not take?

1.1 Stewardship research

Since Donaldson (1990) introduced the theory of stewardship, various studies have tested the constructs of stewards and stewardship. However, few studies focus on the development of stewardship theory. This research gap may be attributable to the complex nature of stewardship. Because it is difficult even to define stewardship, definitions have been proposed only recently. In any case, the overall direction of stewardship research is somewhat confused because we lack consensus on the underpinnings of, and assumptions about, stewardship. Moreover, stewardship research has largely been conducted in a variety of unrelated contexts and with a variety of approaches and perspectives (see Contrafatto, 2014).

Furthermore, few, if any, stewardship studies are empirical in nature. Stewardship research, which is almost entirely conceptual, presents and tests various epistemologies of stewardship. Although some studies have hinted at some sort of ontology of stewardship, what is needed is a rigorous discussion of the ontology of stewardship. To date, researchers have studied stewardship from an individualist ontological perspective. The explanation for this choice of perspective is that stewardship theory arose as the antithesis to agency theory. As a consequence, stewardship theory shares some vocabulary with agency theory as well as assumptions about the model of man, the meaning of interest, and the meaning of principal. These similarities have not been particularly useful for the development of stewardship theory because they narrow the perspective by which we study stewardship.

Given the confusion in stewardship research today, I concluded an exploration of the ontology of stewardship could be productive in increasing consensus on the characteristics of stewardship. The establishment of an ontology for a construct, such as stewardship, is essential because it builds the foundation for epistemological queries. Without a valid ontology, good propositions, hypotheses, and tests cannot be constructed. In addition, the ontology of a construct influences the methodologies used to study the construct.

1.2 Research Question and Purpose of study

In the initial phases of this research, numerous conceptual studies shaped my understanding of the “steward”. I conceptualized the steward as an individual, typically active in an organizational setting, who possesses certain characteristics that benefit the organization. With this conceptualization in mind, I intended to conduct an empirical search for a steward. My initial research question was the following:

Are there stewards?

My intent, as I searched for an answer to this question, was to link theory to organizational practice. Once I found a steward, I could identify and describe the characteristics of the steward. I was particularly interested in determining, if I could, whether these characteristics were inherent or acquired.

Based on the background information on the bank, a pilot study at the bank, and contacts with people familiar with the bank, I selected SHB for my search. It seemed SHB might be a likely place to find a steward. It seemed employees of SHB had the steward characteristics that theory describes. Working from a list of open-ended interview questions, I arranged and conducted interviews at both study sites. After transcribing and coding my interview data, I searched for steward characteristics among the participants in the study. I found SHB employees who had these steward characteristics, but I also suspected they may have characteristics of an agent.

Next I re-coded the interview data with the intent of searching for agents. I found that the SHB employees who had steward characteristics also had agent characteristics. This was interesting, but ultimately disappointing in the sense that I had to abandon my initial research question. However, one benefit of this initial research phase was that I could refute one assumption about the model of man in current stewardship research.

Although I had not found a steward, I found steward-like narratives in my second analysis of the interview data. At this point, I decided to examine the construct of stewardship in greater depth. This led me to a new research question:

What is the ontology of stewardship?

As I understood that the question is very broad, I delimited my research to the ontology of stewardship within SHB's banking practices (again, at both SHB sites). The breadth of the question, even with its site specificity, is needed for forming a coherent ontology to use in developing the construct of stewardship.

It may seem that the search for the ontology of stewardship is a step backward as far as the development of stewardship theory. However, it seems that little forward progress is possible unless we establish the ontology. The title of this thesis was now clear: *Re-Searching Stewardship*.

Although my thesis research question changed, the data I had acquired in the interviews with the SHB participants were still valid. My initial interview questions were sufficiently general that they were relevant for this new research question.

1.3 The Ontology of Stewardship in Svenska Handelsbanken

I began with Hernandez's (2012, p. 174) definition of stewardship as "the extent to which an individual willingly subjugates his or her personal interests to act in protection of others' long term welfare". I interpreted the subjugation of personal interests as acts and an attitude of selflessness. I then assumed people who exhibit selflessness are virtuous. From this assumption, I next assumed that virtues are characteristics of stewardship.

I used the framework of virtues and character strengths from Positive Psychology to search for and code virtues in my interviews data. I found many virtues and character strengths in these narratives. I searched for narratives of actions that could be linked to these virtues. Using the Greimasian semiotic tool known as the Canonical Narrative Schema (Hébert, 2011), I found

actions created and sustained by Manipulations and Sanctions. These Manipulations and Sanctions could also be described as virtuous. Furthermore, several virtues emerged simultaneously in some instances of my data, which suggests that virtues could exist in mutuality.

After reading Schatzki's (2003) research on different ontologies, I used his concept of site ontology, which bridges the individualist and societist ontological views. I used the two SHB banking sites as my settings for studying the various bank practices and material arrangements in connection with actions linked by understandings, rules and teleoaffectivity. This exercise revealed that SHB's practices are virtuous. In the last chapter of this thesis, I tie this idea to the formation of an ontology of stewardship.

To conclude, I propose a definition for stewardship that is based on the research for this thesis:

Stewardship is the practice of virtuous actions for the interest of selected others in a long-term context.

Because stewardship is linked to virtuous actions, people who are in stewardship positions must be able and willing to evaluate their reasons for their actions. Therefore such people become independent, practical reasoners (MacIntyre, 2009). The exercise of stewardship, which requires judgment in every context, is not a matter of only following rules. When stewardship fails, it means actions were not virtuous.

1.4 Note to the reader

Many SHB participants in the study are quoted in the chapters of this thesis. Of course, readers do not know the context in which the participants made these remarks. Therefore, I try to make the context as clear as possible, where and when I can.

Actual participant names, branch names and names of other banks are not used, except in a few instances. Instead pseudonyms are used and are indicated with a "*". When a single participant is referred to, I use feminine gender pronouns ("she" and "her"). When more appropriate, I use plural gender-neutral pronouns ("they" and "their").

1.5 Structure of Thesis

Chapter 2 reviews the major research studies on the steward, and presents the initial research question. Chapter 3 describes the methods used in the research. Chapter 4 describes SHB's history and management philosophy. Chapter 5 explains the coding exercise for the interview data in the search for a steward. Chapter 6 presents the new research question, and focuses on stewardship research including a discussion on the problems in current stewardship research. Chapters 7 and 8 review the literature on virtues and explain how the virtues in the interview data were coded. Chapter 8 also presents the findings from both bank study sites. Chapter 9 concludes the thesis with a discussion of the findings, the contributions of the study, and suggestions for future research.

CHAPTER 2: STEWARDS IN THE RESEARCH LITERATURE

This chapter presents the construct of the steward in various research studies as well as the background for the thesis research question. A brief overview of agency theory is presented followed by a review of the literature on stewards. The chapter concludes with the initial research question.

2.1 Agency theory and Agents

The aim of introducing agency theory in this chapter is not to juxtapose its tenets against stewardship theory. Several scholars have already done in their presentation of agency theory as an alternative or contrasting view (see Donaldson, 1990; Davis et al., 1997; Hernandez, 2012) to stewardship theory. Instead, the intent of this presentation of agency theory is to allow the reader to understand how the steward is conceptualized. Further, this discussion supports the argument (see Chapter 6) that the stewardship theory is in fact closely linked to agency theory. As such, a review of agency theory is necessary. The following paragraphs present the principal tenets of agency theory.

Although agency theory has its origins in Information Economics, it is found in many other disciplines such as accounting, management, entrepreneurship, political science, finance, marketing, family businesses, and organizational behavior (Eisenhardt, 1989; Baiman, 1990; Lambert, 2006). The crux of agency theory is the model of man that assumes individuals are rational, utility maximizers who are motivated by self-interest (Jensen and Meckling, 1976; Eisenhardt, 1989; Donaldson, 1990; Ridley, 1996; Davis et al., 1997). Agency theory assumes that self-interest is our main motivation. These assumptions are necessary in order to create the agency mathematical model.

Eisenhardt (1989) claims that agency theory bifurcates as two research streams: Positivist Agency Theory and Principal-Agent Research. Baiman (1990), however, states that agency theory consists of three branches: the principal-agent model, the transaction cost economics model, and the Rochester model described by Jensen and Meckling (1976). These three branches share similar origins but are based on different assumptions and exhibit different degrees of mathematical rigor. Hence, depending on which quantitative model is discussed, the problem will be viewed slightly differently.

Despite the different versions of agency theory, they share some commonalities. The essence of agency theory deals with the relationship between a principal and an agent. Kaplan and Atkinson (1998, p. 677) define this relationship as follows: “An agency relationship exists where one party (the principal) hires another party (the agent) to perform a service that requires the principal to delegate some decision-making authority to the agent.” Agency is often described as the relationship between shareholders and top management or managers of organizations. This division between management and ownership can create control problem where the owners (i.e., the shareholders) of the organization are unable to influence or participate in the daily operations of the organization to the extent they wish. Therefore the owners delegate operations to the

managers of the organization. In order to ensure that the managers act in the interests of the owners, the managers are subjected to control mechanisms such as independent boards of directors and compensation agreements. The agency relationship can also be represented by the relationship between an employer and employee where the employer delegates tasks to the employee that serve the employer's interests. Agency theory assumes that both the principal and agent are rational, utility maximizers who have different risk tolerances – the principal is risk neutral whilst the agent is risk averse.

The agent also has more information than the principal about her particular knowledge and skills. This imbalance is known as information asymmetry. In relation to this, agents may lack the motivation to disclose this private information for fear of punishment. With this disadvantage, the principal can never be certain, after an agent is employed, whether the agent will perform as she claims in the job contract negotiation. This situation is known as moral hazard. When hiring agents, the principal can never be certain that the agent with the most suitable skills and knowledge is selected for the job. This difficulty in selection, which is known as adverse selection, occurs because only the job applicants with equal or lower capabilities will apply for a certain job offer (Eisenhardt, 1989).

In view of these factors and the fact that the principal has delegated authority to the agent, the agent is assumed to be opportunistic. Thus the agent will make decisions that benefit her self-interest at the expense of the principal's interest. This implies that the principal and agent have divergent interests. To prevent the agent from making decisions at the expense of the principal's interest, control mechanisms are adopted that ensure that the agent acts in the principal's interests. These control mechanisms include incentives plans, compensation plans, and behavioral controls (Kaplan and Atkinson, 1998; Merchant and Van der Stede, 2007). The possibility of the agent's divergence of interest from the principal's interest and the need to implement control mechanisms entail costs for the principal. These costs are known as agency costs. Principals are motivated to limit agency costs (Jensen and Meckling, 1976; Eisenhardt, 1989; Kaplan and Atkinson, 1998). Agency theory is predominantly concerned with preventing the agent from behaving in ways that are not in the principal's interest by enforcing formal contracts (Davis et al., 1997). The assumption is that agents lack direction and have motivation problems and/or personal limitations (Merchant and Van der Stede, 2007).

2.2 Stewardship theory and Stewards

To counteract the view of organizational economics in corporate governance, stewardship theory was developed (Donaldson, 1990). The claim is that stewardship theory originated in the disciplines of psychology and sociology (Davis et al., 1997).

Few studies on the development of stewardship theory exist. Published studies are conceptual and do not involve mathematical models. The findings from most such studies, which test the theory, are either mixed (Davis et al., 1997) or inconclusive. Empirical studies have been conducted that use stewardship theory in the context of organizational ownership, board structure, family businesses, control mechanisms, and not-for-profit organizations (e.g., Fox and Hamilton, 1994; Muth and Donaldson, 1998; Lee and O'Neill, 2003; Tosi et al., 2003; Kluevers and Tippett, 2011; Le Breton-Miller et al., 2011). However, these studies are not intended for

development of the theory. Stewardship theory is under-developed. Little attempt has been made to develop the underlying assumptions and mechanisms of the theory although they have been discussed to some extent (Davis et al., 1997; Hernandez, 2012). Naturally, testing an under-developed theory will produce inconclusive and unconvincing results.

The following sections describe various studies that deal with the construction of a steward. This discussion leads to the research question presented at the chapter's conclusion. This review of the studies will also help the reader in the discussion on ontology in Chapter 6. These particular studies were selected because they are seminal in the development of stewardship theory.

2.2.1 Davis, J.H., Schoorman, F.D., and Donaldson, L. (1997)

These authors do not define stewardship. However, they attempt to explain stewardship by conceptualizing the person called a steward. In their conceptualization, a steward is a person who exhibits stewardship behaviors. These steward's behaviors are behaviors that are the total opposite of the agent's behaviors. In essence, stewardship and the steward are presented as the anti-thesis to agency theory and the agent. This study describes the psychological attributes that a steward possesses and the situational characteristics that may encourage stewardship behaviors. Psychological attributes include motivation, identification and the use of power. Situational characteristics include management philosophy and culture.

Taking upper level managers as their unit of analysis, the authors postulate that a steward is motivated intrinsically by unquantifiable and intangible rewards including growth opportunities, achievements, affiliations, and self-actualization. The steward must have meaningful jobs and must take responsibility for outcomes. As a consequence, she can perform tasks that are motivating including those outside the formal rewards system. She can also perform unmotivating tasks that nevertheless must be done. Because the principal is considered a part of the collective, a steward compares herself to her principal in terms of contribution and accountability. The steward's view of equity is that the principal is as accountable for results as she is.

A steward can identify with the organization's mission, vision, and objectives. The organization then becomes a part of her psychological structure that allows her to consider herself a member of the organization. Consequently, because she takes responsibility for the success or failure of the organization, this attitude contributes to her self-image and self-concept. With this belief in the organization, she strengthens her loyalty and commitment to the organization.

Personal powers, consisting of expert power and referent power, are the other essential factors of stewardship behaviors. A steward is able to exert influence over others by the use of her knowledge and expertise. This influence makes her willing to contribute still more to the organization. She is also more willing to collaborate with others when she can identify with them through admiration or respect. These authors also suggest that the forging of stewardship relationships, which are influenced by the use of personal power, does not depend on the formal positions in the organization. However, the ability to exercise these personal powers depends on the organization's culture. Some organizational cultures impede the exercise of personal powers and, as such, discourage the behaviors described above.

An individual's inclination to take the role of a steward also depends upon situational factors such as an organization's management philosophy and culture. Philosophies in organizations are formed based on management's opinions of their employees (or, more generally, on the model of man). These opinions drive the behaviors in the organization by creating a self-fulfilling prophecy. Because the organization's management philosophy sets the context for the manifestation of behaviors, these authors posit that an involvement-oriented management philosophy encourages more stewards. An involvement-oriented environment allows individuals to be highly participative, empowered, and openly engaged in communication. In this way, an individual's thinking and doing are intertwined and connected. This further fosters self-management and self-control.

A steward trusts others. Hence, relationships that a steward forms are relational rather than transactional. Another influential factor is the culture of the organization. Collective cultures and low power distance among individuals foster more stewards. In such cultures, an individual takes more time to acquire and build trust with others with the intention of establishing long-term relationships. Low power distance between individuals exists when there is less emphasis on hierarchy, status, and privileges for a few. This creates a more equal distribution of power. The gap between a steward and her principal is narrower in terms of hierarchy, status, and rewards.

These authors merge these assumptions with agency theory, resulting in their Principal-Manager Choice Model. They liken this model to the Prisoner's Dilemma. Their four-quadrant model predicts the outcome of a relationship that depends on the type of relationship a principal and a manager cultivate with each other. For example, if both the principal and the manager decide to foster an agency relationship with each other, the outcome is a mutual agency relationship where potential costs are minimized. On the contrary, if both the principal and the manager decide to foster a stewardship relationship, the outcome is a mutual stewardship relationship where potential performance is maximized. A conflict of interests arises when both parties in the relationship have dissimilar relationships with each other. If a principal fosters an agency relationship while the manager fosters a stewardship relationship, the manager will feel frustrated and betrayed by the opportunistic principal. Similarly, if the principal fosters a stewardship relationship while the manager fosters an agency relationship, the principal will feel angry and betrayed.

Besides psychological and situational characteristics, the expectation that a manager and principal have of each other also influences their choice of relationship. These authors claim that not all individuals choose stewardship relationships because of their low level of risk tolerance. Individuals who are unwilling to trust other parties are unwilling to risk finding themselves in vulnerable positions. However, individuals in stewardship relationships, who are willing to risk vulnerability, manage the risk with training and empowerment rather than with the adoption of more controls.

This conceptual study classifies organizational actors as either stewards or agents. Both constructs have special characteristics. A steward is an intrinsically motivated, social person who acts for the long term; an agent is an extrinsically motivated, individualistic person who acts for the short term. The claim is that certain psychological attributes and situational characteristics

influence the behaviors of both stewards and agents. The Principal-Manager Choice model appears valid for the relationship between one principal and one manager. The model does not accommodate the possibility that one principal can have both agency and stewardship relationships with different managers (or even with the same managers). As these authors state, this model is not based on determinism but rather on the ability of the principal and the manager to choose the type of relationship each wants to foster. Given the liberty of choice, the model does not provide for situations in which a manager (or principal) can opt to change from an agency relationship to a stewardship relationship, or vice versa.

With a non-deterministic perspective, a steward is portrayed as an independent person who makes decisions and choices. As an empowered person, she can act responsibly. However, little is said about whether a steward is able to use contemplative thinking or judgment. The conceptualization of a steward seems limited to the psychological attributes and situational characteristics the authors describe. Their article is rather silent with respect to the principal as well as the relationship between a principal and a steward.

2.2.2 Hernandez, M. (2012)

Following the study by Davis et al. (1997), Hernandez conceptualizes the psychology of stewardship by examining organizational-level structures and individual psychological causal mechanisms that give rise to psychological ownership. She claims that psychological ownership is the mediating variable that leads to stewardship behaviors. In addition, she explores the feedback loop process between stewardship behaviors and the structural factors that culminate in a model of stewardship antecedents.

Taking an employee-based perspective, Hernandez claims that organizational structural factors, comprised of control and rewards systems, can be a catalyst for stewardship behaviors. Control systems that include shared leadership can encourage individuals to collaborate and work towards a common goal. This enhances the lateral influence among peers and transcends hierarchical relationships. Individuals can experience the social pressure to cooperate with the collective but still retain autonomy and responsibility. By emphasizing the importance of the individual to the collective, individuals can be encouraged to commit to the achievement of common goals. These influential collective relationships can generate ideological currency exchanges, which are shared mental models of organizational values and purpose. Ideological currency is a guide to acceptable behaviors that are worthy of rewards. By pursuing a common goal, individuals in the collective can experience intrinsic benefits. Such reward systems also create self-efficacy and self-determination within individuals in the long-term. This sense of direction, the belief in oneself, and the desire for accomplishment can be further promoted with training and the assignment of various work responsibilities.

To create and sustain stewardship behaviors, the above-mentioned structural factors must influence the cognitive and affective systems of the individual. The dynamics of membership in a collective help individuals to become aware of their importance to the group and of the roles played by others. This awareness facilitates within the individual an “other-regarding” perspective that can extend to the broad collective (e.g., other stakeholders who are affected by the group's decision making). Hernandez argues that this other-regarding perspective can be

elicited when individuals define themselves by other people's well-being. Subsequently, individuals may think they serve the collective well-being of others. When an individual forms this other-regarding perspective as part of her identity, she is more likely to exhibit stewardship behavior so as to maintain a consistency between her actions and her self-concept.

The effect of structural factors on the cognition of the individual is also said to foster a long-term orientation in decision-making. By focusing on a valued end, the individual is more likely to consider long-term rather than short-term consequences. Affective mechanisms that deal with an individual's attitude towards others are another ingredient that fosters stewardship behaviors. An individual feels cared for when she is rewarded for her contributions with growth and developmental opportunities. This generates an emotional connection between the individual and the organization in which the individual may feel a sense of gratitude or obligation towards the organization. As a result, the individual may develop an affective commitment towards the organization and its goals.

However, stewardship behaviors do not occur without psychological ownership. Psychological ownership is a cognitive state whereby an individual thinks that the organization is hers. In this state, the individual has self-direction and a sense of control. She accepts the organization as part of her identity and has a sense of belonging to the organization. Consequently, this evokes a sense of ownership in the individual. When an individual feels protected, she may willingly make sacrifices for the organization or even for a larger collective than the organization.

The claim in this study is that stewardship behaviors only occur if an organization's structural factors evoke certain psychological factors in an individual and thereby create a sense of psychological ownership. However, this does not necessarily ensure the sustainability of the behaviors. Hernandez also postulates that sustainability can be achieved by looking at the influence stewardship behaviors can have on structural factors. She labels this the feedback loop process that deals with intergenerational reciprocity and organizational identity orientation. Both of these elements in the process involve individuals who already have a sense of obligation towards others in the passage of time. When individuals observe others perform stewardship acts, or are the beneficiaries of these acts, their "retrospective obligation" may be influenced. Intergenerational reciprocity occurs when individuals feel obligated to reciprocate received benefits to future generations because they cannot reciprocate directly to those who provided the benefits to them. If this reciprocity becomes a norm, it can then influence how structural factors in an organization are enacted.

The second element, organizational identity orientation, is the "assumed nature of association between an organization and its stakeholders as perceived by its members" (p. 186). How the collective of individuals in an organization perceives its affiliation with stakeholders depends upon the locus of self-definition. The individual's locus of self-definition can be individualistic, relational, or collectivistic. Hernandez concludes that stewardship behaviors can heighten collectivistic tendencies and thus expand the organization's "circle of moral regard." In effect, this may influence the organization's structural factors.

Hernandez's Model of Stewardship Antecedents is appealing. However, this model does not explain situations where psychological ownership does not exist. Let us take, for example, newly hired employees. These employees are not yet been immersed in the organization. As such, they are unlikely to have developed a sense of psychological ownership towards the organization. Thus it is reasonable to assume these employees will not engage in stewardship acts. Some individuals, however, may still perform stewardship acts despite the lack of psychological ownership or the expectation that they will be rewarded, controlled, or coerced.

A contribution of Hernandez's study is her definition of stewardship. She defines stewardship as "the extent to which an individual willingly subjugates his or her personal interests to act in protection of others' long term welfare" (p. 174). It appears from this definition that every action decision is evaluated in terms of one's personal interest. Let us consider a working parent who must stay home for a week to look after an ill child. Is this parent not a steward because she cannot work towards the collective well-being of the organization during that week? Or if I sacrifice my lunch hour to work on the organization's project, am I a steward? These examples suggest personal and organizational interests may conflict at times. Then we may think about whether an individual can choose whom they wish to form a steward relationship with, and, assuming a choice is made, what were the reasons for that choice.

Despite the appeal of this perspective in Hernandez's study, she does not address the idea that individuals make stewardship decisions based in their individual reasoning. Her study does not discuss in any depth the idea that those who perform stewardship acts have good justifications for their actions. Her model indicates that external factors (structural factors) can affect individuals' internal factors (psychological factors) and thus produce stewardship behaviors. There appears little room for the use of judgment and reasoning by individuals as they make decisions when, or if at all, to engage in stewardship. With the absence of judgment and reasoning by individuals, it appears there is only one way to achieve stewardship behaviors. To conclude, Hernandez's study focuses more on stewardship and less on the construct of the steward.

2.2.3 Other studies: Martynov, A. (2009); McCuddy, M.K. and Pirie, W.L. (2007)

Other studies on stewards are worthy of mention as they offer different perspectives on stewards and stewardship. In this section, I review two of these studies, followed by my commentary.

In a conceptual study, Martynov argues that the tendency for managers to act as agents or stewards depends on their level of moral development. Using Kohlberg's (1969) model of moral development, Martynov suggests different types of motivations and behavioral outcomes for each level. In a focus exclusively on the context of conflict between the manager and the principal, he defines agent-like behavior as behavior that occurs "when a manager consciously or unconsciously transfers wealth from the principal to himself/herself or third parties" (p. 240). Steward-like behavior is defined as "behavior that serves the interests of the principal when there is a conflict of material interests between the manager and the principal" (p. 241).

Martynov posits that at the pre-conventional level of moral development (i.e., Level 1 or Stages 1 and 2), managers are more likely to behave like agents than at other levels. At this level, unless

they are controlled by an external factor, managers tend to act in ways that promote their interests or that help them avoid punishment. To motivate such managers, agency mechanisms such as performance-based compensation are proposed. Such mechanisms are only effective if these managers are motivated by financial rewards/compensation. At the conventional level (i.e., Level 2 or Stages 3 and 4), managers consider others' interests in addition to their own interests. They encourage mutuality and follow acceptable social rules. They also try to meet the expectations and norms of the groups they belong to. These managers are sociable and will likely be pro-organizational as long as they can identify with the organization. Managers at this level are likely to behave like stewards. At this level of moral development, material rewards may not be effective. Instead, these managers may behave like stewards depending on the context and the rewards they value.

However, those managers with a more developed moral sense (e.g., at Stage 4) may behave like stewards even if there is no alignment of interests. Finally, in the post-conventional level (i.e., Level 3 or Stages 5 and 6), managers are most loyal to others including those external to the organization. These managers, who have strong ethical principles and values, behave in the most consistent manner. Therefore they are not easily swayed by the opinions of the majority or influenced by external regulations. If a conflict arises between their principles and the external norms and laws, they follow their principles. It is even more unlikely that such managers are inclined to violate their principles when a financial reward is involved. With such moral development, these managers seem to be the ideal, selfless, principled, and ethical managers who will not act at the expense of their principal. However, there can be a downside. Because of their regard for others as well as their principal, these managers may develop a conflict of interest with their principal. This conflict occurs when such managers serve the interests of some stakeholders at the expense of shareholders. Stakeholders may have differing or conflicting interests as well. Managers who serve these differing and conflicting interests may be seen as the agent of all stakeholders. However, these managers may see themselves as stewards for various stakeholders or principals. Strong Level 3 managers are the least likely managers to be influenced by material rewards while weak Level 3 managers are most likely to be influenced by environmental factors such as compensation plans.

Martynov's study highlights the idea of different degrees of stewardship. The three levels can be categorized as non-steward, steward, and extreme steward. This tripartite categorization of stewardship contradicts studies that assume two categories of organizational members: agents *or* stewards. Martynov also addresses the possibility that a steward may have various principals. This idea also contrasts with other studies that assume a steward has only one principal. Another salient point of his study is that managers may see themselves as acting in steward-like fashion even as others think of them as agents. Most research to date does not address the principal's view of their managers or their employees.

McCuddy and Pirie reconcile the differences between agency and stewardship theory by assimilating them in financial decision-making models. These authors define agents as people who are "induced to align their interests with those for whom they act by either monitoring or rewarding behaviors" (p. 958), and stewards as people who "act based on inherent values rather than those that are contractually induced" (p. 958). Based on the notion that moral behavior

derives from spirituality, McCuddy and Pirie claim that stewardship can be characterized by spirituality. Their view of spirituality is a religious one. They discuss the common values and virtues of different religions before drawing upon Christianity. In condensing these values and virtues (e.g., wisdom, nurturing leadership, generosity, encouragement, and servanthood) into one term, they define spirituality as *selflessness*. Taking the economic perspective of the agency theory of selfishness, they link selflessness to the concept of *self-fullness*. Self-fullness is defined as “the simultaneous pursuit of reasonable self-interest and reasonable concern for the common good” (p. 960). They then claim that stewardship means “doing things that (a) benefit ourselves and the people currently around us, and (b) provide the potential for benefiting and sustaining future generations” (p. 962). This idea of stewardship as spirituality is labeled “intertemporal stewardship.”

Although this study is reviewed here in terms of its financial decision-making models, the study also implies that organization members make these decisions. The concept of self-fullness implies that a manager can be an agent and a steward at the same time. This contradicts the model of man that is more evident in the other studies reviewed in this section. As McCuddy and Pirie state, intertemporal stewardship means making self-interested decisions as well as decisions that favor others’ interests. Although they call for the incorporation of such stewardship into financial decision-making, they do not discuss how such decisions are made. They also do not discuss the possibility that these interests may conflict. Moreover, they do not discuss the relationship between manager and principal(s).

2.3 Initial Research Question

The three studies reviewed in the previous section present stewardship theory (or stewards) as the opposite of agency theory (or agents). This contrast appears in other studies as well (e.g., Wasserman, 2006; Chrisman et al., 2007; Hu and Alon, 2014; Hiebl, 2015). Various researchers and authors have constructed the concept of the steward and her characteristics in different contexts. It appears that a steward can exist in organizations. Hence, my intention is to conduct an empirical search for such a steward. Thus the initial research question for this study is the following:

Are there stewards?

(See the concluding sections of Chapter 5 that explain how the direction of my research and my research question changed.)

My purpose in searching for a steward, assuming a steward is found, is that this steward can be tested against theoretical descriptions of stewards. This test can help us understand if stewards act in accordance with the characteristics they possess, or if they act based on situational circumstances such as organizational settings. Perhaps individuals act as stewards because of the interplay between personal characteristics and situational settings. More knowledge of stewardship behavior can provide insights that lead to more stewards.

The search for a steward requires that I identify relevant steward characteristics. Based on my literature research, I searched for three commonly identified steward characteristics: sociability, intrinsic motivation, and a long-term perspective. Chapter 5 explains these characteristics. To increase my chances of finding a steward, I selected an organization that has exhibited some of the organizational-level structures mentioned in Hernandez's study. This organization, a bank, does not operate according to a conventional structure. It is decentralized with no practices of using budgets or offering performance bonuses. The bank managers trust their employees and give them the autonomy to make crucial business decisions. Taking a long-term view is fundamental to the bank's management philosophy. Employees are loyal and are encouraged to forgo short-term gains for possible long-term benefits. Chapters 4 and 8 provide more details about the bank.

In sum, this chapter lays the theoretical foundation of this research and presents its research question. Chapter 3 describes the research methodology used.

CHAPTER 3: METHOD

This chapter describes the research design and the particular research method used in this study. The chapter begins with the rationale for an interpretative research approach and the reason for using a case study. A description of the process of data collection then follows. The chapter ends with the ethical considerations related to this study.

3.1 Rationale for an Exploratory Interpretative Case Study

Research is a systematic process of gaining more knowledge about a phenomenon (Merriam, 2009). While some research aims to discover a cause and effect relationship, prediction, or description, other research aims to understand, interpret, or improve phenomena. This latter type of research is known as qualitative inquiry or interpretative inquiry (Merriam, 2009; Stake, 2010). Qualitative inquiry is characterized by its holistic, existential, experiential, situational, personal, inductive, and interpretive focuses. Within this research genre, there are also different worldviews or philosophical assumptions that can serve as guides. In this study, in which a social constructivist worldview is taken, an understanding of the world or a social phenomenon is thought to develop through social contexts. In other words, we construct and negotiate subjective meanings of our experiences through interaction with others (Creswell, 2007; Merriam, 2009; Stake, 2010; Yin, 2011).

As stated in Chapter 2, the construct of “steward” is under-developed. Given this study’s intent to build this construct, an exploratory study is appropriate because of the many understandings and associations that relate to this construct. In addition, my intent was to conduct a field study because few empirical studies are available on the construct of the “steward.” A field study can illuminate theoretical discussions on a construct and can also narrow the knowledge gap, if any, between theory and practice. To this end, an interpretative approach is appropriate for this study because it allows more interpretations, multiple realities, and understandings (Merriam, 2009; Stake, 2010; Yin, 2011). As stated by Creswell (2007, pp. 39-40):

We conduct qualitative research because a problem or issue needs to be explored. This exploration is needed, in turn, because of a need to study a group or population, identify variables that can then be measured, or hear silenced voices [...] We also conduct qualitative research because we need a complex, detailed understanding of the issue.

Furthermore, qualitative inquiry would “represent the views and perspectives of the participants” (Yin, 2011, p. 8) and “the meanings given to real-life events by the people who live them” (ibid., p.8) including contrasting views and meanings from participants (ibid.). Qualitative inquiry is also flexible in that it allows for adjustments of the research design to accommodate new discoveries and directions of the study (Yin, 2011). Since this study is intended to be exploratory in nature, I appreciate this flexibility.

There are several approaches in qualitative inquiry to studying a phenomenon. The use of a case study is one approach. Merriam (2009) defined the case study as “an in-depth description and analysis of a [...] system” (p. 40) while Yin (2009, p. 18) described the case study as follows:

...an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.

A case study delimits the object of study (Merriam, 2009). In my case study, the boundaries of the organization of my research, a bank, confine the context of my search for stewards. The units of analysis are the bankers and the bank management. A case study approach can be used with a single case or with multiple cases (Creswell, 2007; Merriam, 2009; Stake, 2010). As the next section explains, this study is comprised of a single case located at more than one site. I selected this case because of its unique features. For example, the bank has a history of trusting its employees. The bank states (SHB, Annual Report, 2014, p. 13):

...we give our staff a high degree of responsibility and authority to conduct customers' business. This high degree of trust is based on a belief in people's willingness and ability to constantly become more skilled in their work and in their efforts to seek and overcome new challenges.

The bank's employees are allowed to make crucial decisions such as loan decisions. Central bank approval is not required for such loan decisions. A pilot study at the bank revealed that the participants consider their organization different from other banks. My selection is based on, what Merriam (2009) labels the *particularistic*. By looking into the particularistic, I hope to facilitate discovery (Merriam, 1998), which complements the exploratory nature of this study. The next section explains how the bank was selected and how access was gained.

3.2 Case Selection and Access

After reading Wallander's article "Budgeting - an unnecessary evil" (1999), which described leadership and control systems at Svenska Handelsbanken, I wanted to learn more about this bank. After reading more about the bank in secondary sources, my supervisor, Sten Jönsson, set up a meeting in 2009 with the bank's Head of Personnel, Anna Ramberg, at the Stockholm office. In our meeting we explained my research interest in the bank. She spoke to us about the bank in general and how it operated in terms of its recruiting practices, decentralized structure, employee development program, and work environment. Upon our request, she kindly gave us permission to conduct further interviews.

About two months later, another employee from the bank's Personnel Department in the Stockholm office contacted me. I then met with Anna-Lena Möller and her colleague, Katarina. At the meeting I received more detailed descriptions about the bank's philosophy, operations, and employees. At the end of the meeting, I was convinced this bank would be suitable for my research on stewards because many of the descriptions of its employees resembled the steward-like characteristics found in theory. I then asked if I could conduct other interviews and briefly mentioned that I might be interested in conducting some interviews in Great Britain as well.

Anna-Lena named an individual in Great Britain and said she would provide me with contact details for that person.

Later, I discovered that the bank's Great Britain website lists the names and email addresses of all its employees. I sent a few "cold call" emails to several area managers requesting interviews. However, I received no responses until the Head of Personnel of the Southern Region, Sue Compston, granted me an interview. My one hour, face-to-face interview with Sue gave me good insights into the bank's operations in Great Britain. I learned about the bank's philosophy in *Our Way*, its recruitment, decentralization and staff development policies, its staff salaries and benefits, and the *Oktogonen* as well as the lack of budgets and bonuses. After the interview, I compared this information with the information obtained in my earlier meetings in Stockholm. I found that they were very similar in all aspects despite their different geographic office locations. In hindsight, these interviews became the pilot or pre-study for future interviews.

The similarity of information from the bank's employees at the two locations was not the impetus for further inquiries. I was convinced this bank could be a suitable site to search for stewards because of its unique features. Svenska Handelsbanken has been in operation for more than a century. It has never required a bailout after a financial crisis. The bank has a future-oriented outlook, which means it has long-term customers and long-term employees and makes decisions based on a long-term perspective. The employees in the pilot study had been employed at the bank for more than 20 years. They said they are willing to forgo short-term profits if this meant keeping the customers in the long term.

Employees are trusted to perform their jobs. They were not monitored with a checklist of things to complete. Employees are encouraged and evaluated as good team members. They are not evaluated by individual, short-term competitive measures (e.g., performance bonuses) where they compete with each other. There is no practice of budgeting. Yet the bank operates with a view towards profitability rather than volume. It also appears that the employees are intrinsically motivated. They expressed passion for their jobs. Short-term financial rewards are not used except for a year-end performance related salary adjustment.

The employees also mentioned the *Oktogonen*, which is a profit-sharing scheme that is only redeemable at retirement age. Moreover, from independent surveys conducted in both Sweden and Great Britain, the bank's customers have ranked them highly, if not the highest, in terms of customer satisfaction for several consecutive years. The pilot study revealed the employees think their bank is different from other banks. They think the bank has done well financially given its industry. These bank employee and bank management characteristics seemed similar to the characteristics of stewards described in the research: a long-term perspective, sociability, and intrinsic motivation. Due to these characteristics, I thought I might find stewards at this bank.

After the interview with Sue, I requested more interviews with other bankers in Great Britain. Sue later agreed to my request. She then introduced me to her colleague, Josefin Thegerström, who arranged interviews for me. While in Great Britain, I tried to obtain interviews with employees from the Capital Markets segment of the bank as I had learned that different

incentives existed for these employees because of the special characteristics of their work. However, I was unable to obtain any interviews with these employees.

After completing the interviews in Great Britain, by a stroke of luck my supervisor, Emilia Florin Samuelsson, came in contact with Jan Djerf, the General Manager of Handelsbanken Singapore. With her help, I contacted Jan about conducting interviews at the Singapore branch. I was put in contact with the Head of Personnel, Linda Phoon. I had a telephone conversation with her concerning my research. I was particularly interested in the Singapore branch for three reasons. First, the Singapore branch has operated apart from the European context since 1987. The different context could play a role in my search for stewards. Second, the Singapore branch had a Capital Markets segment, albeit a small one. This could provide me with comparisons to the work and incentives of bank employees in other areas. Participants from the Capital Markets segment could also provide me with a different perspective on the bank since I had only interviewed employees from the Banking segment and the Personnel Department. Third, the Singapore branch is a full-service branch with its own central functions. This was different from the branches in Great Britain where their central functions are located elsewhere. Speaking to employees from other central functions could broaden the scope of my study. With Linda's help, an interview schedule was agreed upon.

In addition to the reasons mentioned above, I chose Great Britain and Singapore as my study sites because they differ (i.e., they are more limited) in terms of scale and scope of operations compared to the Swedish site. Both sites serve the expansionary plans of the bank. Although Svenska Handelsbanken is a Swedish bank, the Great Britain and the Singapore sites provide a different cultural context for the operations of a Swedish-culture bank. Last, the English language is the main language of communication at both of these sites, which made me feel more confident in the conduct of this study.

3.3 Research Participants

Research participants are a crucial part of a study, particularly when they are the unit of analysis. The selection of participants for both study sites was performed differently. In Great Britain, the participants volunteered after receiving my email requesting their participation in this study. I sent an email to all branches in the Southern region through Sue. Josefin then organized and coordinated dates for the interviews between the participants and me. During the interviews, some participants mentioned that they had wanted to help by volunteering. In Singapore, Linda selected the participants. Before the selection of participants was made, I informed both Sue and Linda that I wanted a spectrum of participants. This meant that the participants were to be comprised of a varied group of people in terms of age, gender, length of employment, level of experience, job functions, and geographic locations of the branches (applicable to Great Britain only). The purpose of this varied group of participants was to enable the comparisons among participants based on as many differences and similarities as possible (Glaser and Strauss, 1967), considering the exploratory nature of this study. With a total of 35 participants, this condition was satisfied as shown in Table 3.1.

Table 3.1: Criteria and Profile of Participants

<i>Criteria</i>	<i>Profile of Participants</i>
Number of participants	35 (24 from Great Britain; 11 from Singapore) (All participants were from the main Banking segment of the organization except for 5 participants who were from the Capital Markets segment in Singapore)
Age	29 to 56 years
Gender	22 males, 13 females
Length of employment with the bank	4 months to 23 years
Length of work experience prior to joining the bank	2 years to 35 years
Job designations or area of work	Branch Manager, Corporate Banking Manager, Individual Banking Manager, Office Manager, Account Support Manager, General Manager, Head of Personnel, Compliance, Payments and Settlements, Senior Account Manager, Dealer, Treasury, Trading, Sales, Money Market.
Number of branches	7 in Great Britain, 1 in Singapore
Location of branches	Various geographical locations within the Southern Region of Great Britain and Singapore (one office)

All participants from Great Britain had prior work experience in the financial services sector before joining Svenska Handelsbanken. Almost all the participants came directly from another high street bank. In Singapore, all participants had prior work experience in the financial services sector as well although not all were from high street organizations. Participants from Singapore are of different nationalities - Singaporean, Swedish, Danish, and Malaysian. Participants from both sites have a college degree, a university degree, and/or professional banking exams.

3.4 Data Collection

There are several ways to gather data for a study. Choosing a suitable approach could mean gathering good data to answer the research question (Creswell, 2007). Generally, data can be of two types: primary and secondary. Both types of data were used in this study. In my case, empirical data were obtained from the participants as well as from other sources (Booth et al., 1995) such as annual reports, academic articles, books, doctoral theses, and colleagues who have conducted bank studies. These materials provided me background information before I began my

interviews. I also was allowed to read two transcripts of interviews with two other employees of the bank (in Sweden) conducted by my supervisor, Sten Jönsson. These transcripts were used for a different study. Nevertheless, they were useful for my understanding of the bank.

The interview was chosen as the appropriate method for gathering data for this study. An interview is “a conversation that has a structure and a purpose” (Kvale and Brinkmann, 2009, p. 3) and is “an inter-change of views between two persons conversing about a theme of mutual interest” (ibid., p. 2). The interview approach was used because it allowed me “to understand the world from the subject's points of view, to unfold the meaning of their experiences,” (ibid., p.1) and “to uncover their lived world” (ibid., p. 1). The interviews were in-depth, face-to-face interviews with the purpose of obtaining “deep” information or knowledge and of eliciting “thick descriptions” from the participants (Hesse-Biber and Leavy, 2006; Creswell, 2007; Kvale and Brinkmann, 2009; Merriam, 2009) on the research phenomenon.

In my email requesting interviews, I informed the participants that the purpose of the interview was to discuss the factors that motivated them at their work place. Although the interview questions were created with this purpose, they did not explicitly include the word “motivate.” Participants were not informed that this study was about searching for stewards because I did not want to elicit any biased responses from the participants. With the guidance of my supervisory team, the interview was designed with semi-structured and open-ended questions in which the participants were required to explain or describe their responses. This enabled me to take a more fluid approach in the interviews. If a participant did not respond in much detail to a question, I would try to probe further by changing the question.

As a data collection tool, interviews also allowed me to clarify relevant aspects of the participants’ interview answers. I asked the participants to provide examples or to confirm my understanding of particular responses. See the Appendix for a list of the interview questions. Although I listed the questions in a particular order and referred to the list frequently in the interviews, some participants discussed topics in questions I had not yet asked. This presented a somewhat awkward situation on the first occasion, but I learned to manage such situations as I conducted more interviews. Managing the question guide required me to listen carefully, stay flexible, and use my judgment when asking questions as naturally as possible given the flow of the interviews. Although I had listed the questions, I often wondered during the interviews whether my questions were phrased appropriately or if the correct questions were asked. This was a delicate task while interviewing a participant because natural conversation does not necessarily flow in a way that allows the interviewer to use pre-chosen words.

During the interviews, I tried to be impartial about the participants’ responses. This allowed me to think of additional questions that were not on my question guide. These additional questions often produced new or surprising responses from the participants that gave me new points to consider in the study. In some interviews, it was not possible to ask all my listed questions because of the participants' limited time or the participants’ extended focus on certain questions. In these instances, I had to omit certain questions. A few participants, who were very generous with their time, allowed the interviews to last longer than the pre-arranged one hour.

At the end of each interview, I asked the participants for their contact details and permission to contact them in the future, as necessary. All participants gave me this information and agreed to future contact. However, I did not need to contact any of the participants after the completion of the data collection phase except for the HR Director when I needed confirmation on the age range of the participants. I sent the participants their respective sections from Chapter 8 on Svenska Handelsbanken (e.g., the Great Britain section to participants in Great Britain) and asked for their comments. Only one participant responded. She requested that I remove a short phrase from her quote as it was not relevant to the topic discussed.

I did not give the participants in Great Britain the interview questions prior to the interviews. However, I agreed to give the participants in Singapore the interview questions before the interviews as they had requested. This meant that these participants could prepare their answers to the questions. It could be argued that responses by these participants were biased. However, during the interviews, most participants did not seem overly prepared with their responses. A few participants brought a printed copy of the list of questions with some words written next to them. Others just had a list of the questions or did not bring anything to the interview.

All interviews were digitally audio-recorded with the participants' permission, and lasted between 40 minutes and two hours. All interviews were conducted at the participants' offices on a date and time scheduled by them. The 24 interviews in Great Britain spanned six weeks while the 11 interviews in Singapore spanned about five days. During the interviews, I also took field notes. Field notes are written accounts of the researcher's experience in the field and are usually written while in the field or just after leaving the field (Hesse-Biber and Leavy, 2006; Merriam, 2009). I also took brief notes and listed keywords for future use. These notes and keywords were usually about new pieces of information that other participants had not mentioned.

Taking notes was also a way to remind myself to look into certain information when I listened to the audio recordings later. An example is when I had heard the same information from another participant and could not remember who that participant was. I also made notes on my impressions of the interviews after their conclusion. These field notes were especially helpful for remembering the conversations after the digital recorder was switched off. A few of these notes were useful in giving me a better understanding of the participants' views on a certain topic even if they were not directly applicable to my data analysis.

After the interviews were completed, I transcribed them verbatim using a word processor. Although it was a painstaking task, I transcribed the interviews (without assistance) because this task was one way of "re-living" the social and emotional aspects of the interview. This was also a way of beginning the analysis of the interviews because what was said had to be interpreted (Kvale and Brinkmann, 2009). The transcripts of the interview were not prepared in a formal, written style. Rather, I used a word-by-word style that included non-English words, repetition of words, long and short pauses, um's, mm's, chuckles, and laughter. This was done to retain the social aspects of the interviews that could be important in the interpretations.

In Great Britain, the point of saturation, a point where I felt accounts from the participants had become very similar (Creswell, 2007; Merriam, 2009), occurred after the fifteenth interview at

the fifth bank branch. Despite this, I continued with the remainder of the interviews because the participants had volunteered, and it seemed impolite to cancel their interviews. In hindsight, this decision to continue with the interviews was a wise one as these later interviews also provided me with valuable data. It appeared that I had not reached the saturation point that I had previously assumed. Overall, the participants were very engaging, which made the interviews interesting and comfortable.

With respect to interviews, one can question the participants' trustworthiness. In this study, the concern was whether the participants would be inclined to speak only positively about their employer. However, the points made by the participants (at both geographic sites and at the branches) were very consistent. In fact, despite the difference in location and culture, participants from both Great Britain and Singapore expressed more similar than dissimilar viewpoints.

3.5 Ethical Considerations

In research studies, ethical matters related to an organization and its members are of imperative concern (Creswell, 2007; Merriam, 2009; Kvale and Brinkmann, 2009; Stake, 2010). It is usually the researcher's responsibility to protect the study participants as far as the information gathered in the study. As this was a study of a bank, where information can be highly confidential, ethical considerations were crucial. Several measures were taken to protect the rights and identity of the participants.

First, the participants were informed of the purpose of the study. Their verbal consent was requested for the audio recording of the interviews before the interviews began. The participants were also told they could end the interview or the audio recording of the interview at any time they wished. One participant requested that the audio recorder be switched off for one part of the interview. I complied with this request. To compensate for the absence of the digital recorder, I took field notes. Second, the treatment of the interview information was dealt with in a careful manner in terms of its reporting and dissemination. The participants were offered anonymity. Fictitious names were used in the interview transcripts for specific individuals and organizations in order to preserve the anonymity. Last, the research materials were placed in secure storage places. I alone had access to these materials. I shared three interview transcripts with my supervisory team for discussion purposes. Two other academic colleagues conducted "coding checks" during the analysis phase of the study. The analysis phase of data using these codes is described in detail in Chapters 5 and 8.

In summary, this chapter describes how this study was designed and conducted. Ethical issues are also explained. The next chapter is an in-depth description of the bank, Svenska Handelsbanken.

CHAPTER 4: SVENSKA HANDELSBANKEN (SHB)

This chapter presents Svenska Handelsbanken (SHB), a Swedish bank that is the empirical case in this study. The main purpose of the chapter is to explain how SHB operates. The chapter begins with a chronological history of SHB followed by an overview of SHB as it presently exists.

4.1 History of the Bank

The fact that business commentators regard SHB as a conservative or old-fashioned bank justifies a close examination of its history (Aldrick, 2011; Barnes, 2011). To understand the characteristics of SHB, we also need a good understanding of its management and operations.

4.1.1 The 1800s

In the 19th century, Sweden was a poor, agrarian nation. However, after two industrial revolutions, it began to develop into one of the wealthiest nations in terms of economic growth and GDP per capita (Ekonomifakta, 2012). Sweden has since become an open, albeit small, economy that relies mainly on its exports and natural resources (Engwall and Wallenstål, 1988; Ergungor, 2007).

The Swedish banking system was in its infancy at the beginning of the 19th century. The first Swedish savings bank was founded in 1820 in Gothenburg following the emergence of this type of bank in Europe. Until 1892, Swedish savings banks could operate without any regulatory legislation. By the mid-1870s, 325 savings banks were founded in Sweden. The most important function of the savings banks was to promote savings and to accept deposits. These banks also focused on forging close relationships with the local communities they served. Eventually, providing loans to the public and to local businesses became part of their operations (<https://www.swedbank.com/about-swedbank/our-history/swedbank-and-the-savings-banks/> accessed on 1/2/2016). Sweden's first commercial bank, Stockholms Enskilda Bank, was founded in 1856.

The Swedish banking system was initially influenced by the Scottish banking system. However, this changed when the Swedish banks evolved into the kind of universal banks that were common in Continental Europe at the time. Universal banks engaged in various activities including short- and long-term lending as well as investment banking (Ottosson, 1997). The Swedish banking system was also more influenced by the German universal banking system as far as maintaining long-term relationships. Such relationships were a core characteristic of German, then Swedish, banks. In the German system, interlocking directorates were also common between banks and industry, resulting in large, inter-corporate networks (ibid.)

In 1871, because of a personal conflict at Stockholms Enskilda Bank, eight board members decided to form a new bank. Joining with several companies, these individuals founded Stockholms Handelsbanken with shares listed on the Stockholm Stock Exchange in 1873. Thereafter, the bank opened its first branches in several districts in Stockholm. From its early days, the bank intended to focus on its local market (i.e., Stockholm City) and provide “true

banking activities” (i.e., deposits and loans) (SHB, 2008). The bank expanded until the 1890s when, after an economic downturn, new management was appointed.

In 1893, a private banker, Louis Fraenckel, was appointed as the new managing director of the bank after his bank merged with Stockholms Handelsbanken (Lundström and Ottosson, 1989). During Fraenckel’s 18-year tenure, the bank grew expansively mainly because of its contacts with foreign banks. Fraenckel initiated and negotiated several important mergers (with breweries, tobacco manufacturers, ironworks, and sugar refineries) that brought new corporate customers to the bank (ibid.). He also participated in the founding of new local branches through collaborations and ownership interests. When Fraenckel left the bank, it had become the second largest bank in Sweden (SHB, 2008; Kroner, 2011).

4.1.2 Early 1900s to the Mid-1900s

At the beginning of the twentieth century, Sweden enjoyed significant economic progress (with the exception of the 1907 Finnish-Swedish crisis) (Lundström and Ottosson, 1989). Since the 1890s, Sweden had become a major exporter of wood products. Until World War I, Sweden was the world’s largest exporter of pulp. In the midst of a flourishing economy, large corporations were formed that dominated Swedish business life (Erixon, 1996). Consequently the Swedish banking system developed further. Many banks established at this time had interlocking relationships and “bank-spheres” with businesses and customers (Lundström and Ottosson, 1989; Ottosson, 1997). A bank law was passed in 1911 that permitted banks to own shares in other organizations. The speculation that resulted is said to have caused many bank mergers. After World War I, when mergers characterized the Swedish banking industry, the number of banks in Sweden decreased sharply from 86 in 1909 to 32 in 1925. Only four of the twelve largest Swedish banks in 1909 still existed in 1925 (Lundström and Ottosson, 1989).

In 1914, Stockholms Handelsbanken began acquiring other banks in various regions of Sweden. As a consequence of these acquisitions, the bank's operations were divided into a Stockholm operation and a provincial operation. In 1919, after the acquisition of Bankaktiebolaget Södra Sverige, the bank changed its name to Svenska Handelsbanken and subsequently adopted the octagon as its symbol. Sweden was not spared from the effects of the Great Depression of the 1930s. The country’s financial crisis was further exacerbated with the Kreuger Crash in 1932. During this trying time, many banks, including SHB, suffered credit losses. As a result, SHB had to take over several insolvent companies. SHB transferred some of its ownership positions in these insolvent companies to Industrivärden, a holding company that was founded in 1944 (Brunninge, 2005; SHB, 2008; Kroner, 2011). After World War II, the Swedish economy boomed (Ekonomifakta, 2012), and Swedish banks and credit markets became heavily regulated with conditions such as lending ceilings, liquidity ratio requirements, and interest rules. Bank activities were constantly examined (Englund, 1999). SHB continued expanding with more acquisitions and broadened its range of products.

4.1.3 The Wallander Era (1970 to 1991)

In 1970, SHB was in conflict with the *Bankinspektionen* (the regulatory body for banks in Sweden) and *Riksbanken* (Sweden’s National Bank) over the violation of banking laws and currency regulations (Wallander, 1998). This major crisis warranted a change of leadership. Jan

Wallander, then the managing director of Sundsvallsbanken (a northern Swedish provincial bank), was recruited as the CEO of SHB. Under Wallander's leadership, SHB was reformed with fundamental ideas and practices still found at the bank today. Although bank employees may not have known Wallander personally, he was well-known in banking circles and was respected as the person most responsible for the changes at SHB. These fundamental changes included decentralizing the bank, eliminating budgets, and introducing a profit-sharing system. A branch manager in Great Britain stated:

...do you know a lot about the background of the model? Jan Wallander, when Handelsbanken was in a difficult position, changed the model from a command control, target-driven system to empowerment of the branches. It has been tried and tested in Sweden and elsewhere in Scandinavia. It's also working in the UK.

To promote his banking ideas and practices among SHB's employees, in 1970 Wallander wrote a booklet entitled *Our Way* (Brunninge, 2005). This booklet, which explains Wallander's bank management philosophy, is still considered the bank's "Bible." Based on the interviews I conducted for this study, I learned that this booklet, which is a private internal document, is given to every new employee.

Wallander's book, *Decentralisation – Why and How to Make It Work*, was published in 2003. The book first appeared in Swedish, and was then translated to English. In the book Wallander describes how he was hired by SHB and why he eliminated centralization and budgets. The book also presents his opinions on human nature. SHB employees refer to this book in order to understand how the bank operates. The book is also shared with potential bank employees in the early stages of recruitment.

Wallander made these changes at SHB based on his prior work experience. Before joining SHB, he had been an Associate Professor in Economics at Stockholm University, a Board member of the University Chancellor's Office, a Board member of the Swedish Broadcasting Company, Chairman of the Swedish State Railways, Head of the Industrial Research Institute, a Board member of Ericsson, and the Managing Director of Sundsvallsbanken (Wallander, 1999; Wallander, 2003). In addition, Wallander's views on human nature influenced his decisions on these changes. As he explains in his book, he thinks employees are sensible, competent people who want to do a good job. He thinks that people have potential, enthusiasm, and the ability to learn.

Through decentralization, employees have the opportunity to use their abilities and to realize their potential. Decentralization also allows employees to see the effects of their work. Wallander views decentralization as a way for employees to feel they are members of groups they can identify with (Wallander, 2003). He admits that decentralizing the bank was a difficult task that involved many incremental changes over time. With the adoption of decentralization, managers had to relinquish some power to their subordinates. Central departments, such as Marketing, were abolished while others were downsized. Any remaining central functions supported the local branches.

Local branches had authority and were responsible for their profitability. Their decisions, including loan decisions, were monitored only to some extent. Large loan applications were sent to the regional offices for further approval and, if necessary, to the central credit department. However, no loan was approved without the local branch's recommendation. The regional or central offices could not override the loan decisions made at the local branches. This act of decentralizing loan decision-making was partly the result of Wallander's experience at Sundsvallsbanken where most of that bank's credit losses were attributed to decisions made centrally instead of locally (Wallander, 1994). Decentralization also meant that local branches served customers only in their own regions - sometimes known as their own "patch"¹. According to Wallander (2003), this was done to prevent conflicts between branches and allowed the branches to focus on their local customers. Employees could forge closer ties with customers and make quicker decisions.

Another fundamental change Wallander made was to abolish budgeting. He viewed budgets as dangerous tools because they were based on inaccurate forecasts and, additionally, took too much time to prepare (see Wallander's article "Budgeting - an unnecessary evil", 1999, for further explanation). He developed this idea mainly from his experience as a professional economist at the Industrial Institute of Social and Economic Research where making long-term plans for the Swedish economy was the main task (Wallander, 1999). Prior to joining SHB, Wallander experimented with getting rid of budgets as Managing Director of Sundsvallsbanken. He found that without budgets Sundsvallsbanken could still be well managed (Wallander, 1999). This experience convinced Wallander that budgets were not necessary at SHB. Without budgets, SHB employee performance was not based on pre-set metrics. Performance bonuses were not used to motivate employees in any area of the bank except the smaller Capital Markets segment that consisted of investment banking operations, asset management, and insurance savings (Brunninge, 2005; Wallander, 2003; SHB, 2008; Kroner, 2011). As Kroner (2011) states, this exception was due to external competitive pressures².

A third fundamental change at SHB occurred in 1973 when a profit-sharing arrangement known as the *Oktogonen* was established. Wallander thought this was a fair way to share bank profits with employees. All employees, regardless of seniority or position at the bank, receive the same amount of the shared profit. This shared profit is allocated among the employee annually. However, employees may not claim their profit share until they reach the age of 60.

The 1960s was a period in which manufacturing firms internationalized while the 1970s and 1980s were periods of bank internationalization. In Sweden, Stockholms Enskilda Bank and SHB (together with the State-owned PK Banken) were at the forefront of bank internationalization. Most entries into foreign markets were made in the years between 1981 and 1985. By 1985, SHB had entered 16 foreign markets of which the majority were representative

¹ The "patch" is based on the church spire principle. Branches are allowed to serve customers in a designated area. This area is as far as the eye can see if one were to look from the top of the local church spire.

² SHB's performance evaluation model is discussed in Chapter 8.

offices. At the same time, more commitments were made at international financial centers in London, Singapore, New York, and Paris. In both London and Singapore, SHB had wholly-owned subsidiaries (Engwall and Wallenstål, 1988).

It is evident that after Wallander's appointment as CEO, SHB experienced many changes. This was also true in the entire Swedish banking environment from the 1980s to the 1990s. According to Englund (1999), the rapid development of financial markets in Sweden was perhaps the most likely cause of banking deregulation in the early 1980s. Considering the immense growth in the money markets, deregulation was expected. However, when deregulation was implemented in 1983-1985, the result was increased bank lending and greater competition in the money and credit markets. With deregulation, banks and other financial institutions were free to do more than they were used to. They became very active in expanding, garnering market share, and increasing lending. According to Englund (1999) and Ergungor (2007), at this time banks did not realize the danger of the credit risks they were exposed to.

Although the financial markets were bullish, the Swedish economic environment had many very serious issues – high inflation, a real estate price bubble, expansionary macro policy, and fixed exchange rates. These issues, among others, resulted in higher interest rates and ultimately in a severe systemic banking crisis in 1990 (Englund, 1999; Ergungor, 2007). The banking crisis in Sweden coincided with a currency crisis. During this severe crisis, the seven major banks in Sweden with 90% of the market (Bäckström, 1997) incurred huge credit losses that eventually resulted in some bankruptcies. Of the surviving banks, most required a bailout from the Swedish government or financial assistance from their owners. SHB was the only bank that did not require financial assistance from the Swedish government (Englund, 1999). In view of the severity of the crisis, the Swedish government established the Banking Crisis Committee in 1993 with Wallander as the Chairperson (Sveriges Riksdag, 1993). Its assignment was to investigate the crisis.

4.2 The Bank in Current Times

Today, SHB is a full-service bank in Sweden that has both private and corporate customers. At the end of 2012, it had 11,192 employees working in 24 countries with just over 30% of its workforce employed outside Sweden. In 2011 and 2012, Bloomberg Markets' annual ranking of the world's strongest banks ranked SHB in the top ten banks³ (Bloomberg, 2012; SHB Annual Report 2012).

SHB enjoys high customer satisfaction. Every year, independent surveys [i.e., Swedish Quality Index (SKI) and Extended Performance Satisfaction Index (EPSI)] of customer satisfaction have been conducted in Sweden and in Great Britain. For several consecutive years, both private and corporate customers of SHB have ranked their satisfaction with the bank as very high, if not the

³Only banks with total assets of USD 100 billion or more are included in the ranking. Five assessment criteria are used - tier 1 capital to risk-weighted assets, nonperforming assets to total assets, loan-loss reserves to nonperforming assets, deposits to funding, and efficiency (costs to revenue).

highest (SHB Annual Report, 2011), compared to other organizations. The SHB employees are also very loyal to SHB. The average employment period for a SHB employee in Sweden is more than 20 years (personal communication with HR Director, 2009).

Although Wallander's reforms at SHB in the 1970s have provoked various criticisms, the fact is that the bank has survived every financial crisis attributable to either the Swedish or global economic climate. During these crises, SHB has never had to ask for financial help from the State such as a government bailout. In fact, the bank has usually performed more strongly after these crises than before (Kroner, 2011). The changes made decades ago by Wallander are still very much practiced at the bank today. Employees of SHB pride themselves on their modern relationship with a bank that has old-fashioned values. With its focus on local branches and customers, long-termism, and profitability rather than volume, employees think they work at a bank that differs from other banks. The overall success of SHB is very much dependent upon its branches. Central and regional offices act only as support for the branches. Branches have full autonomy and are responsible for their own operations.

Financially, SHB continues with its goal to improve its profitability compared to its competitors' average in its home markets⁴. Accordingly, the Cost/Income ratio, Return on Equity, and organic (equity) growth are its major concerns. Through the years, SHB has made several acquisitions, and today the bank group consists of Handelsbanken Fonder (mutual funds), Handelsbanken Finans (finance), Handelsbanken Liv (life insurance), and Stadshypotek (mortgages).

This chapter describes the history of SHB and its present operations and philosophy. Chapter 8 provides more details on the bank's operations as well as my research findings. The next chapter describes the use of the coding system used with the concept of stewards.

⁴ Home markets are defined by the bank as markets in Sweden, Norway, Finland, Denmark, Great Britain, and (from 2013) the Netherlands. Branches in the home markets operate following the same concepts as in Sweden. The branches outside these home markets are classified under Handelsbanken International (SHB Annual Report, 2012).

CHAPTER 5: CODING FOR STEWARDS

This chapter describes the first phase of data analysis in this study. A detailed explanation of the coding aspects and examples are provided. The chapter concludes with the findings from this coding exercise and its ramifications for the next step in the study.

5.1 Data Analysis

Analyzing data involves making sense of the information collected. Dey (1996) compares data analyses to jigsaw puzzles. When one starts to solve a jigsaw puzzle, the first step is to sort the pieces into different piles. The pieces can be sorted by characteristics such as colors (e.g., blue for the ocean, green for the grass) or shapes (e.g., corner pieces, side pieces, odd shapes). Sorting helps us complete the puzzle in a more systematic way. After the pieces have been sorted, the next step is to decide how to put the puzzle together. One can begin with the frame or the edges and then fill in the middle or inner areas. Or one can begin with the inner areas and then progress outward to the frame or edges. Or one can connect some pieces by forming clusters (e.g., the blue pieces together) and then connecting the clusters to other clusters. When all pieces are in place, the puzzle is complete. Solving a jigsaw puzzle is also similar to Kuhn's (1962) concept of normal science. This method of analysis suggests that a solution is found at the end of the process (i.e., the completed puzzle). However, the solution may not be found. In other words, sometimes we have a puzzle that has no frame or edges, at least not at the beginning. In this situation, the frame or edges have to be discovered.

Data analysis in qualitative inquiry is similar because the researcher begins with a large amount of collected data (e.g., from interviews transcripts, field notes, reports, the literature, etc.) that must be sorted into different categories of meanings. In some qualitative inquiry, data sorting is completed systematically by the use of codes. A code is a word or short phrase that symbolically assigns an attribute to a portion of the data (Saldaña, 2009). A code is assigned to each category of meaning. Depending on the purpose of the study, the codes can be pre-assigned using certain concepts. However, some researchers do not assign codes in advance because they want the codes to emerge naturally from the data such as occurs in grounded theory studies (Glaser and Strauss, 1967). The act of sorting data into codes is known as coding. Data that are coded may be language-based data such as words, sentences, phrases, or paragraphs. Coded data may also include visuals such as photographs (Saldaña, 2009).

In coding, the researcher looks at each bit of data to determine its characteristics. This is similar to determining the color or shape of a jigsaw puzzle piece. For example, in examining a puzzle piece, one has to identify its hue before determining the color blue (blue is a code). To determine whether a puzzle piece is a corner piece (corner piece is a code), one has to determine if the piece has two perpendicular lines. These examples show that each puzzle piece is sorted according to certain criteria that have been established for each code. Similarly, the researcher has to establish criteria for each code in advance before sorting data. Determining the characteristics of data, which is an interpretive act, requires some thought.

In this study, I used text narratives from the interview transcripts as my empirical data as they are “both inscriptions of past performances and scripts and staging instructions for future

performances” (Czarniawska, 1998, p. 20). Coding was conducted using computer-assisted qualitative data analysis software (CAQDAS). I used NVivo 9 (and later NVivo 10) having had previous experience with this software in a qualitative methods course. The use of CAQDAS helped me organize my research data (i.e., interview transcripts, notes, articles) in one place. The main strength of this software is its coding feature that allows data to be coded in a systematic and organized manner. To code, I first had to upload a text document into the software. Next, I created the codes. As I read the research data, I highlighted relevant portions and assigned codes to them. During this process, I kept the sorting criteria in mind. This software also facilitated the creation of queries that arose with sorting the data. For example, I could look for data that had been coded with two different codes. However, CAQDAS only provided me with a systematic way to code and organize data but not a way to interpret data. Let us now look more specifically at the coding used in this study.

5.2 Coding for a Steward

As explained in Chapter 2, the (initial) purpose of this study was to search for stewards. A steward is a theoretical construct that researchers associate with certain characteristics. I selected three of these characteristics as codes for my analysis. I labeled these characteristics as “social”, “intrinsic” and “long term.” I defined these characteristics based on the studies by Davis et al. (1997) and Hernandez (2012) (as discussed in Chapter 2). The meanings of the characteristics are as follows:

Social:

Instances of interaction between individuals that have a collective nature.

Intrinsic:

Instances of motivation from within a person rather than from external factors such as rewards or avoidance of punishment. Intrinsic includes the act of doing something for its own sake.

Long term:

Instances of actions that have a time frame of more than one year or instances of a very long time frame.

When I coded the interview transcripts, I looked for meanings that indicated, directly or indirectly, that the participant was a social person, intrinsically motivated, and/or had a long-term perspective. By directly, I refer to instances in which the participant said something about herself that could be related to the three characteristics. However, meanings can sometimes be conveyed indirectly. In these indirect instances, I deciphered meanings using Grice’s (1989) notion of *conversational implicature*. Implicature⁵ refers to the act of communication by utterances that are not explicitly expressed. Grice (1989, p. 25) states, “the conventional meaning of the words

⁵ In “Studies in the Way of Words” (1989), Grice elaborates on his notion of implicature. He states his assumptions are based on the Cooperative Principle and its maxims of quantity, quality, relation, and manner.

used will determine what is implicated, besides helping to determine what is said.” The following exchange is an example of implicature:

John: Do you know where I can buy a cup of coffee?

Mary: If you walk 50 meters in that direction, there is *Pret A Manger*.

In this conversation, Mary does not directly tell John where he can buy a cup of coffee. However, her response suggests that he can buy coffee at the *Pret A Manger* store nearby. Her response *implicates* that the *Pret A Manger* store is open and that it sells coffee. John’s question *implicates* that he is not familiar with his surroundings. Mary’s response *implicates* that she knows John is not familiar with the area.

In analyzing some interviews, I used the logic applied in the John-Mary exchange. In coding instances of the three characteristics, I observed how the participants narrated their values, feelings, and thoughts. I considered these important aspects because they made me see the participants more clearly as human beings. Often, these narratives also indicated how the participants viewed themselves – a perspective that could be important if the focus of the research changed. The participants also narrated how they have behaved in the past and how they might behave in the future. I also considered their comments about their colleagues including other participant(s) in this study. For example, a branch manager described how he had recruited a particular participant. Let us now look at some examples of the data as coded from my interview transcripts.

Example 1: Social

The following statement was coded as a social characteristic:

We want to grow, but we want to grow in a very steady uniform and safe way that does not disadvantage people.

I coded this statement as “social” because there is an element of a collective nature. The participant indicates that consideration should be given to “people.” Although we cannot be sure whom she means by “people” (perhaps colleagues, employees, customers, or the public at large), it is clear she does not want to harm them. The sentence also indirectly suggests that the participant acts in the way she has described. Her use of the first person, plural (“we”), indicates she thinks she is a member of a group or organization. Identification with a group or organization is an indication of a social collective.

Example 2: Intrinsic

The following statements were coded as an intrinsic characteristic:

When a branch opens, its first objective is to achieve break-even. So you have to achieve that. So there are financial pressures. No one says break-even must be achieved in a year or two years, but nevertheless it is clear you can't operate a branch at a loss. You can't operate any business and have a loss indefinitely. There is a pressure. I think the pressure comes from within, and I think this comes back to Handelsbanken. You're trying to recruit people who are intrinsically motivated and want to do well for themselves.

The words "intrinsically motivated" in this narrative means the statements are coded as intrinsic. The participant does not explicitly claim that she herself is intrinsically motivated. However, her statements suggest that if the bank wishes to employ only intrinsically motivated employees, she is also likely to be intrinsically motivated because she works as a branch manager for the bank.

Example 3: Long term

The following statements were coded as a long-term characteristic:

I am very OK with the idea of it [Oktogonen] as a long-term plan [in that] you don't receive it until you leave. I think that reflects the long-term nature of this business.

This participant speaks in the first person, singular ("I"). She agrees with the long-term compensation plan. Therefore, she takes a long-term perspective on Oktogonen although we cannot be certain if she takes a long-term perspective in other areas.

One advantage of CAQDAS is that the software allows the researcher to create different types of queries based on the data. Queries are searches that the researcher can make with specified criteria. For example, I can search for all data that have been sorted by a particular code. Another example could be a search for data that have been sorted into two or more codes to see if they relate to one particular person. Once I completed coding the interview transcripts, I ran several queries that resulted in the following finding.

The characteristics of social, intrinsic and long term were present in all the participants' narratives. Thus the participants meet my steward criteria. At this point, the answer to my research question "Are there stewards?" is "Yes." However, according to Dey (1996, p. 44), "classification tells us not only what falls within categories but also something about the boundaries between them." In classifying something as X, it means the something cannot be classified as Y. Using the analogy of the jigsaw puzzle, if I classify a puzzle piece as a corner piece, it cannot also be a side piece or an odd shape piece. Base on this rationale, if a participant is classified as a steward then she cannot also be an agent. Furthermore, as noted in Chapter 2, studies on the construct of a steward or an agent have portrayed individuals as one or the other. An individual cannot be a steward and an agent at the same time. Although this coding exercise suggests that the participants are stewards, I cannot assume that the participants are not agents.

Thus, I have to determine whether the participants are agents. To do so, I have to recode the narratives from the participants using the agent criteria.

5.3 Coding for an Agent

Similar to coding for a steward, I started coding for an agent by first identifying the characteristics of the agent. As summarized in Chapter 2, studies related to the construct of an agent claim the agent has certain characteristics. I selected three of these characteristics based on studies by Jensen and Meckling (1976) and Eisenhardt (1989). I labeled these characteristics as “individualistic,” “extrinsic,” and “short term.” I used these characteristics as codes for my analysis. The meanings of the characteristics are as follows:

Individualistic:

Instances of self-interested or individualistic behaviors. Instances of behavior that pertain to the individual, such as targets and bonuses.

Extrinsic:

Instances of motivation elicited only by external factors, such as rewards or avoidance of punishment.

Short term:

Instances of actions that have a time frame of less than one year or instances of a very short time frame.

I coded the interview transcript data for agents in the same way I coded the same data for stewards. I used Grice’s (1989) notion of implicature, where necessary, to interpret narratives. Narratives about the participants’ values, feelings, thoughts, past behaviors, and possible future behaviors were analyzed. I also analyzed participant statements about others. Let us now look at some examples of the data as coded from my interview transcripts.

Example 4: Individualistic

The following commentary was coded as an individualistic characteristic:

As a Bank X* employee, because of its target-driven nature, I had a hidden agenda [...] in the meetings with a client to make sure that I received my lending fee, [...] if I could get it at the front end, I'll get it at the front end of the deal. Certain derivative type products were very remunerative, but only in a 12-months window. Once it is October, November, whatever the outcome of the profit and loss for your own customers, you then have to raise the bar again.

The underlined text is coded as an individualistic characteristic. I interpreted the words “I had a hidden agenda” to mean the participant had an ulterior motive in dealing with a client. This motive – to achieve a target and to obtain a lending fee – is concealed from the client. The client may be sold a product. Whether the client later benefits from the product is unknown. However, the motive behind selling the product was not in the client’s best interest because the participant

was more concerned with achieving her target and earning her lending fee. If the participant considered the client's best interest (e.g., the benefit of the product to the client), then the participant would not have needed to hide her agenda from the client. Another argument for coding this text as an individualistic characteristic is the use of a target. Here, the target is only a tool used to motivate the participant. One could also argue that the target is also an extrinsic characteristic as a short-term tool concerned with the 12-month period. This argument is valid. However, I deal with data that can be categorized by more than one code in the next section.

Example 5: Extrinsic

The following statement was coded as an extrinsic characteristic:

I was well rewarded at Bank X*, but yet it was predominantly bonus, heavily bonus driven, and dependent upon performance.

This is a straightforward example that reveals that the bonus is an extrinsic factor intended to motivate performance. The participant makes this point with her use of the words "dependent upon" to link the bonus to performance.

Example 6: Short term

The following narrative was coded as a short-term characteristic:

I perceive the problems that the bank had was that the Bank Y* culture was an American investment bank culture that was very much based on short-term results. Over the years at Bank Y we produced annual contracts. Then you started to monitor performance. It wasn't just annually. It was almost half yearly, then it was quarterly, and then it was monthly until the point where they were just interested in this month's numbers. They were then asking us to do things and treat the clients in ways I thought were improper and unfair.

In this narrative, the participant explains her prior work experience at another bank. It is obvious that the element of the short time frame is repeatedly mentioned. Although the participant does not explicitly state that she acted in a short-term manner, her use of the nouns "we" and "you" indicate that she also acted in this way.

Once the coding for an agent was completed, I ran queries in CAQDAS. This produced a few findings. The three characteristics of individualistic, extrinsic, and short term appeared in all participants. Of the 35 participants, 27 displayed all three characteristics. The other eight participants displayed two of the three characteristics. In short, all participants exhibited at least two of the three agent characteristics. Hence, the answer to the question "Are the participants agents?" is "Yes" (or they were at the time of the interviews). This finding has implications for my research question. However, before I discuss these implications, I explain the overlapping of codes.

5.4 Overlap of Codes

After I completed the coding for steward and agent, I noted instances of overlapping of codes. By overlapping of codes I mean certain data could be coded as more than one characteristic at the same time. Overlapping of codes occurred among the characteristics for the steward construct as well as for the agent construct. Example 4 reveals this overlapping of codes in which the data could be coded as individualistic, extrinsic, and short-term characteristics. More commonly, some data could be coded as two characteristics.

There were also instances of overlapping codes that occurred between characteristics of the steward and the agent. See Examples 7 and 8.

Example 7: Social and Individualistic

The following statements were coded as both a social characteristic and an individualistic characteristic:

My job satisfaction now is very much driven by the feeling that we are performing much better as a team. I'm performing better as a result.

The participant links her team's performance (a social characteristic) with her own performance (an individualistic characteristic). The participant perceives that her performance is affected by how her team performs. There is interplay between the social and individualistic characteristics.

Example 8: Intrinsic and Extrinsic

The following statement was coded as both an extrinsic characteristic and an intrinsic characteristic:

If I'm fairly paid for what I do, my internal motivation to do a good job is sufficient.

The participant's utterance suggests that she is intrinsically motivated to do a good job provided she is paid fairly. There is interplay between the intrinsic and extrinsic characteristics. Although the participant is motivated to do a good job, this is somewhat dependent on receiving fair compensation, which is an extrinsic characteristic.

While analyzing overlapping codes, almost all the characteristics of the agent related to narratives about the participants' prior work experience. At first, it appears that different work environments may be behind such narratives. However, the narratives about prior work experience contained instances of the social characteristic – namely, teamwork. Narratives about current work environments were dominated by the characteristics of the steward although not devoid of characteristics of the agent. In their current jobs, the extrinsic factor of salary or pay is important to the participants. The overlapping of the characteristics of the steward and the agent suggests that individuals can be both a steward and an agent.

5.5 Overall Finding and Ramification

The purpose of this coding exercise was to search for stewards. More specifically, this exercise was to ascertain if the participants in my study displayed the characteristics of the steward that prior studies have theorized: sociability, intrinsic motivation, and a long-term perspective. Although criteria were established for each characteristic, coding was a challenging task. From this coding exercise, I found that all the study's participants displayed the three characteristics of the steward.

Another coding exercise was performed to ascertain if the participants displayed the characteristics of the agent: individualistic, extrinsic motivation and a short-term perspective. From this coding exercise, I found that the participants also displayed the three characteristics of the agent. These findings indicate that the participants in my study displayed characteristics of both the steward and the agent. In view of this, I cannot definitively conclude that I have found the stewards I thought I would find when I initially formulated my research question, "Are there stewards?"

After completing my coding exercises, my research supervisors suggested another person should test the trustworthiness of my coding exercises. My research supervisors contacted Viktor Elliot, a doctoral student and colleague at the School of Business, Law and Economics, at the University of Gothenburg. Viktor volunteered to repeat the exercise. I gave him an instruction sheet that described the coding process, the codes, and their criteria. I asked Viktor to repeat the coding (manually) for two interview transcripts using various colored marker pens. After he completed the exercise, we met for slightly more than an hour to compare and discuss our findings. Overall, our comparison did not differ significantly. We discussed a few points he had missed, and he agreed they should be coded. We agreed to code or exclude some data that we had not agreed on.

The recoding exercise was very useful because it highlighted certain issues I had not previously dealt with. Viktor also made a good point about the social characteristic. Given the definition of this characteristic, he thought that narratives of infighting and competition were social although they were more negative than positive in their context. I agreed with this point. I realized my coding was based on a positive interpretation and did not fit the definition. This realization prompted me to review the transcripts. With this review, I found more narratives that should be coded as social. An example is the following:

I've worked in situations before where the management has actively encouraged the backbiting and the competitiveness in the team in order meet sales targets.

In this narrative, there is social interaction between the members of the team. However, the interaction is not related only to cooperation. The words "backbiting" and "competitiveness" indicate that the social interaction in the team is characterized by hostility and rivalry. This implies that selfishness and self-interest exist in this context. Because the participant said she had worked in that situation before, the implication is that she has behaved in this way. Considering this, I coded the narrative as both social and individualistic.

Overall, this review resulted in additional narratives with the overlapping codes of social and individualistic characteristics. In hindsight, I realized that previous studies have also interpreted the characteristic of social only in a positive sense. Like me, they have neglected to see the negative side of the social characteristic. This lends further weight to my claim that a steward (or stewardship theory as it currently stands) is the anti-thesis of agency theory. Although this was the case, it does not change the overall finding of the coding exercise. Because the participants displayed both steward and agent characteristics, my search for stewards was inconclusive.

Although inconclusive, the findings of this exercise have implications for the two models of man described in Chapter 2. The two models portray man as an individual with fixed characteristics. Man is either a steward or an agent, both of which are static models. There has been little discussion about the possibility that man has changeable characteristics. Because the participants in this exercise displayed characteristics of both the steward and the agent, the conclusion is that man is changeable. Since static models of man do not portray man realistically, studies that rely on such models may be questionable. In light of the findings described in this chapter, it can be said that the model of man as the steward is unrealistic and unconvincing. Attaching a set of invariable, perpetual characteristics to man may be useful for studies aimed at creating calculative or measurement models. However, this is not necessarily true for other types of studies.

With the findings from these two exercises, I was unable to proceed with my intended plan for this study. After some contemplation and discussion with my research supervisors, I re-examined my data. Although I was not able to find a steward, there were narratives of acts that appeared to be steward-like. I found narratives about caring for colleagues and customers, about simply wanting to do a good job, and about sacrificing short-term gains in favor of long-term benefits. I realized that perhaps it would be worthwhile instead to examine the area of *stewardship*.

In sum, this chapter illustrates one possible way of analyzing data. Data analysis requires a researcher to describe, classify, and connect different parts of the data while engaging in its interpretation (Dey, 1996; Creswell, 2007). Essentially, it is about breaking huge chunks of data into smaller manageable bits that are then assembled as a coherent whole. The next chapter, which deals with aspects of stewardship, takes my research in a new direction.

CHAPTER 6: RE-FRAMING THE PROBLEM

This chapter begins with descriptions of relevant theory, epistemology, and ontology followed by a discussion of stewardship and its problems. The chapter concludes by describing the revised purpose of this research and posing a new research question.

6.1 Theory, Epistemology, and Ontology

The search for an individual with the exclusive characteristics of a steward, as described in Chapter 5, proved fruitless. However, some participants' narratives seemed to touch on stewardship behaviors. I use the word "seemed" because, until stewardship has only been defined recently. These narratives revealed the participants' concern for their organization, colleagues, and customers. They spoke of their sense of empowerment and their inclination towards long-termism. In addition, they appeared intrinsically motivated to perform their jobs. Because their narratives seemed to suggest the construct of stewardship as currently presented in the literature, I decided to examine stewardship in more depth.

It is first necessary to review stewardship theory in order to understand how stewardship has been constructed. Therefore in this section I discuss theory, epistemology, and ontology in its relationship to stewardship.

Researchers in the social sciences have variously defined "theory" although they have not agreed on a definition. The following are a few examples of such definitions:

A theory is a statement of relations among concepts within a set of boundary assumptions and constraints. It is no more than a linguistic device used to organize a complex empirical world. (Bacharach, 1989, p. 496)

Theory belongs to the family of words that includes guess, speculation, supposition, conjecture, proposition, hypothesis, conception, explanation, model. The dictionaries permit us to use theory for anything from "guess" to "a system of assumptions, accepted principles, and rules of procedure devised to analyze, predict, or otherwise explain the nature or behavior of a specified set of phenomena. (Weick, 1995b, p.386)

By theory we mean, "an ordered set of assertions about a generic behaviour or structure assumed to hold throughout a significantly broad range of specific instances. (Sutherland, 1975, p. 9)...as the range of specific instances becomes broader, the resulting ideas are more deserving of the label theory (Llewelyn⁶ [sic], 2003, p. 664, quoting Weick).

⁶ The author's name "Llewelyn" is misspelled in this article. Readers should be aware of this misspelling when searching for the article. The author's name is spelled correctly as "Llewellyn."

One reason for the difficulty in agreeing on a common definition may be that theories in the social sciences often imitate theories in the natural sciences. As a result, there are limitations in theory development and the theorizing process in the social sciences (Llewelyn, 2003). Quoting Weick (1989), Llewelyn (2003, p. 516) states: “Theory cannot be improved until we improve the theorizing process.” Aside from attempts to define theory, scholars have also discussed the building blocks of theory and theoretical contribution (see Whetten, 1989); what theory is or is not (see Sutton and Staw, 1995; DiMaggio, 1995; Weick, 1995b); what makes a good theory (see Van de Ven, 1989); and how to build theories from cases (see Eisenhardt and Graebner, 2007).

According to Whetten (1989), a complete theory consists of four components: (1) *What*, (2) *How*, (3) *Why*, and (4) *Who, Where, When*. The *What* consists of the factors that explain the social or individual phenomenon of interest. These factors should be comprehensive yet parsimonious. The *How* explains the relationships between these identified factors, indicates patterns or causality, and conceptualizes the subject matter of the theory. It may be useful to illustrate these relationships, especially if they are complex, using graphics or “boxes and arrows”. The *Why* consists of the rationales and justifications for the factors included in the theory as well as their causal relationships. Assumptions that underlie the theory should be stated. The *Why* also represents the logic and soundness of the conceptualized phenomenon, enabling it to be evaluated and judged for its reasonableness. The *What* and *How* describe phenomena while the *Why* explains phenomena. The *What* and the *How* can be used to identify patterns or inconsistencies in empirical material and to produce propositions for further study. Lastly, the *Who, Where, When* constitute the range of the theory. This last component limits the generalizability and applicability of the theory through temporal and contextual issues. Together with the *Why*, this component can be used to identify discrepancies within a phenomenon and consequently enable the *What* and *How* to be amended accordingly.

The concept of epistemology is related to theory. Epistemology relates to knowledge and understanding. More precisely, it poses the questions “What is knowledge?” and “How is knowledge acquired?” These questions address issues pertaining to the methods, scope, and validity of knowledge. The epistemology of a phenomenon (or theory) under study is concerned with the origin and nature of knowledge. Much of knowledge arises from the development of propositions, followed by hypotheses that are measurable. Through the testing of hypotheses, pre-knowledge can be confirmed or dispelled, or new knowledge can be created. However, to develop propositions and hypotheses, the ontology of the phenomenon (or ontology of the theory) under study must first be established.

Ontology relates to what exists (or could exist) in the make-up of a phenomenon. This involves investigating all constructs, concepts, ideas, and relationships (e.g., similarities, differences, or causations) that constitute a phenomenon (or theory). When the ontology is known, it is possible to offer propositions and to test hypotheses in order to create more knowledge about a phenomenon. Knowing what a phenomenon consists of is similar to answering Whetten’s (1989) *What, How, Why, and Who, Where, When*. Without logical and reasonable (although not necessarily absolute) ontology, further knowledge cannot be developed.

6.2 Individualist, Societist, and Site Ontologies

Different types of ontology exist, depending on the subject field. The ontology type relevant to this study is social ontology, which is the investigation of the nature and structure of social life and social phenomena. According to Schatzki (2003), there are two prominent camps of social ontology - Individualist and societist (or individualism and societism as Schatzki also refers to). However, given their deficiencies, both camps have led Schatzki to propose a new type of ontology known as *site ontology*. Site ontology is explained further because it is used in this study. However, in order to gain an understanding of site ontology, both the individualist and societist ontologies are explained.

When examining social phenomena with an individualist ontology, the individual is the focus. Advocates of this ontological camp contend, “social facts and phenomena are nothing but constructions out of, or constructions of, individual people and -- on some versions -- their relations” (Schatzki, 2003, p. 174). Constructionists belong to this camp because they consider social phenomena to consist of individuals, their actions, and their mental states including the relationships between individuals (e.g., a sorority or a club). Institutionalists are also advocates because they assert that social phenomena exist because individuals have certain attitudes and beliefs and perform certain actions. Schatzki offers the example of a shared belief that scraps of paper and pieces of metal if regarded as money are money. Opponents of individualism argue, “social phenomena can be adequately analyzed and explained only by reference to facts about and features of *collections* of people (e.g., groups), as opposed to individual people” (Schatzki, 2005, p. 466, italics in the original). Even with this claim, Schatzki considers these opponents members of the individualism camp, although a much broader one, because ultimately they view social phenomena as consisting of facts about people, whether as individuals or as a collective (Schatzki, 2005). With its sole focus on the individual (i.e., their states of mind, actions, situations, and relationships), the individualist is accused of being incomplete (Schatzki, 2003).

Proponents of the societist ontology take a different view. Although they do not agree on how to explain or analyze social phenomena, in addition to features of individuals (or groups), they claim, “something about the social is not susceptible to individualist analysis” (Schatzki, 2003, p. 174). They argue there is more to social phenomena than just properties, features, and facts about individuals. There are three major societist ontologies: wholism, Durkheimian, and structuralism. Advocates of wholism contend that phenomena (e.g., societies or economic systems) are whole entities that have their own nature and contain dynamic principles that are different from the individuals that populate them. Durkheimian proponents claim that social facts are categorically distinct from individualism and are broader than social wholes. Examples include language, customs, and crowd phenomena. Lastly, structuralism views social phenomena as possibilities or compositions that are “governed by, or made up of, abstract, non-spatial-temporal structures” (ibid., p.175). In addition, structuralism views individuals as a part of the social. In other words, “social phenomena consist in the activities of individuals governed by abstract structures” (ibid.). It is also thought that these abstract structures govern and create phenomena such as myths, religions, and languages. Other examples in the societist camp are discourses, social systems, and modes of production (Schatzki, 2005). Proponents think that because phenomena like these are not reducible to individual analysis, they are susceptible to criticisms of reification (Schatzki, 2003).

Because of the deficiencies of these ontologies, Schatzki (2003, 2005) proposes a different ontology, known as site ontology. He describes site ontology as follows:

Site ontologies contend that social life, by which I mean human coexistence, is inherently tied to a type of context in which it occurs. The contexts involved, *sites*, are contexts of which some of what exists or occurs within them are inherently parts. Site ontologies maintain that social phenomena can only be analyzed by examining the sites where human coexistence transpires. (Schatzki, 2003, p.176)

By *site*, Schatzki does not mean spatial, temporal, or teleological locations where something occurs. A site is instead a special type of context. Within this context, different things exist that are a necessary part of the context. One thing is human coexistence. The social life of individuals or a group of individuals and their activities is a necessary part of this context. Let us look at a few examples of sites. The first two come from Schatzki's (2003, 2005) studies.

1. Requesting a credit report – this action is an inherent part of banking practices at a bank. This banking practice and the actions that make up the practice are the site.
2. Recording a student's grade – this action is an inherent part of grading practices at a university. This grading practice and the actions that make up the practice are the site.
3. Measuring food ingredients – this action is an inherent part of cooking practices at a restaurant. This cooking practice and the actions that make up the practice are the site.

In these examples, individuals perform actions that are inherent to their sites. They are inherent because, if we were to review or change the banking, grading or cooking practices, we would certainly need to consider these actions. The actions and sites constitute each other. In view of this, Schatzki (2003, p. 177) defines a thing's (e.g., a social phenomenon) site as "that realm or set of phenomena (if any) of which it is intrinsically a part". Thus, site ontology requires that a site must be identified in order to examine and analyze a social phenomenon.

Because a site is a special type of context, it can be argued that individualist and societist analyses recognize social contexts as well. However, Schatzki (2003, 2005) claims their contexts are not sites. With individualism, social phenomena are composed of the individual's mental states, actions, and relationships. These features can be contingent or causally connected to the features of other individuals. Thus there is a context where these features exist. An individual's life is contextualized within other people's lives. However, an individual's mental states, actions, and relationships are not inherently tied to those of other people. Schatzki (2005, p. 469) clarifies this point: "In order for X to be inherently part of Y, Y must help constitute the being of X (what it is)". As such, the contexts referred to by individualists cannot be considered a site because the individual's mental states, actions, and relationships are not inherently a part of them. As for societism, the dimensions that make up a social phenomenon serve as a context because they can affect the mental states and actions of individuals (through causation, enablement, or constraint). However, societists claim these dimensions are not reducible to individual analysis. This means that a social phenomenon cannot be examined by analyzing individuals. Hence, the individual's

mental states, actions, and relationships cannot be considered inherent parts of the context. Therefore societist contexts are not sites (Schatzki, 2003, 2005).

6.3 Practices, Actions and Material Arrangements

For Schatzki (2005, p. 471), the site in which social phenomena thrive encompasses “nexus of practices and material arrangements”. By practices, Schatzki means “structured spatial-temporal manifolds of action” (Schatzki, 2006, pp. 1863-1864) where they are “open-ended set of actions linked by (a) pools of practical understanding, (b) arrays of explicit rules, ... (c) a teleoaffective structure” (Schatzki, 1997, p. 304) and (d) general understandings. These four features organize practice as “a nexus of doings and sayings” (Schatzki, 2002, p. 73) or a “nexus of actions” (Schatzki, 1997, p. 290). Examples of practices include banking practices, teaching practices, religious practices, and cooking practices. Although practices consist of actions performed by people, Schatzki considers them as non-individualist phenomena. He claims, “the organization of a practice is not a collection of properties of individual people. It is instead a feature of the practice, expressed in the open-ended set of actions that composes the practice” (Schatzki, 2005, p. 480). However, people’s mental states are incorporated with variants of understandings, rules, and teleoaffective structures that govern their actions. On the idea of mental states, site ontology shares a commonality with individualism. Furthermore, it is through these mental states and actions that practices are perpetuated. Even though practices are perpetuated, they can evolve and change, intentionally or unintentionally, known or unknown to participants (Schatzki, 2005).

According to Schatzki (1997, p.304), an “action belongs to a given practice, then, when it expresses understandings, observes rules, and/or expresses one of the range of right and acceptable orders of life conditions that organize the practice. This means that the identities of most actions derive from the organizations of practices”. Now, let us explore these four features (see above) in order to understand how they relate to action.

The first feature is practical understanding, which relates to knowing how to perform an action or to comprehend things. At the bank of this research, examples are knowing how to send an email, to file documents, to use the bank’s software system, and to ask a question, or to obey a rule. Understanding also includes the ability to identify and recognize phenomena. An example is greeting a customer with a handshake. Although practical understanding is required for practices to occur, Schatzki (1997) claims that practical understanding alone is frequently insufficient for the analysis of people’s actions.

The second feature, explicit rules, relates to instructions, concise formulations, or codifications of past regularities of action. Explicit rules, which influence future activities, have a normative aspect. Explicit rules also stipulate the outcome of an action considered correct. In view of this, Schatzki explains that explicit rules differ from practical understandings. Moreover, rules only sometimes determine what people do. At the bank of this study, examples may include rules for filing and documenting, procedures for opening a customer bank account or completing/approving a customer loan application, procedures for performance evaluation, and, rules related to salary discussions.

Schatzki claims the third feature, teleoaffective structure or teleoaffectivity, is the best determinant of people's actions. Teleoaffectivity consists of two components: teleology and affectivity. Teleology provides the organizing axis of activity, while affectivity is the expression of emotions, moods, and feelings through activity (Schatzki, 1997). Together, teleology and affectivity influence the "orientations toward ends and how things matter" (ibid., p. 302). This means "what a person does is largely dependent on the things for the sake of which she is prepared to act, how she is oriented toward proceeding for them, and how things matter to her" (ibid., p. 302). These matters are mental states, which Schatzki calls the "conditions of life" that manifest and govern human activity.

Teleoaffectivity is the link between ends, means, and moods that are appropriate to a practice. It governs what can be done (or what actions can be taken) beyond rules and understandings. Teleology is not inherent in actions. Actions can occur simply from the influence of affectivity, independently, and in the absence of teleology. Some examples include desiring, hoping, believing, fearing, and intending. At the bank of this research, teleoaffectivity appears in the various aspects of the banking activities. An example is when a banker forgoes short-term profit from a customer in the interests of a long-term relationship. Another example is when a bank manager trusts a bank employee to perform her job and allows her to make decisions. Expressing appreciation of a colleague with compliments and unexpected rewards is another example of teleoaffectivity.

The fourth feature is general understandings. General understandings are simply the comprehension of how things are and work. Examples are understanding the nature of work and understanding the relationship between employer and employee. At the bank of this research, an example is the hiring of experienced bankers. These new hires have a general understanding of banking. They know how to interact with customers, how to open accounts, how to process loans, etc.

Aside from practices, Schatzki's contention is that when actions occur, they occur within a setting of material arrangements. Material arrangements, which describe how material objects are set up, include human beings, artefacts, other organisms, and things (2005). Physical connection such as lines of communication (e.g., email communication networks), layouts of the organization's buildings, and the use of artefacts (e.g., a blackboard in a classroom) are some examples. These material arrangements, which influence actions, are closely linked with practices (Schatzki, 2006; Allen and Henn, 2007).

Together, practices and material arrangements form a layered mesh that may include social phenomena. Site analysis is useful for studying social phenomena, where knowledge about the practice-arrangement mesh can be discerned. This knowledge may include connections, relationships, chains of actions, and commonalities. Various meshes of practice-arrangements may also exist in which the layers overlap, compete, or relate in other ways. In sum, the special context or site, of which human coexistence is inherently a part, is fundamental in the study of social phenomena. The nature of this context depends on the type of social phenomena studied (Schatzki, 2003, 2005).

6.4 Stewardship Theory and Stewardship

As explained in the introduction to this chapter, I decided to re-examine stewardship and its problems. Therefore, I again examined two studies on stewardship theory: Davis et al. (1997) and Hernandez (2012). See also Chapter 2. Using Whetten's (1989) four theory components and Schatzki's (2003, 2005) typology of ontology, I assess the current state of stewardship.

Stewardship theory was first developed as a "countervailing view" (Donaldson, 1990, p. 377) to agency theory. Given this development, stewardship theory differs from agency theory. The heart of stewardship theory, which addresses the *What* component of a theory, focuses on the non-conflicting interests between principals and employees (or owners and managers). *How* and *Why* this occurs are discussed in Chapter 2. These factors include psychological factors as well as situational factors (see Davis et al., 1997; Martynov, 2009; Hernandez, 2012). The *Who*, *Where*, *When* of stewardship theory have not been explained in detail. Studies that have attempted to build on the theory have so far focused on upper level managers, other managers, or employees in general (i.e., *Who*) in the context of a general organization (i.e., *Where*). Temporal aspects of the theory (i.e., *When*) have been pointed out but not discussed at length. Comparing the state of stewardship theory to what a theory should be, as defined at the beginning of this chapter, clearly shows that stewardship theory has not yet reached its potential as a complete theory. Stewardship theory has yet to agree on a set of harmonious and acceptable factors that define it, much less predict behaviors. Contrafatto (2014) makes this point when he compares the different approaches and perspectives in various stewardship studies. Stewardship theory remains incomplete.

To date there is no commonly accepted definition of stewardship. In fact, few people have attempted to define stewardship. One reason for the lack of a generally accepted definition may be that stewardship means different things to different people (McCuddy and Pirie, 2007; Taft, 2012). Suggested definitions of stewardship are the following:

- doing things that (a) benefit ourselves and the people currently around us, and (b) provide the potential for benefiting and sustaining future generations. (Pirie and McCuddy, 2007, p. 971)
- the extent to which an individual willingly subjugates his or her personal interests to act in protection of others' long term welfare. (Hernandez, 2012, p. 174)
- the choice to preside over the orderly distribution of power. This means giving people at the bottom and the boundaries of the organization choice over how to serve a customer, a citizen, a community. It is the willingness to be accountable for the well-being of the larger organization by operating in service, rather than in control, of those around us. Stated simply, it is accountability without control or compliance, (Block, 1996, p. xx)
- the responsible management of that which has been entrusted to one's care [...], leave the world the world better off than you found it [...], your purpose on earth is, ultimately, about service to others. (Taft, 2012, p. 4).

Academic researchers proposed the first and second definitions; practitioners proposed the third and fourth definitions. A common thread that runs through the definitions is the idea of “others.” Stewardship appears to be a phenomenon in which consideration is given to others in order not to disadvantage them. The beneficiary of stewardship actions can be oneself or others.

A second common thread is the idea of a long-term or future time period⁷. Stewardship seems to relate to actions that take into account possible future consequences. This means that people have to think about the possible effect of their actions. The third and fourth definitions also suggest that stewardship is about service action. Although it is not clear what service is, the connotation is that people should demonstrate care, accountability, and responsibility. The first and second definitions introduce the idea of the self, which suggests there is an element in stewardship that considers the person who takes the action. The first definition suggests that stewardship includes actions that benefit the stewards in addition to others. The second definition suggests that control over oneself is needed in order not to disadvantage others. These four definitions reflect different types of stewardship as outlined in Pirie and McCuddy’s (2007) conceptual study. They categorize stewardship into four types:

- (1) personal stewardship – using one’s talents to make a positive contribution to society (present and future);
- (2) social stewardship – contributing to the development of humanity’s collective talent pool (present and future) by fostering interpersonal relationships and providing opportunities that help others develop their own talents;
- (3) economic stewardship – using economic resources (financial, physical, and human) to benefit society (present and future); and
- (4) environmental stewardship – using natural resources to benefit society (present and future). The notion of sustainability is particularly relevant here. (p. 971).

These four categories show that stewardship can exist in different realms. It is not surprising that this fact leads to different definitions and understandings of stewardship. In my opinion, the different types of stewardship can exist together in a mesh format. For example, personal stewardship may mesh with social stewardship. However, I suspect that these different types of stewardship may not necessarily agree with each other. Conflicts may exist. For example, in the decision on the use of natural resources, a benefit may accrue to a particular group in society and not to others. Personal stewardship may conflict with economic stewardship. Given the initial conception of stewardship as people with similar interests, the idea of acting for the benefit of society appears too vast. Society is too broad a concept to consider because conflicting interests are inevitable. Acting in steward-like manner towards a group in society may mean acting in un-steward-like manner towards another group. I also disagree with the use of the concept of talent in the first two categorizations. Pirie and McCuddy do not define talent. I think of talent as an innate ability to do something. Not everyone has talent. Their use of the word talent implies that only people with certain innate abilities can perform stewardship actions.

⁷ This point is not evident in Block’s definition, but it is a theme that runs through his book.

In sum, the proposed definitions and conceptions of stewardship illustrate that stewardship is still a fragmented and controversial theory. Moreover, stewardship has other problems that I address in the next section.

I also note that stewardship may seem similar to other constructs such as organizational citizenship behavior, altruism, or behavior from classic social dilemmas (e.g., the Prisoner's Dilemma). However, I support Hernandez's (2012) idea that these constructs differ from stewardship. She justifies this idea in her study.

6.5 Problems with Stewardship Research

The following are several stewardship problems that have not been addressed in prior studies. They are worth discussing because they are at the core of stewardship theory. However, this listing of problems is not intended as an exhaustive list.

6.5.1 The Vocabulary

The theoretical development of stewardship has been discussed mainly in connection with agency theory. Most studies have contrasted stewardship theory with agency theory. Thus stewardship theory is described using nouns and adjectives that are antonyms to those used in agency theory. For example, in agency theory, "self-interest" and "opportunistic" are used to describe individuals (Jensen and Meckling, 1976; Eisenhardt, 1989; Albanese et al., 1997), while in stewardship theory, individuals are described as "selfless", "pro-social", and "collectivistic" (Davis et al., 1997; McCuddy and Pirie, 2007; Hernandez, 2012). When antonyms are not used, the vocabulary of agency theory is used. The following are some examples of how individuals and stewardship have been described using agency theory vocabularies (these words/terms are in italics):

- In stewardship theory, the model of man is based on a steward whose behavior is *ordered* such that pro-organizational, collectivistic behaviors have *higher utility*... (Davis et al., 1997, p. 24)
- ...even where *the interests* of the steward and the principal are *not aligned*, the steward places *higher value* on cooperation than defection...the steward perceives *greater utility*... (Davis et al., 1997, p. 24)
- ...a pro-organizational steward is motivated *to maximize* organizational performance (Davis et al., 1997, p. 25)
- ...stewardship theory is centrally concerned with identifying the situations in which the *interests of the principal* and the steward are *aligned*. The steward's *utility is maximized* when his or her *goals* are *aligned* with those of the *principal* and other stakeholders... (Arthurs and Busenitz, 2003, p. 154).
- ...if a situation calls for choosing between *maximizing his/her own welfare* and maximizing the welfare of the principal, a manager behaving like a steward chooses the latter. (Martynov, 2009, p. 241)
- serving the *interests* of the *principal* when there is a *conflict* of interests between the manager and the *principal*, (Martynov, 2009, p. 249)

- as the extent to which an individual willingly subjugates his or her *personal interest*... (Hernandez, 2012, p. 174)

Without these vocabularies, it may be difficult to describe stewardship. However, vocabulary, which is a part of language, has a subtle way of constructing our perceptions, thinking processes, and reasoning (Potter and Wetherell, 1987). By using agency theory vocabulary to describe stewardship theory, we confine stewardship to the boundaries of agency. If the lens of agency theory is used to view stewardship theory, the reader's understanding is directed and limited. Furthermore, the antonyms used to describe stewardship presents stewardship behavior as the antithesis of agency behavior. As a result, stewardship refers to individuals who are not agents.

6.5.2 The Model of Man

The model of man is an assumption about the nature of people. Logical arguments, propositions, and hypotheses are based on this assumption, and tests are performed on its concepts and relationships. This activity, not confined to academia, spills over to organizations when practitioners rely on, and use, these academics' conceptualizations. Therefore this assumption should be as realistic as possible; otherwise, the consequences of reliance on it may be very dire (Argyris, 1973a; Ghoshal, 2005). Stewardship research has taken the model of man for granted. Because this model was created as an alternative to the model of the agent, it has quite different characteristics.

It seems that the stewardship model of man is intended to support the argument that individuals can align their interests with their principals. However, the model, which assumes man has fixed characteristics, is unrealistic. Furthermore, there has been no discussion on the failure of stewardship. It is taken for granted that if an individual does not behave in a steward-like manner, she must be an agent. The model of man does not portray individuals as changeable or flexible. Arthurs and Busenitz's (2003) comparative study of agency theory and stewardship theory, however, interprets stewardship using a more flexible model of man. They describe the steward as an individual who can subdue or "turn off" self-interest because self-interest is the natural inclination of the individual. If someone can "turn off" or "turn on" self-interest, she can choose when to do so. This conclusion causes us to ask when, and in what situations, someone is more likely to "turn off" her self-interest. Hernandez (2012) addresses this question.

Taking an employee-based perspective, Hernandez (2012) studied the likelihood that an individual will act as a steward based on certain structural factors (control systems and reward systems) and psychological factors. She contends that only a certain type of control and reward system promotes psychological ownership in individuals that then steers them towards stewardship behaviors. Her model suggests the inclination to engage in stewardship behaviors only begins when these structural factors are present. This means that individuals may not truly have control of themselves and that their exercise of free will is doubtful.

As an example, consider Sherron Watkins, the whistle blower who worked for nine years at Enron Corporation. Her act of whistle blowing (a stewardship act) is consistent with Hernandez's model of stewardship. If we assume that Enron lacked stewardship structural factors, the employees' lack of psychological ownership is understandable. Because the Enron employees

had little loyalty to, or care for, the company, they did not hesitate to commit fraud. Why, then, did Watkins risk her job and career by blowing the whistle on these fraudulent activities? If she had no psychological ownership (because of the lack of stewardship structural factors), what caused her to blow the whistle? If she had psychological ownership of the company, despite the absence of structural factors, how did she acquire it? Why was she different from the fraud perpetrators?

Now let us imagine a different scenario for the Enron case. If we assume Enron had stewardship structural factors in place, we can understand Watkins' behavior. She cared about the company. However, how do we explain the perpetrators' behaviors? They certainly did not care about the company. Given this assumption, the stewardship structures obviously failed to instill steward-like behavior in them.

The Watkins-Enron example shows that Hernandez's model cannot explain different or opposing behaviors in an organization. It is simplistic to assume people will behave in a certain fashion when particular structural factors exist in their organization. Human beings are much more complex than theory suggests. The argument that the presence of certain structural factors encourages stewardship behaviors is compelling. However, this argument may only be a partial explanation. If we accept the argument that stewardship behaviors are elicited only if certain structural factors exist, then we may expect that these behaviors are not observable when they are absent. The stewardship model of man assumes what man *is* – the individual's interest is aligned with the principal's interest. Researchers then try to explain why their interests align. Thereafter, prescriptions, such as reward or control systems, are suggested to elicit or maintain these stewardship behaviors.

The debate over the different models of man began decades ago between Argyris (1973a, 1973b) and Simon (1973). Argyris (1973a) concludes a difference exists between what man is and what man ought to be. He thinks that the social sciences may need a view of what the world ought to be. Argyris (1973a, p. 265) states: "Man should be studied in terms of what he is capable of, not only how he actually behaves". He continues:

We would take the best examples that we have of human beings striving to achieve these qualities and study them and their environment in order to produce generalizations that help us to understand and increase the behavior that is preferred.

Argyris also recognizes that human beings should be studied in their environments rather than in isolation. This idea suggests that behaviors may be the result of the inter-relationship between people and their environments. This is quite similar to Schatzki's (2003) typology of a site, in which people are a part of a special context. Perhaps the stewardship model of man should focus more on what man ought to be. Current research does not take this perspective. If the model of man is seen from this perspective, however, then people can aim higher than merely aligning their interests with the interests of their principals.

6.5.3 The "Interest"

One of the central ideas in agency theory involves self-interest (Jensen and Meckling, 1976; Eisenhardt, 1989). What exactly does self-interest mean? According to Hirschman (1977), the meaning of “interest” evolved over time. To understand self-interest, we have to return to the beginning of the Christian era where passion was considered vile. Hirschman does not explicitly define passion in his work although it is instrumental in the development of the meaning of self-interest. However, Cooren (2010, p. 59) offers a reprieve in his conclusion that passion is “a state, condition, disposition that somehow endures, lasts, persists, lives on”. Passion relates to “suffering, emotion, affection, desire, (deep) interest, which all have in common the idea that someone appears, somehow, to be *acted upon*, to *undergo* or *be animated* by something that can be considered positive (euphoric) or negative (dysphoric)” (ibid., p. 58, italics in original). Passion is the necessary catalyst for action. Cooren continues:

Any action (activity) involves in one way or another a form of passion (passivity) to the extent that any interlocutor can position herself or be positioned as animated, moved, motivated, led, inspired, enthused, stirred, forced, constrained, affected [...]

In the early Christian era, the following actions were regarded as sinful passions: lust for money and possessions, lust for power, and sexual lust. Among the three passions, lust for power was treated most leniently when associated with the desire for praise and glory. This explanation is that the Romans suppressed all vices except for one vice: the love of praise. The idea that one vice could be used to check another vice was thus conceived. When the influence of the Church declined during the Renaissance, the quest for honor and glory was considered praiseworthy. Although honor and glory were still vanities, and contrary to religious principles, they were valued more than money-making or commerce. The ideology of honor and glory was further strengthened by the chivalric and aristocratic traditions that esteemed Greek and Roman literature for its glorification of heroes and heroic deeds.

The nature of humans and their actions have always posed perplexing questions. From the time of Machiavelli, political writings have examined human nature in the context of the State that requires efficient, often ruthless, statecraft. If they are to maintain power, absolute monarchs and dictators have always required (and do require) a realistic understanding of human nature. With advancements in mathematics and science in the Renaissance, expectations increased that human nature could be more fully understood. By the 17th century, moral philosophers and religious authorities were thought incapable of “restraining the destructive passions of men” (Hirschman, 1977, pp.14-15). As the search for an alternative explanation began, people proposed three ways of managing the passions: (1) by managing coercion and repression, (2) by harnessing the passions, and (3) by using countervailing passions. The first two alternatives were entrusted to the State. However, managing passions by coercion and repression were later found unacceptable because it seemed the intent was abolition rather than solution. Furthermore, there was a possibility that the State, in managing the passions of men, might act inappropriately – by acting too leniently or by acting too harshly.

The second alternative of harnessing the passions required that the State act as a transforming medium. This meant destructive passions should be transformed positively towards the general

welfare. This alternative flourished, especially as a central principle of economic theory, when Adam Smith, in *The Wealth of the Nations*, described how the destructive passion of avarice could be managed. By substituting “advantage” or “interest” for “passion” and “vice” (Hirschman, 1977, p. 19), Smith proposed that avarice could be harnessed. Although this alternative was popular in economic theory, it was not widely accepted at the time because it was inconsistent with contemporary scientific expectations.

The third alternative of using countervailing passions required that other passions counteract specific passions. The idea was not to diminish or destroy the passions but rather to redirect them. David Hume, the Scottish philosopher, wrote: “There is no passion, therefore, capable of controlling the interested affection, but the very affection itself, by an alteration of its direction [...]” (quoted in Hirschman, 1977, p. 25). Hume also endorsed the idea that the passion, “love of pleasure”, could be curbed by the “love of gain” (ibid., p. 26). Although passions were considered the bane of human life, by the 18th century they were recognized as an important part of human experience. For example, the French philosopher, Claude Adrien Helvétius, proclaimed: “One becomes stupid as soon as one ceases to be passionate” (ibid., p. 27). Then passion was seen as an energizing and creative force rather than a destructive force. As this countervailing of the passions persisted, the word “interest” eventually became synonymous with “those passions that were assigned the countervailing function” (ibid., p. 28). Consequently, the positive effects of the interests of men were contrasted with the negative effects of their passions. Interests were seen as the checks and balances of passions.

In the late 16th century, the meaning of interest was not confined to a person’s material welfare. The term then encompassed “the totality of human aspirations, but denoted an element of reflection and calculation with respect to the manner in which these aspirations were to be pursued” (ibid., p. 32). This meaning of interest eventually lost its significance in the course of historical events. In both England and France, interest (*intérêt* in French) became the guide for actions, especially in statecraft where self-seeking behavior and rationality were developed as the essence of interest-motivated behavior. This was particularly useful when applied to groups or individuals who had power. In both nations, where nationalism is argued to be the cause of economic growth (Greenfeld, 2001), the interest of the country was very much in focus. Wealth, power, and influence thus became important.

According to Hirschman (1977), the meaning of interest evolved towards wealth, probably because of the associated link between interest and money-lending, coupled with the inherent characteristic of rational calculation from earlier centuries. By the 18th century, when England and France finally achieved some aspects of political and religious stability, their economic growth increased. As some people achieved fortunes, inspired by their economic interests, they found the visualization of material wealth a reality. In economic boom times, interest, which was equated with money-making, was seen as a way to redirect destructive passions as well as to effect an “enlightened way of conducting human affairs” (ibid., p. 42). The idea that self-interest drives individuals achieved wide acceptance because human conduct seemed more predictable. Individuals driven by their own interests benefited the rest of society (Greenfeld, 2001) because their actions were transparent (Hirschman, 1977). From this predictability and transparency, an individual’s conduct seemed constant. Thus a person became a “wholly virtuous person” (ibid.,

p. 50). In addition, with the pursuit of her self-interest, the individual was expected “to be steadfast, single-minded and methodological” (ibid., p. 54).

The idea that people are constant in their conduct was well received compared to the idea that people behave erratically and destructively because they are driven by their passions. When interest is the focus of economic advantage, the love of money is more acceptable. Although many people still deplore the love of money, its insatiability, regardless of time or persons, gives it the quality of constancy. In this conception, love of money is seen as a virtue. As a result, money, commerce, and money-making were thought of as innocent, even beneficial, activities. Looking after one’s own interests and indulging in interest-motivated behavior were more admirable than passion-oriented behaviors. Self-interest transformed predominantly into economic advantage, which included material wealth and love of money.

Although both agency and stewardship studies are somewhat vague as far as “self-interest”, they assume that personal gain or the increase of personal wealth comes at the expense of another party (usually the principal). Martynov (2009, p. 240) defines agent-like behavior “as behavior that serves one's interests at the expense of the principal”. He states: “self-serving agent-like behavior occurs when the manager maximizes his/her own wealth at the expense of the principal” (p. 240). Davis et al., (1997, p. 23) state: “The crux of agency theory is that principals delegate authority to agents to act on their behalf. It is the delegation that allows agents to opportunistically build their own utility at the expense of the principal's utility (wealth)”. Hernandez (2012, p. 172) states agents are “rational actors who seek to maximize their self-interest” and focus on “individual self gains ... agents will pursue actions that benefit them, regardless of the consequences for principals”.

In agency theory, individuals are perceived as utility maximizers. Thus Jensen and Meckling (1979, p. 308) state: “If both parties to the relationship are utility maximizers there is good reason to believe that the agent will not always act in the best interests of the principal”. It appears that material gain or wealth is synonymous with self-interest in agency theory. In view of this, when theorists describe stewardship in relation to self-interest, they refer solely to material gain or wealth. For example, Martynov (2009, p. 241) defines steward-like behavior as “behavior that serves the interests of the principal when there is a conflict of material interests between the manager and the principal. A manager that behaves like a steward does not try to transfer wealth from the principal to himself/herself or third parties even if an opportunity is present”.

Hernandez (2012, p. 174) defines stewardship as “the extent to which an individual willingly subjugates his or her personal interests to act in protection of others' long term welfare”. In this definition, does “subjugating his or her personal interests” mean subjugating one's desire only for material gain or wealth? In stewardship studies, theorists often describe stewards as sharing the same interests as their principals (Davis et al., 1997) or “acting in the best interest of their principals” (Hernandez, 2012, p.173). Since stewardship theorists have not clarified the meaning of interest, we can only assume that it has an economic meaning. This means that an individual whose interests align with those of her principal in terms of material gain or wealth has no interests other than financial interests. If this is the case, then a person who acts in steward-like

manner is collectivistic, trustworthy, pro-social, pro-organizational, and cooperative for the sake of financial gain alone. If interest in the stewardship model refers also to non-financial gain, then clarification is needed because interest can have multiple meanings in different situations. Demystifying the meaning of interest requires that we examine the purpose of stewardship.

6.5.4 The Principal

The term “principal” is commonly used in stewardship research. Because stewardship theory was constructed as an alternative to agency theory, this research uses some of the same vocabulary. However, unlike agency theory, the principal in stewardship research is not limited to the shareholders (Davis et al., 1997; McCuddy and Pirie, 2007). Stewardship research, rather than focusing on contractual relationships, focuses on covenantal relationships that are “implicit social contract[s]” (Hernandez, 2012, p. 173). These relationships are founded in reciprocal, moral commitments and obligation (ibid.). Other studies use different terms to identify the principals: stakeholders (Angwin et al., 2004; McCuddy and Pirie, 2007; Hernandez, 2012); owners (Donaldson, 1990; Hernandez, 2012); leaders (Hernandez, 2012); others (Hernandez, 2012); and the business organization (Davis et al., 1997; Angwin et al., 2004; Hernandez, 2012).

In some studies, the word “beneficiaries” is used for the actor (i.e., the principal) who is the recipient of the stewardship action. Other words are used with the same meaning as beneficiaries: constituents (Hernandez, 2012); the collective (Hernandez, 2012); current generation (McCuddy and Pirie, 2007); ourselves (McCuddy and Pirie, 2007); society (McCuddy and Pirie, 2007); community (Block, 1996); and future generations (McCuddy and Pirie, 2007). Principals and beneficiaries appear to be the same in the stewardship relationship because both are recipients of stewardship actions. It is unclear if principals differ from beneficiaries. For example, if we take the employee’s perspective, an employer as principal is different from society as a principal because the employer also has a contractual relationship with the employee. What is certain is that beneficiaries include principals.

Very little has been said about the principal in stewardship relationships and how an individual relates to the principal (beyond the social contract) (Hernandez, 2012). Most studies describe relationships between one principal and one individual. The individual aligns her interests with those of one principal. In their relationships, the principal trusts and empowers the individual (Davis et al., 1997; Hernandez, 2012). It is unclear why a principal so willingly extends this trusts and empowerment. Furthermore, there is no discussion of situations in which the principal has multiple relationships with different individuals simultaneously. For example, Hernandez (2012) claims that principals are leaders. If this is so, then a leader will likely have followers, indicating the possibility of a mesh of relationships between different principals and individuals.

Another scenario that has not been discussed is the possibility that an individual may have more than one principal at the same time. Angwin et al. (2004) describe this scenario in a case study in which they attempted to interpret a CEO’s actions using both agency and stewardship theories. The context was an attempted hostile takeover of the CEO’s organization (Blue Circle). Although at first the takeover appeared successful, eventually it failed. The organization was later sold to the original bidder. In this case, the CEO had two principals – the organization’s

shareholders and the organization. By analyzing the CEO's actions (as agent or steward), Angwin et al. (2004, p. 255) conclude:

Haythornthwaite [the CEO] might be viewed as representing an agency problem which contributed to the launch of the hostile takeover, it is evident that his subsequent behaviour in the defence of his company was that of both agent and steward, and his later action in the sale of Blue Circle may be interpreted as that of a steward.

In this case, the CEO was labeled first as an agent, then an agent and a steward, and finally a steward. Angwin et al. (2004, p. 255) also conclude: "agency and stewardship do not acknowledge that the relationship between stakeholders and CEO is embedded in a changing context, which may applaud a particular behavior at one time and disparage it at another". In my opinion, this case reveals the unpredictability of the model of man. At Blue Circle, the final outcome was a win-win situation for all parties – the shareholders, the organization, and the CEO.

However, not all situations end as well, particularly situations in which two or more principals have conflicting interests. How then should an individual act? As Angwin et al. (2004) note, different principals can have different agendas and different time horizons. With these differences between principals, perhaps individuals are inclined to choose their principals. The story of Greg Smith, a 12-year employee at Goldman Sachs, is an example (Smith, 2012,). In an article in *The New York Times*, Smith explained why he had worked so long at Goldman Sachs and why he resigned. His narrative explains why a long-term employee may willingly leave a principal.

It is also worthwhile to address whether the principal must be a person. For example, if my actions are based in concern for the environment, then in these situations the environment is my principal (and the beneficiary of my actions). Of course, the environment is an abstraction, not a person. Hernandez (2012, p.175) contends that the beneficiary of stewardship "depends on an individual's perspective, which [...] is shaped by his or her psychological ownership of the beneficiary collective". In this sense, principals (or beneficiaries) are necessary for individuals to act in stewardship. Stewardship cannot occur without a principal (or a beneficiary). Naturally, the principal depends on the context. We can see this from the perspective of individuals who blow the whistle on their employers. In these cases, the whistle blowers obviously no longer think of their employers as their principals.

Incidentally, the relationship between the principal and the individual is the primary relationship discussed in stewardship studies. If individuals in stewardship are supposedly collectivistic, trustworthy, pro-social, and cooperative, they surely must relate to many others (e.g., colleagues and/or customers). The literature discusses these relationships very generally. It is not clear that these relationships thrive. If stewardship is a social phenomenon, then the effect and influence others have in a stewardship relationship cannot be ignored.

In sum, many problems with stewardship have not been fully discussed. The vocabulary, the model of man, the meaning of interest, and the principal in stewardship research require

clarification. If we are to understand stewardship theory better, these problems must be addressed.

6.4 New Purpose and Research Question

The preceding section, which examined certain problems of stewardship, reveals that stewardship lacks a firm foundation and is somewhat in disarray. To date we lack an agreed-on framework for stewardship. The reason may be that stewardship can be applied in various contexts (Contrafatto, 2014). This situation certainly makes it difficult to define stewardship as a convincing construct. Most studies on stewardship are conceptual; they treat stewardship as an abstraction. If we pay attention to Brinberg's (2009) call and emulate Kulvers and Tippett's (2011) use of practice to inform theory, it may be possible to shed more light on stewardship.

Martynov (2009, p. 204) observes the following: "The debate in the agency and stewardship literature arises because scholars cannot agree on the unit of analysis. What do we study: a behavior, a person, a situation, or a relationship?" Stewardship studies have thus focused on describing stewardship behaviors and on eliciting these behaviors (Davis et al., 1997; McCuddy and Pirie, 2007; Martynov, 2009; Hernandez, 2012). However, what are stewardship behaviors? How do we identify stewardship?

Hernandez (2012, p.174), whose definition of stewardship gives us a good starting point, defines stewardship as "the extent to which an individual willingly subjugates his or her personal interests to act in protection of others' long term welfare". She explains that these "pro-social actions" have positive effects on others. Thus, stewardship behaviors are unselfish actions towards others. Extending Hernandez's definition, I understand stewardship to be about virtuous actions. This understanding allows us to broaden the scope of stewardship to include not only suppressing selfish actions but *also* performing virtuous deeds. By virtues, I refer to the qualities introduced in Positive Psychology (see Peterson and Seligman, 2004). Their framework consists of six virtues: Wisdom and Knowledge, Courage, Humanity, Justice, Temperance, and Transcendence. If stewardship is about unselfish actions, then it should exhibit other virtues. Conceptual studies cannot test this possibility. Instead, empirical data from practice can provide a more realistic landscape for exploring this possibility. However, the landscape in its totality is too vast. As Schatzki (2006), suggests, it is better to narrow the scope of the landscape to a site.

In studying Schatzki's (2006) typology of different social ontologies, I thought about the ontological discussion in stewardship studies. My review of two major stewardship studies revealed that that the ontology of stewardship has not been explicitly questioned or discussed. This is not to say that theorists have not thought about stewardship ontology. Developing stewardship models and offering explanations of stewardship are ways to establish an ontology. Yet these attempts seem to incline more towards the individualist ontology. Davis et al. (1997) and Hernandez (2012) discuss stewardship from the individual's psychological perspective. According to Schatzki's (2006) typology, this is an indication of individualist ontology.

The other factors that influence stewardship are situational factors (i.e., management philosophy, culture) and structural factors (i.e., control and reward systems). Some may argue that these factors are characteristics of the societist ontology. However, these factors have been explained

to influence an individual's mental or cognitive aspects. Therefore these studies tend more towards the individualist ontology. More specifically, these studies attempt to explain stewardship by focusing solely on the individual and the actions associated with individual. Context (including material arrangements) is lacking in these studies. In taking the upper level manager perspective (Davis et al., 1997) and the employee perspective (Hernandez, 2012), these studies assume organizational context in the most general sense. No specific contexts are described, possibly because the studies are theoretical rather than empirical.

It seems clear that stewardship research would benefit from a different perspective. First, stewardship should be studied from a perspective that is not solely individualist. Second, stewardship would be more informed by evidence from practice. Empirical studies could provide a more realistic and complex model of man, leading to deeper insights on the stewardship relationship between principals and organizational members, as well as among organizational members. With this approach we may learn if wealth or material interest alignment is the only purpose of stewardship. Furthermore, this approach may produce a different vocabulary, making stewardship research less dependent on the vocabulary of agency theory. To create a more independent and convincing stewardship construct, researchers must aspire towards stewardship's own ontological reasoning.

Therefore, the research question of this thesis, which was initially "Are there stewards?" is now revised to:

What is the ontology of stewardship?

By ontology, I refer to site ontology as described in Schatzki's studies. Because the stewardship studies we have at present lack a specific context and have only been discussed from an ontologically individualist view, studying stewardship from a site may offer new insights. For this study, the site is Svenska Handelsbanken and its banking practices. The choice of this site gives me a specific context for my research in which I am somewhat exposed to material arrangements that may influence stewardship. This site delimits my study (and the ontology) making it more practical for study. In trying to answer this new research question, my purpose is not to test the construct of stewardship (or to test its ontology, which cannot be done) but rather to explore and discover new insights in the hope that a new ontology may emerge.

At the beginning of the search for an ontology, drawing on Hernandez's (2012) definition of stewardship, I hypothesize that stewardship is characterized by virtuous actions. Therefore I use the framework of virtues from Positive Psychology as a tool to search for virtues at my site. I also explain at this point that the interview guide I used to answer my initial research question is valid for this new research question. The questions I asked the participants and the responses I received are sufficiently broad to encompass this change in research direction.

Chapter 7 presents and describes a framework of virtues. Chapter 8 explains the coding of virtues in this research.

CHAPTER 7: LITERATURE ON VIRTUES

This chapter presents the framework of virtues that is used in this study. After a brief overview of the framework, the chapter describes each virtue including its character strengths.

7.1 Framework of Virtues

Virtues are core characteristics that have been valued throughout history by moral philosophers and religions. They are ubiquitous and can even be essential for survival (Ridley, 1996; Peterson and Seligman, 2004). Virtues are said to be the required elements of a good life, a flourishing life, or a life worth living (Peterson and Seligman, 2004; McCloskey, 2006; Dworkin, 2011). McCloskey (2006, p. 64) defines a virtue as follows:

... a habit of the heart, a stable disposition, a settled state of character, a durable, educated characteristic of someone to exercise her will to be good.

MacIntyre (2007, p. 191) defines a virtue as follows:

... an acquired human quality the possession of which tends to enable us to achieve those goods which are internal to practices and the lack of which effectively prevents us from achieving such goods.

Taking a psychological perspective, Peterson and Seligman (2004) claim that virtues are defined by character strengths, which are the processes or mechanisms that facilitate different routes of displaying virtues. They think a person who exhibits virtuous behavior may be considered to have good character.

Different frameworks (or sets) of virtues exist in religions and cultures. Philosophers, such as Aristotle and Plato, have also used frameworks. The framework of virtues used in this study is drawn from Peterson and Seligman's (2004) ideas on Positive Psychology. In their book, *Character Strengths and Virtues: A Handbook and Classification*, core virtues consist of Wisdom and Knowledge, Courage, Humanity, Justice, Temperance, and Transcendence. These six virtues are displayed through character strengths, which differentiate us as individuals and yet are both stable and malleable. Their six virtues have 24 character strengths, each of which is explained in the next section. This classification of character strengths is based upon the studies in the fields of psychology, youth development, philosophy, psychiatry, and virtue ethics.

Peterson and Seligman (2004) explain that their framework is based on different levels of abstractness. Core virtues are on the most abstract level followed by the less abstract character strengths. Movement towards another less abstract level reflects *situational themes*. Situational themes are manifested in "given character strengths in given situations" (Peterson and Seligman, 2004, p. 14). Examples of situational themes are family themes, work themes, and sports themes. Because themes are different, "a theme may make sense only for describing conduct in a given setting" (ibid., p. 14). While situational themes can be used to harness character strengths and virtues, they can also be aimed at wrong purposes. Furthermore, themes can be configured with

different strengths even when the same desired end is achieved. For example, there are different ways to become a good teacher, a good manager, or a good person.

Peterson and Seligman explain that their framework of character strengths is neither exclusive nor exhaustive because their work is ongoing. Nevertheless, I use this particular framework because it is a somewhat validated instrument for making measurements of character strengths (and virtues). Since the intention of this study is not to measure virtues, I have only used this framework in a theoretical sense. Although I have used this framework from Positive Psychology, I have also relied on McCloskey's (2006) framework of seven virtues in my analysis of virtues. Her framework consists of Love, Faith, Hope, Courage, Temperance, Justice, and Prudence. Her classification of virtues, which is slightly different from Peterson and Seligman's classification, does not focus on detailed character strengths. Instead she classifies the virtues in different ways (e.g., virtues that are warm or cool, sacred or profane, male or female, pagan or Christian, and transcendent or self). In the following sections, I present the Positive Psychology framework of virtues as well as discuss the works of other researchers in order to arrive at a clearer understanding of each virtue.

7.2 The Virtues

The following paragraphs describe the six core virtues (Wisdom and Knowledge, Courage, Humanity, Justice, Temperance, and Transcendence) and their 24 character strengths. Although I mainly rely on the framework from Positive Psychology, I also discuss other researchers' work that may be helpful for understanding a specific virtue. In addition, I identify the associated behaviors [from Peterson and Seligman's (2004) list] that may occur in the absence of the virtue.

7.2.1 Wisdom and Knowledge

Wisdom and Knowledge involves the acquisition and use of knowledge. Wisdom, sometimes equated with reason, is considered by many to be the principal virtue that makes all other virtues possible (Peterson and Seligman, 2004). This virtue can be displayed by five character strengths: Creativity, Curiosity, Open-mindedness, Love of learning, and Perspective.

Creativity involves producing ideas or behaviors that are original or novel although this condition alone does not suffice. These ideas or behaviors must also be adaptive in that they must contribute to the life of the individual or to the lives of others. In the absence of Creativity, there is commonness or triteness.

Curiosity relates to the need for experience and knowledge in ongoing experiential novelty, variety, and challenge. Curiosity, which can also involve novelty-seeking and openness to experience, can initiate and preserve goal-directed behaviors with certain cues. Without Curiosity there is boredom, ennui, disinterest, or world-weariness.

Open-mindedness is the "willingness to search actively for evidence against one's favored beliefs, plans or goals, and to weigh such evidence fairly when it is available" (Peterson and Seligman, 2004, p. 144). This character strength is also referred to as judgment, critical thinking, or rationality. Open-mindedness counteracts the bias towards one's favored views. The absence

of Open-mindedness results in inflexibility, rigidity, intolerance, ethnocentrism, prejudice, dogmatism, stereotyping, irrationality, and illogical ways of thinking.

Love of learning is a predisposition to acquire new skills or knowledge, for general or individual interests where a particular content is involved. Love of learning can satisfy curiosity and build on existing knowledge. This character strength affects motivation but does not necessarily result in any achievement or benefit. Without Love of learning, a person is said to experience intellectual resistance or inertia.

Perspective, which is related closest to wisdom and knowledge, is the ability to offer advice on the conduct and meaning of life that is sensible to oneself and to others, and that is based on a superior level of knowledge, judgment, and capacity. Perspective comes from knowledge and experience. It involves the ability to listen, evaluate, and counsel others with the intention of improving their well-being. Without Perspective, a person is likely to be foolish, thoughtless, and idiotic.

7.2.2 Courage

Courage, which is said to be a pagan and masculine virtue, involves the act of devotion or a profound dedication towards a purpose or cause (McCloskey, 2006). It is an emotion-controlling strength used to “exercise the will to accomplish goals in the face of opposition, either external or internal” (Peterson and Seligman, 2004, p. 199). Courage can be regarded as a corrective virtue in that it can check temptation or motivation. Courage has four character strengths: Bravery, Persistence, Integrity, and Vitality.

Historically, Bravery has been related to physical valor on the battlefield. However, it is not the absence of fear that makes one brave. People are brave when they have “the ability to do what needs to be done despite fear” (Peterson and Seligman, 2004, p.199; McCloskey, 2006). This applies in locations other than battlefields. The brave person does what is correct although not necessarily popular. Bravery means daring to do the right thing, to challenge fears, to face changes, to venture into something new, to accept defeat, and to resist pessimism (McCloskey, 2006). Quoting Shelp (1984, p. 354), Peterson and Seligman (2004, p. 214) define bravery as “the disposition to voluntarily act, perhaps fearfully, in a dangerous circumstance, where the relevant risks are reasonably appraised, in an effort to obtain or preserve some perceived good for oneself or others recognizing that the desired perceived good may not be realized.” From this definition, Bravery involves autonomy (McCloskey, 2006) and some judgment. Before the voluntary act can be realized, the doer has to assess the risks involved and recognize the possible consequences of the action, which sometimes may be negative. This suggests that the doer must accept risks at the same time she avoids unconsidered risks. To evaluate whether actions are brave, the ends of those actions must be considered. Actions that have worthy ends, such as serving others, or higher purposes are more highly regarded than mere risky actions. The consideration of worthy ends distinguishes brave actions from foolhardy actions. The individual who lacks Bravery is a coward.

Persistence is the “voluntary continuation of a goal-directed action in spite of obstacles, difficulties, or discouragement” (Peterson and Seligman, 2004, p. 229). In other words,

Persistence is the ability to will oneself to perform an action despite contrary impulses. These contrary impulses, which can impede action, include boredom, tedium, frustration, difficulty, and even the temptation to take more pleasurable actions. Persistence encompasses perseverance and industriousness, which are somewhat defined more narrowly. This description of Persistence is similar to McCloskey's (2006) description of Courage as having endurance and steadfastness. Without Persistence, we find laziness, sloth, giving up, losing heart or interest, cutting corners, taking shortcuts, or vacillating.

Courage can also be exhibited by the strength of integrity. Some people relate integrity to honesty and truthfulness, but Courage encompasses more than that. Courage includes authenticity or sincerity, which means being true to oneself as well as giving a "genuine presentation of oneself to others" (Peterson and Seligman, 2004, p. 205). A person with Courage takes responsibility for how she feels and what she does – she owns her feelings and her actions. Courage also relates to a person's intrapersonal sense of wholeness and moral coherence. In the absence of Courage, a person is said to be deceitful, insincere, phony, pretentious, false, or mendacious.

Vitality relates to both the physical body and the mind. It means "feeling alive, being full of zest, and displaying enthusiasm for any and all activities" (Peterson and Seligman, 2004, p. 209). A person who has Vitality is both vigorous and energetic, which suggests she is physically and psychologically healthy. Peterson and Seligman (2004, p. 209) classify Vitality under the virtue of Courage because it is "most noteworthy (and therefore most praiseworthy) when displayed in circumstances that are difficult and potentially draining." Because Vitality is also related to other virtue classifications, the implication is that Vitality is important for the good life. A person who lacks Vitality is lifeless, sluggish, depressed, subdued, dull, jaded, or lethargic.

7.2.3 Humanity

Humanity describes the "interpersonal strengths that involve tending and befriending others" (Peterson and Seligman, 2004, p. 29). Humanity is discernible in relationships of care with others. Unlike Justice, which focuses on the relationship of one person to society, Humanity focuses on one-to-one relationships. The three character strengths related to Humanity are Love, Kindness, and Social Intelligence.

The song, "Love is a Many-Splendored Thing", probably states a fact. There are many kinds of Love: romantic love, friendships, parent-child love, mentoring relationships, bonds between teammates or coworkers, etc. (Peterson and Seligman, 2004). McCloskey (2006) also describes different types of Love: love of God, love for humans and nonhumans (e.g., for our pets), non-sexualized and sexualized love, etc. In all examples, Love involves a reciprocated relationship between two beings who share, support, comfort, and accept each other. Love is characterized by strong positive emotions, commitment, and sometimes sacrifice. It also engages us cognitively, behaviorally, and emotionally (Peterson and Seligman, 2004). Love for another person involves a value relationship in which the attachment to another person is "a commitment of the will to the true good of another" (McCloskey, 2006, p. 91).

Love relationships may take three different forms: (1) Love for the person who provides our basic care, and protection in an affectionate way. We feel secure when we are with such people and distressed when we are apart. An example is the love of a child for a parent. (2) Love for the person who relies on us to make them feel cared for, protected, safe, and supported. We are happy when they are happy, and we are willing to make sacrifices for them. An example is the love of a parent for a child. (3) Romantic love where there is a passionate desire for a sexual, physical, and emotional bond with another person whom we find special and who makes us feel special. An example is the love of a spouse.

In general, relationships can involve more than one form of Love, but romantic love relationships are the relationships that incorporate all three forms of Love (Peterson and Seligman, 2004). Because reciprocity of feelings is involved, Love poses restrictions on our will, some of which are beyond our control (McCloskey, 2006). According to McCloskey, Love involves care. Caring for others means knowing how life treats others and how we treat them. Caring for others requires us to exercise constraint appropriately. Furthermore, we may also act caringly to employees, colleagues, partners, customers, the community, and humankind. McCloskey (2006) classifies Love as a proletarian virtue that is sacred, feminine, and Christian⁸. It is not self-love. Without Love, we find hatred, loathing, spite, abhorrence, alienation, estrangement, and loneliness.

Kindness, which involves generosity, nurture, care, compassion, altruistic love, and niceness, refers to the benevolent way in which a person treats others. Here, “others” does not necessarily refer to our acquaintances. Often, acts of Kindness are performed for strangers (Peterson and Seligman, 2004). Examples are our affirmative responses when a stranger asks us for the time or directions, when a tourist asks us to take a photograph, or when we are asked to make a donation to victims of natural disasters. If we are acquainted with these “others”, our acts of Kindness may even include kidney, bone marrow, or cornea donations. All acts of Kindness are voluntary acts that reveal compassion, care, and concern about the welfare of others when we provide favors, do good deeds, and help others. These acts are done with no expectations or guarantees of reciprocity, reputational gain, or other benefits. We do not perform these acts out of a sense of duty. Without kindness, people exhibit selfishness, stinginess, mean-spiritedness, and pettiness.

Social intelligence is the third strength of Humanity. Intelligence in general is the ability to engage in abstract reasoning. There are several types of intelligence. One type, known as hot intelligence, deals with the individual’s ability to manage “hot” information which sends “signals concerning motives, feelings, and other domains of direct relevance to an individual’s well-being and/or survival” (Peterson and Seligman, 2004, p. 338). There are three types of hot intelligence that fall under the umbrella of Social Intelligence: emotional, personal, and social. Emotional hot intelligence is the ability to reason using emotional information from internal or external sources. An example is the use of emotional information to induce cognitive activities. Personal hot intelligence is the ability to manage one’s motives and feelings accurately (through self-

⁸ With the reference to “Christian”, McCloskey does not imply the exclusion of other religions or societies. Rather, she uses this classification in an evocative sense.

understanding and self-assessment). An example is the ability to evaluate one's performance in a variety of tasks. Social hot intelligence relates to one's relationships with other people and typically involves intimacy, trust, persuasion, group memberships, and political power. An example is the ability to persuade others to cooperate or to act wisely in relationships. These three types of hot intelligence overlap. In their absence, a person may lack insight, self-awareness, and general awareness.

7.2.4 Justice

Justice refers to the relationships between individuals and their group or their community (Peterson and Seligman, 2004). Justice involves behaviors and strengths that are civic in nature. Centuries after Plato and Aristotle addressed Justice, many authors and philosophers have reflected on Justice (e.g., Rawls, 2001; McCloskey, 2006; Dworkin, 2011). In comparing Temperance, which is the management of the self, to Justice, McCloskey states that Justice is the management of society. She argues that Justice concerns the honest means of acquiring assets, the willing and fair payment for good work, the eradication of privileges, the equal treatment of people, the evaluation of people on the basis of their skills and competences rather than on their inherited characteristics, and the acceptance of others' success without envy. Rawls (2001) and Dworkin (2011) claim their conception of Justice is associated with democracy, liberty, equality, equity, society, politics, government, fairness, citizenship, cooperation, freedom, rights, and duties.

Rawls (2001) points to the different levels of Justice: namely, local, domestic, and global. He thinks domestic justice is the important catalyst for fairness. Domestic justice consists of principles that apply to the basic structure of society. This basic structure is the "social framework within which the activities of associations and individuals take place" (ibid., p. 10). Within this basic structure, it is important to strive for principles that are fair if a just society is to be achieved. Rawls further claims that the role of these principles "is to specify the fair terms of social cooperation [...]. These principles specify the basic rights and duties to be assigned by the main political and social institutions, and they regulate the division of benefits arising from social cooperation and allot the burdens necessary to sustain it" (ibid., p. 7).

Along similar lines, Dworkin (2011) argues that Justice is a matter of degree. In his view, Justice is an interpretive concept and requires judgment. McCloskey (2006) supports this view. Peterson and Seligman (2004) also claim that Justice may differ among communities and cultures. In spite of their differences, there is a standard in each community or culture that supports the idea of Justice. In the Positive Psychology framework, Justice is conceptualized as that which makes life generally fair. Although fairness is mentioned, it is not the only strength of Justice. In Peterson and Seligman's (2004) view, Justice can also be exhibited in citizenship and leadership.

Citizenship refers to the sense of belonging to, and identifying with, an external entity. Although Citizenship usually suggests a national or local identity, in the Justice context Citizenship relates to membership. When one feels a sense of belonging (e.g., to a group or community), one can identify with its principles and causes. This creates a sense of duty and obligation towards the common goals of the group. The commitment and engagement that arise thereafter foster loyalty and allegiance. Citizenship also promotes good teamwork among the members who, for a

common purpose, collaborate and cooperate. Good teams have reliable and trustworthy members who feel responsible for their teams. Team members promote social responsibility when they willingly help others even when they do not derive any personal benefit. However, good Citizenship does not mean simply supporting the rights, obligations, and goals of the group. Good judgment should be exercised. An individual who lacks a sense of Citizenship may be selfish, self-centered, and egoistic.

Leadership refers to the ability to lead others. When we think of Leadership, we normally associate it with people who have dominant roles such as CEOs, prime ministers, or university presidents or heads of departments. According to positive psychologists, a person with Leadership abilities is predisposed towards assuming such dominant roles because they have “an integrated constellation of cognitive and temperament attributes that foster an orientation towards influencing and helping others, directing and motivating their actions towards collective success” (Peterson and Seligman, 2004, p. 414). A person with such attributes is motivated to seek roles where they can influence and motivate others collectively. This person is also capable of managing her own activities as well as the activities of others in an integrated system.

Leadership as a personal quality is different from Leadership in practice. Positive psychologists claim that Leadership as practice mostly involves “translating a direction for collective action by one’s followers and [...] enabling the collective processes that lead to achieving this purpose” (ibid., p. 414). Peterson and Seligman also claim that a person with leadership as a personal quality can even inspire and empower us to take extraordinary actions. However, not all leaders are so transformational. People with poor or no Leadership skills alienate or demoralize others, offer poor guidance, and rarely take charge when Leadership is needed.

Victor Hugo wrote: “Being good is easy, what is difficult is being just.” Fairness is the third element of Justice in the Positive Psychology framework. A fair person treats others in a similar or identical way, without the influence of personal feelings or biases. Fairness involves giving everyone an equal chance in all social relationships (Peterson and Seligman, 2004). In Rawl’s (2001) view, everyone is a free and equal person. If one practices fairness, one does not use others to further one’s own interests. Human beings are seen as ends in themselves, not just the means to an end. Positive psychologists have shown that fairness is a result of moral judgment. If one is to judge what is right or wrong, one needs to engage in moral reasoning, which is an abstract process. Therefore, children are less likely than adults to exhibit fairness because of their under-developed cognitive skills (Kohlberg, 1965). Where fairness is absent, we find unfairness, bias, prejudice, or caprice.

7.2.5 Temperance

Temperance is the virtue that “protect[s] us from excess” (Peterson and Seligman, 2004, p. 431). Temperance helps us exercise restraint. As such, it is a virtue that is obvious more when it is lacking than when it is practiced. For example, a person who is arrogant and proud lacks Temperance. The practice of Temperance moderates the extremes in our activities. When we practice Temperance, we take charge of our emotions, thoughts, and feelings instead of letting them take charge of us. Temperance may also be considered a form of Courage. However, Peterson and Seligman (2004) claim Temperance and Courage are distinguishable. Courage

directs us to act in positive ways despite temptations to act negatively (e.g., out of fear) while Temperance directs us to face and deal with temptations directly. In their Positive Psychology framework, the four character strengths of temperance are Forgiveness and mercy, Humility and modesty, Self-regulation, and Prudence.

Forgiveness is the act of absolving or pardoning someone who has harmed us. Forgiveness is a conscious decision to cease resenting someone who has offended us. As Peterson and Seligman (2004), admit, Forgiveness, while often difficult, can be fulfilling and rewarding when we are the people who are forgiven. We also become more positive (e.g., caring, kind) and less negative (e.g., spiteful, avoidant) when we forgive. A person who can consistently bury the hatchet without fear, guilt, shame, or threats displays Forgiveness. Mercy is a more general form of Forgiveness in which we show kindness and compassion towards others over whom we have authority or towards others who are in great distress. For example, we help victims of war because we empathize with their suffering. In the absence of Forgiveness and mercy, individuals are unforgiving, spiteful, vengeful, hard-hearted, punitive, or merciless.

Temperance is displayed by evidence of Humility and modesty. Humility is the personal, internal conviction that one is not the most important person in the world. The humble individual does not focus on herself. Individuals who have this strength are usually unpretentious and selfless. They do not want to be the center of attention and never expect special treatment. Their sense of their own abilities is accurate and realistic. Modesty, on the other hand, refers to an external attitude where one's merits and achievements are allowed to speak for themselves. Modest people admit their mistakes and imperfections and decline undue credit. Modesty is also visible in dress and behavior. A modest individual does not dress or behave in a way that screams, "Look at me!" A person who lacks Humility and modesty can be arrogant, proud, grandiose, pompous, or self-centered.

"I never allow myself to lose control!" The person who takes this position very likely is capable of Self-regulation. For Peterson and Seligman (2004), Self-regulation is the control one exercises over one's thoughts, emotions, impulses, performance, and other behaviors in order to pursue a goal or meet some standard. Self-regulation may mean withholding a response in a provocative situation such as when one is tempted to respond angrily. Or Self-regulation may mean initiating a response such as jumping out of bed when sleeping late is more appealing. Self-regulation also reflects self-discipline in situations when we resist temptations or do things we are not inclined to do. The essence of Self-regulation means altering and directing one's initial responses, impulses, and desires. The term self-control is sometimes used inter-changeably with Self-regulation. Without self-regulation, one is out of control, impulsive, undisciplined, explosive, or wild.

In the Positive Psychology framework, Prudence is a strength of Temperance. An example of the lack of Prudence is found in the movie, *Footloose*, in which Ren McCormack is challenged to a game of "chicken" by Chuck Cranston, the boyfriend of a girl Ren fancies. In this game, the two teenagers arrange a meeting in a field where they drive tractors towards each other. The first teenager to jump off their tractor loses. Ren, who has never driven a tractor before, wins the

game. He wins, not because he was last to jump, but because his right shoelace caught on a metal bar near the accelerator. In any case, both reckless teenagers acted without Prudence.

For Peterson and Seligman (2004, p. 478), Prudence is defined as “a cognitive orientation to the personal future, a form of practical reasoning and self-management that helps to achieve the individual’s long term goals effectively.” They add that individuals who practice Prudence have a farsighted and deliberative stance towards their actions and decisions. Such people can resist impulses that would satisfy short-term goals at the expense of long-term goals. In general, prudent individuals approach life with flexibility and moderation. They seek not only a balance between their goals and ends but also a harmonious and conflict-free way of life.

In the movie example, it is clear that the two teenagers rashly followed their impulses. They took excessive and very dangerous risks without consideration of the possible outcomes of their actions (e.g., serious injury or death). However, positive psychologists argue that Prudence is not simply about resisting impulses. Prudence is primarily an intellectual or cognitive strength requiring judgment, critical thinking, and open-mindedness. Furthermore, “prudence is a deliberative form of thinking that is oriented to action in the context of the practical affairs that bear on the person” (Peterson and Seligman, 2004, p. 481).

A few examples related to Prudence can be borrowed from Ossowska’s chapter on “Thrift as a Virtue” (1986, in translation). Ossowska lists seven categories of thriftiness, one of which is “putting off using the best.” In this category, thrift means keeping something that is considered best till last. She provides an example:

A man with only one suit to put on his back will try to preserve it as far as possible, earning thereby the right to be called thrifty [...] (Ossowska, 1986, p.115).

In this example, the man exercises Prudence by preserving his suit because he owns only one suit. Taking this example further, it is reasonable to assume that the man will preserve his best suit if he owns several suits. However, we would find him compulsively thrifty if he preserved all his suits in the same way he preserves his best suit.

A second example of thrift from Ossowska relates to “putting something by.” In this example, keeping money in some systematic way is a thrifty action, similar to the old adage of “saving for a rainy day” where the purpose of the savings is not determined. It may be assumed that money saved for future use will be spent when appropriate. People who save in this way are mainly concerned with their future security (e.g., in times of illness, old age, emergencies) although there may be other reasons as well. Ossowska rightly notes that some people save money for specific purposes (e.g., a house, a holiday, or a car). In these situations, when the required amount has been saved, people have no need or intention to save more money for that goal. Such savings plans seem prudent and reasonable.

People who exercise unreasonable or compulsive thrift save (or hoard) money simply for the sake of saving. There are many fictional as well as actual examples of such behavior. From personal experience, I describe the following example. A friend’s distant Swedish relatives (a mother and her only adult son) sold their large farm and rented a cheap, two-room apartment.

The mother slept in the bedroom while her son slept in the living room. After the son, an electrician, retired, the two of them sat in their living room every Saturday and counted their cash. They accounted for every Swedish krona they owned. From time to time, they deposited extra cash into their bank account. They very rarely bought expensive items for themselves or for their household. They never took holidays even when so encouraged by their relatives. When the mother passed away, the son inherited millions from his mother. Today, the son, who suffers from a mental illness, lives in a retirement home. It is thought he has not made a will and has no relatives who could inherit his assets if he dies intestate. Therefore, the Swedish government will probably receive his assets at his death.

These examples above clearly differentiate between Prudence practiced in moderation and Prudence practiced to excess. With excessive Prudence, the means become the end (Ossowska, 1986; Peterson and Seligman, 2004). Preserving a suit (the means) for a suitable future occasion (the end) becomes an end when the suit is never worn, even when appropriate occasions arise. Saving money becomes an end in itself when it is saved for the sake of saving and never spent. Peterson and Seligman (2004) argue that Prudence has been misconstrued as excessiveness. They claim that Prudence does not refer to excessive caution or thrift, to cold calculation, to timid conformity, or to the lack of spontaneity. Prudence involves moderation and flexibility. Moreover, Prudence does not apply only to specific areas of life such as money or work. Instead Prudence applies to the whole of life. Acting excessively or compulsively is irrational (Ossowska, 1986; Peterson and Seligman, 2004). Perhaps partly due to these misconceptions, Prudence now has a narrower interpretation (Peterson and Seligman, 2004; McCloskey, 2006).

The positive psychologists also claim that Prudence coordinates and mediates among other strengths and virtues (Peterson and Seligman, 2004). In its mediating role, Prudence strives for “the mean” or moderation. The extremes of Prudence are either imprudence and rashness (e.g., the two teenagers in the movie vignette) or compulsiveness (e.g., the mother-son hoarding vignette). In the same light, extremes apply to other strengths and virtues when not moderated. For example, prudent behavior ensures that hope is realistic, that faith is not blind, that love is not obsessive, and that self-regulation is not harsh. When people act at the extremes, their “long-term best interest” (ibid., p. 480) is not considered.

In the discussion of the positive psychologists’ work it is noted that Prudence as a concept is said to have originated in Aristotle’s *phronesis*, which translates as “practical reason” or “practical wisdom.” Later, Thomas Aquinas labeled the concept *prudentia*, derived from the Latin *provideo*, which means “foresight” or “farsightedness” (Peterson and Seligman, 2004). In general, our understanding of Prudence derives from our translations of Aristotle and Thomas Aquinas. However, McCloskey has a slightly different understanding. She claims that *phronesis* can also be translated as “good judgment” while *prudentia* can be translated as “wisdom”, “know-how”, “common sense”, or “savvy.” We sometimes also think of “rationality” or “self-interest.” She also understands Prudence as the “practical knowledge of means.” In quoting Gadamer (1965), Prudence has the connotation “of what is possible, what is correct, here and now” (McCloskey, 2004, p. 253).

McCloskey does not dispute the positive psychologists' classification of Prudence as a strength of Temperance. In fact, she thinks they have classified it correctly considering how they have defined Prudence. She describes Prudence much the same way it is described in Positive Psychology. Thus Prudence is intellectual, concerns means rather than only ends, and is instrumental in moderating other virtues. McCloskey thinks Prudence is construed more narrowly today (to the point of mere self-interest). Her disagreement is with the characterization of Prudence as impulse controlling. She argues that Prudence does not control impulses. The control of impulses is the function of Temperance itself. Temperance involves managing the self. In today's context, she understands Temperance as the ability to listen to customers and employees, to educate and improve oneself, to resist temptations, to exercise moderation, and to compromise. In view of this, McCloskey does not classify Prudence as Temperance because she claims Prudence has a broader and more classical meaning in her work than in the work of the positive psychologists. In her framework, Prudence is a virtue in its own right. "Prudence is so to speak the grammar of virtues" (McCloskey, 2006, p. 256).

7.2.6 Transcendence

Transcendence, involves how individuals connect to something larger and beyond the self. This connection to the universe, the sacred, the divine, or the ideal gives meaning to our lives. The five character strengths that can exhibit Transcendence are: Appreciation of beauty and excellence, Gratitude, Hope, Spirituality, and Humor (Peterson and Seligman, 2004).

Appreciation of beauty and excellence relates to the ability to observe, admire, and enjoy different aspects of life. These aspects can include the visual arts, literature, music, nature, a skilled performance, mathematics, and scientific innovations. Such Appreciation provides people with emotional experiences that engage their sensations and perceptions. The experiences evoke awe, wonder, elevation, and a feeling of bliss. People are uplifted and inspired when someone performs a heroic action or a good deed. However, Appreciation can also be about more mundane events and situations such as our neighborhood, our daily human relationships, our positive encounters with employees or colleagues, and the basics of healthy living such as clean water and safety. People who are unable to appreciate beauty and excellence are likely to be described as oblivious, unmoved, boorish, ignorant, or insensible.

Gratitude is "a sense of thankfulness and joy in response to receiving a gift, whether the gift be a tangible benefit from a specific other or a moment of peaceful bliss evoked by natural beauty" (Peterson and Seligman, 2004, p. 554). We express Gratitude for acts of kindness, generosity or care (sometimes the acts are unexpected) that require we acknowledge the source of the gift. We express personal Gratitude to people who provide such benefits. We express transpersonal Gratitude when we thank some higher power or the universe for such benefits. People who are unable to express Gratitude are considered unappreciative, rude, or entitled.

Hope relates to optimism, future-mindedness, and future orientation. People who have Hope are "expecting the best in the future and working to achieve it, believing that a good future is something that can be brought about" (Peterson and Seligman, 2004, p. 30). Hope, which is forward-looking, is the optimistic view of imagining an unseen and unknown future (McCloskey, 2006). Hope allows people to feel confident that a desired, usually positive, future outcome will

occur. Hope also encourages people to be cheerful as they act in goal-directed ways (Peterson and Seligman, 2004). In his famous “I have a dream” speech, Martin Luther King spoke about his hope for the future of his race. With Hope, people see purpose in their work or labor rather than stagnant or boring repetition. McCloskey (2006) classifies Hope (and love and faith) as a feminine, Christian, sacred, and transcendent virtue. Without hope, the future seems dreary, pessimistic, hopeless, and helpless.

Spirituality, which is equivalent to religiosity, relates to “beliefs and practices that are grounded in the conviction that there is a transcendent (nonphysical) dimension of life. These beliefs are usually persuasive and pervasive. They inform the kinds of attributions that people make, the meanings they construct, and the ways they conduct relationships” (Peterson and Seligman, 2004, p. 600). Spirituality helps us deal with the meaning and purpose of life, the rules and values that guide relationships, and the harsher realities of life. Spirituality provides comfort to many people. Both spirituality and religiosity are associated with moral values and the pursuit of goodness. Peterson and Seligman’s concept of Spirituality is similar to McCloskey’s concept of faith. McCloskey (2006, p. 152) defines faith as “the argument for things not seen.” In this definition, faith need not necessarily relate to religion. Quoting C. S Lewis, she describes faith as “a kind of spiritual courage, a willed steadfastness against the times when a mere mood rises up against it” (ibid., p. 153). Unlike hope, faith, which is backward looking, reflects who we are. Faith allows us to meet our obligations and to resist temptations. Like love and hope, faith is feminine, sacred, Christian, and transcendent (McCloskey, 2006). Without Spirituality or faith, it is said people feel alienated, without purpose, godless, spiritually empty, and concerned only with earthly matters.

Humor seems an improbable strength of Transcendence. However, Peterson and Seligman (2004) include Humor as part of Transcendence because Humor is universal⁹. Most people would agree with these authors that it is easier to recognize Humor than to define it. Indeed, whenever we hear laughter, we know something humorous has happened or been said. Most of us think of a humorous person as someone who tells funny jokes. However, Humor is more than jokes. A person with a good sense of Humor laughs easily, teases gently, makes others laugh or smile, and generally is inclined to look at the light side of life. One could say there is a definite element of playfulness in Humor. Peterson and Seligman (2004, p. 530) focus on Humor as a moral good in which individuals make “the human condition more bearable by drawing attention to its contradictions, by sustaining good cheer in the face of despair, by building social bonds, and by lubricating social interaction.” Thus Humor promotes positive emotions and amusement among people because it fulfills certain personal needs. However, Humor may sometimes be cruel when it is tinged with mockery, ridicule, and parody, or appears in practical joke form. People who lack a sense of Humor are typically characterized as grim, sour, tedious, and boring.

In summary, this chapter, with its sources in the work of Ossowska (1986), Rawls (2001), Peterson and Seligman (2004), McCloskey (2006), and Dworkin (2011), calls attention to the

⁹ Peterson and Seligman acknowledge that this classification may be altered in the future should they find it appropriate to do so.

fact that in many situations virtues (and character strengths) appear together. However, in some situations, one virtue may seem more dominant than other virtues. Essentially, the virtues complement each other regardless of how they are framed. Although the chapter examines the virtues separately, they often overlap each other. Virtues, which can be learned and acquired, are not innate (Peterson and Seligman, 2004). According to MacIntyre (2009), it is only through the acquisition and exercise of virtues that one can become an independent practical reasoner. Without virtues, actions can be poor and this is attributable to character vices or moral failure.

Based on this description of the framework of virtues, Chapter 8 explains how I used these virtues to interpret my empirical data.

CHAPTER 8: CODING FOR VIRTUES AND OVERALL FINDINGS

This chapter describes the second coding exercise in this study. A detailed explanation of the coding process, with examples, is provided. The chapter ends with the findings from this coding analysis as well as the overall findings of the study.

8.1 Justification for Re-coding

As explained in Chapter 5 my data narratives revealed what seemed like steward-like behaviors. These behaviors include caring for colleagues and customers, wanting to do a good job, and sacrificing short-term profits for long-term gains. These narratives, which appear pro-social, can fit within Hernandez's (2012, p. 174) definition of stewardship: "The extent to which an individual willingly subjugates his or her personal interests to act in protection of others' long term welfare". These pro-social behaviors are also unselfish behaviors. Because I suspect they have other values, aside from unselfishness, they lead me to think they are virtuous behaviors. As a result, I intend to look for narratives of virtues in my data. Therefore I must code the transcribed interviews using the different virtues as codes. The next section describes the details of this exercise.

8.2 Stage 1: Are there narratives of virtues?

Virtues appear in our thoughts, feelings, and actions (Peterson and Seligman, 2004). Because I cannot actually observe the participants' actions, the alternative is to search for actions based on narratives. Actions, including exemplary actions, can be described in narratives. Because virtue is a subjective quality in human experience, values coding can be used (Saldaña, 2009). According to Saldaña (2009, p. 89), values coding is "the application of codes on qualitative data that reflects a participant's values, attitudes and beliefs, representing his or her perspectives". Saldaña states that values coding is particularly useful for exploring participants' intrapersonal and interpersonal experiences. In such coding, value codes can be decided on in advance (i.e., a priori), although this is not a necessity. Although Saldaña does not specify the use of this coding for virtues per se, I find it reasonable to do so because virtues fall within the scope of the subjective quality of human experience. Furthermore, as this is not a study that takes a grounded theory approach, I have also decided to establish my value codes in advance. I established these value codes using the framework of virtues presented in Chapter 7. The character strengths of each virtue were used as value codes. As I have explained the meanings of the character strengths in Chapter 7, here I only list them in Table 8.1.

Table 8.1: The Positive Psychology framework of virtues and character strengths

Virtues	Character Strengths
Wisdom and Knowledge	Creativity (originality, ingenuity) Curiosity (interest, novelty-seeking, openness to experience) Open-mindedness (judgment, critical thinking) Love of learning Perspective (wisdom)
Courage	Bravery (valor) Persistence (perseverance, industriousness) Integrity (authenticity, honesty) Vitality (zest, enthusiasm, vigor, energy)
Humanity	Love Kindness (generosity, nurturance, care, compassion, altruistic love, niceness) Social intelligence (emotional intelligence, personal intelligence)
Justice	Citizenship (social responsibility, loyalty, teamwork) Fairness Leadership
Temperance	Forgiveness and mercy Humility and modesty Prudence Self-regulation (self-control)
Transcendence	Appreciation of beauty and excellence (awe, wonder, elevation) Gratitude Hope (optimism, future-mindedness, future-orientation) Humor (playfulness) Spirituality (religiousness, faith, purpose)

(Source: Peterson and Seligman, 2004)

Essentially, the coding exercise at this stage is similar to that described in Chapter 5 except for the codes used. As in the earlier coding exercise, I highlight relevant portions of the text while reading them and assigning codes. I looked for meanings that could be classified under the character strengths according to their meanings. This coding exercise, which was conducted using NVivo, required interpretation.

Example 1: Fairness

A manager described her experience when she first joined the bank. The double underlined sentence was coded under Fairness:

I've had one or two times when I first joined Handelsbanken that coincided with the massive downturn in the market when the world was falling apart. We were very, very quiet, and I didn't feel job satisfaction because I felt I was overpaid [...], I now feel most of the time that I quite deserve what I am paid, and I therefore can have a clear conscience.

I interpreted the double underlined text as related to Equity. The participant says the pay she now receives is commensurate with the amount of work she does. The fact that she says she deserves her pay, and has a clear conscience, suggests that the participant thinks her pay is merited. As such, she is paid fairly. A further indication that suggests this is a fair deal appears when we contrast the double underlined text with the first sentence of the narrative (the single underlined text). Here, the participant expresses dissatisfaction because she did not have a lot of work to do (due to market conditions) despite being paid the same amount. Effectively, she was overpaid. This implies that the amount of pay she received was too much for the amount of work she did.

Example 2: Social intelligence, Self-regulation, and Prudence

The following narrative describes a manager's career prior to working at Handelsbanken.

I reached a point in my career where I had reached a level where I was happy to stay where I was and didn't want to go to the next level because the next level was managing teams, kind of delivering performance through other people. I've never felt comfortable with that. I want to be in control of my own destiny. So I was never going to be promoted. In the odd year I might receive a very nice bonus, but then the next year I wouldn't [receive] anything. It's more important to me to have stability than it is to have that kind of up and down all the time [...][in] the long term I don't feel I am being disadvantaged by that.

Some coded narratives contained more than one character strength. This narrative is an example. In this narrative, the character strengths of Social Intelligence, Self-regulation, and Prudence appear. I coded the narrative as personal intelligence (which is classified under Social Intelligence in Humanity) because the participant showed a self-understanding and an assessment of her strengths. She decided not to move up the corporate ladder because that ascent would require her to perform activities she did not feel comfortable with. Moreover, she preferred stable rather than fluctuating financial rewards. These attributes of the participant also

suggest that she could control her own responses while pursuing her goals. This implies that the participant exerts Self-regulation, which is evident when she says she wants to be in control of her own destiny. For the participant to know how she would thrive, she must have thought about herself and her career. This is not an assessment she would have made on an impulse, which suggests she is also prudent. Furthermore, the participant ends her narrative by indicating that she has contemplated all this for the long-term rather than the short-term. This indicates Prudence about her personal future. Both Self-regulation and Prudence are character strengths of the virtue Temperance.

Example 3: Bravery, Persistence, and Prudence

The following is a narrative by a Capital Markets participant who describes the characteristic of a good trader.

You have to have the drive to not sit and analyze the whole thing and then not do anything. You have to dare to go up in the boxing ring and get punched down. When you are punched down, you have to recognize that you did not necessarily [do] something wrong but you did something that did not churn your way. Then you cannot be afraid. You still have to go out again.

I coded this narrative under Bravery, Persistence, and Prudence. First, the participant uses the metaphor of a boxing ring. She compares the work of a trader as a fight. Fighting requires Bravery. This is supported by the participant's use of "to dare" and "you cannot be afraid." Bravery means acting voluntarily despite the fear and the risks involved. The risks for a trader are getting "punched down" and failing when things "did not churn your way." Although a trader may experience these risks as obstacles that thwart her goals, she should persist. Persistence is implied by the description of "have to have the drive" and having "to go out again" even if the trader has failed. Last, the narrative suggests that a trader should be prudent. We see this at the beginning of the narrative when she states that a trader is required to "analyze" before going into the boxing ring. For a trader, analyzing means researching and deliberating on information before making a decision. This signifies that decisions are not made on a whim. This narrative exhibited the virtues of Courage and Temperance.

Example 4: Open-mindedness, Creativity, and Citizenship

When asked what she enjoys about her job, one manager gave an example to illustrate one aspect she enjoys.

The ability to solve problems. You're allowed to problem solve, and that's immensely satisfying because bankers by nature love to solve problems. I can give you an example. For one customer, for some bizarre reason, some Euro payments from Germany were coming in for less than the amount they should have been. Then Mary* and I [...] investigated the problem. We found the answer and told the customer. We had solved the problem, and that's immensely satisfying for bank people. We used our intellect to prove a service and made the customer happy. [...] there's a constant opportunity to use your brain, to use your judgment.

The participant expresses her enthusiasm for solving problems, which is part of her job. I interpreted this solving of problems as Creativity, and more specifically as Ingenuity because it relates to being creative in finding solutions to problems. As explained by the participant, this process required the use of her judgment and intellect, leading me to relate to Judgment and Critical Thinking, which are elements of Open-mindedness. Last, the participant implies that she was able to work as a team with her colleague. This suggests that the character strength of Citizenship was practiced. In this narrative, the virtues of Wisdom and Knowledge, and Justice were exhibited.

Within this Stage 1 coding, I found all six virtues in the narratives although I did not find all character strengths. I did not find, Love and Appreciation for beauty and excellence. In addition, at the Singapore site, Perspective, Vitality and Humor were not found. The absence of these character strengths does not imply that the participants lack them. It is probable that these strengths did not appear because my questions related mainly to the participants' work experiences or because of the way the conversation progressed. A summary of these findings from the two study sites is presented in Table 8.2.

Table 8.2: Virtues and Character strengths found at the two study sites

Virtues	Char. Strengths	G.Britain	Singapore
Wisdom and Knowledge	Creativity	√	√
	Curiosity	√	√
	Open-mindedness	√	√
	Love of learning	√	√
	Perspective	√	X
Courage	Bravery	√	√
	Persistence	√	√
	Integrity	√	√
	Vitality	√	X
Humanity	Love	X	X
	Kindness	√	√
	Social intelligence	√	√
Justice	Citizenship	√	√

	Fairness	√	√
	Leadership	√	√
Temperance	Forgiveness and mercy	√	√
	Humility and modesty	√	√
	Prudence	√	√
	Self-regulation	√	√
Transcendence	Appreciation	X	X
	Gratitude	√	√
	Hope	√	√
	Humor	√	X
	Spirituality	√	√

After I completed this coding exercise, I tested the trustworthiness of the coding. I asked a colleague and doctoral student, Fredrik Lundell, to assist with the coding of two transcripts. I gave him an instruction sheet, a list of virtues, and the character strengths and their definitions. He coded the transcripts manually on paper, using brackets and underlining for parts of the narratives according to his interpretation of the character strengths. He labeled the character strengths as 1(a), 1(b), 1(c), 2(a), 2(b), and so on. As he read the transcripts, he wrote the character strengths in the margins next to the text. After he completed the coding exercise, we compared our coding results. Our coding results did not differ greatly. We both noted the overlapping of codes. Our differences were the result of our different interpretations of the character strengths. We discussed our different interpretations of the character strengths. In addition, our differences were due to the perspective taken. By this, I mean while reading a narrative, we had to consider the perspective: that of the participant (the speaker in the narrative), the superior, the bank or the customer. In other words, this was a question of who was virtuous. Eventually, we accepted all perspectives. This made me re-examine my coding to ensure I had considered the necessary perspectives in the narratives.

Coding for character strengths and virtues was very challenging. The challenging aspect was to interpret and identify the character strengths. When a narrative involved overlapping character strengths, I had to read these narratives several times to identify interpretations. This required a lot of thought and time.

Although I found narratives of virtues in my data, I had no insight on why the participants behave as they do. Therefore, I continued my search for action-oriented narratives. This search is described in the next section.

8.3 Stage 2: Are there virtuous actions?

8.3.1. Phase 1: Are there narratives of actions?

Although virtues are essential elements of good character and are part of a person's cognitive and emotional make-up (Peterson and Seligman, 2004), they cannot be observed unless they manifest themselves in actions. Because this study is based on textual narratives, searching for narratives of actions is appropriate. Therefore I used a Greimasian semiotic tool known as the Canonical Narrative Schema (Hébert, 2011). The Canonical Narrative Schema can be used to describe an action. According to this Schema, an action is structured into five components: (1) Manipulation, (2) Competence, (3) Performance, (4) Action [which consists of components (2) and (3)], and (5) Sanction.

Generally, the word “manipulation” means the skillful management or control of something. Frequently, the word has a negative connotation when it relates to the duplicitous management or control of something to one's own advantage. In this Schema, however, “Manipulation” does not have a negative connotation. Manipulation is the component that sets the description of an action in motion. It is the beginning of a narrative and relates to the elements of wanting-to-do an act and/or having-to-do an act. Positive manipulation means producing, increasing, or maintaining these elements; negative manipulation means eliminating, decreasing, or maintaining them (Hébert, 2011). Positive and negative manipulations are related to causing-to-do and causing-not-to-do, respectively. Manipulation requires a sender-manipulator who manipulates a receiver-subject (i.e., the individual who must perform the act). The receiver-subject is the person who is supposed to achieve (or not achieve) a specific action.

The second component, Competence, relates to the necessary elements needed for Performance. Competence relates to knowing-how-to-do and being-able-to-do, which must be sufficient to lead to performance. Knowledge, skills, and tools increase Competence. Both Manipulation and Competence must be sufficient for Performance to occur (Hébert, 2011).

The third component, Performance, describes the realization of an action. Performance can only occur if the necessary Competence is available. Performance can be achieved categorically or incrementally. Categorical Performance describes Performance as a success or a failure. An example of a Categorical Performance is jumping off an airplane with a parachute. Either the parachutist succeeds or not. An example of Incremental Performance is the decathlon athlete. The better the athlete performs each event, the more points achieved and the more likely the championship will be won. Both the Competence and Performance components constitute Action. Although Action can only occur after an act of Manipulation, Manipulation alone does not guarantee that an Action will occur.

The last component of the Schema relates to Sanction, which is a judgment or an evaluation of the Performance. Judgment is followed by the retribution towards the receiver-subject (i.e., the person who has performed the action). Judgment or evaluation of the Performance is based upon the implicit or explicit criteria at the Manipulation stage. Retribution can be positive (a reward), negative (a punishment), pragmatic (e.g., a gift), or cognitive. Sanctions are directed by the sender-judge (i.e., the person who evaluates the performance) towards the receiver-subject. A Sanction also concludes the narrative of an Action (Hébert, 2011).

To illustrate the Canonical Narrative Schema I tell the following fairy tale. A Dragon has captured a Princess. Her father, the King announces he will reward whoever rescues his daughter. The reward is a vast piece of land. A Knight decides to rescue the Princess. He sharpens his sword, practices his swordsmanship, puts on his armor, and rides off in search of the Princess. The Knight slays the Dragon, rescues the Princess, and returns her to the King. The King rewards the Knight with the land.

In this story, the King is the sender-manipulator who sets the Manipulation. The Manipulation is having to rescue the Princess. The Knight is the receiver-subject who acts on the Manipulation set by the King. The Knight ensures he has the Competence to rescue the Princess by sharpening his sword, practicing his swordsmanship, and putting on his armor. In slaying the Dragon and rescuing the Princess, the Knight exhibits Performance. Both the Knight's Competence and Performance make the Action. The Knight's Competence is crucial for his Performance. Without his skills and tools, he probably would not have slain the Dragon and rescued the Princess. When the Princess is returned to the King, the King evaluates the Knight's action and then rewards him with land. Essentially, the King Sanctions the Knight's Action.

Using the Schema described above, I searched my data for narratives of actions. Below are a few examples of the components I found.

Example 5: A Manipulation

This narrative reveals how a branch manager encouraged her staff to take individual responsibility.

I've always worked this way. Definitely at Handelsbanken, [the] individuals are responsible for their own performance, full stop. You have the freedom to do that, but you are responsible. If you don't take responsibility for your own performance, I'll take responsibility for you. You won't want that because that's not why you left other banks and joined Handelsbanken.

I considered this a Manipulation because of the encouragement to take responsibility. The employees have to take responsibility. The branch manager hopes that the subsequent Performance will be responsible.

Example 6: A Performance and Action

In this narrative the participant describes an area of her job she does not particularly enjoy.

Sometimes I am frustrated. While I support our view on paper work, we can be a bit pedantic and we can miss the point. In the crossing of a “t” or dotting of an “i” we create unnecessary stress for the customer. We could take the view that it’s not important. If it’s crucial and matters to the deal, to the loan, to the customer, I think we are right to do everything we can. But when they make slight spelling mistakes, I find it an effort to redo everything [...]. We are expected to make corrections and we’re expected to aim for a hundred percent accuracy, which is a difficult target for anybody.

I coded this text as a Performance. The participant describes what she had to do and is expected to do in terms of paper work. By stating that spelling errors should be corrected, that the “t’s” and “i’s” are to be crossed and dotted, she indicates that attention to detail is crucial in the bank’s paper work. These descriptions illustrate the realization of the Action. As explained above, an Action can only be realized when a Manipulation has been asserted and Competence is present with Performance. The narrative does not indicate what the Manipulation or Competence is although we can probably guess. For example, the Manipulation could be an instruction to the participant that the paper work must be properly completed. An example of Competence could be the participant’s understanding of how to complete specific forms. Although it is not clear what Competence is required for the paper work, I think it is reasonable to assume the participant has this Competence. Therefore, I coded the above text as an Action.

Example 7: A Sanction

In this narrative a branch manager described how she rewards staff.

It means creating an environment where they know what they should do and that they're responsible for what they do. If they do the right things, they will be rewarded. The most important reward is: "Well done! Thank you! We are successful."

I coded this narrative as a Sanction. The evaluation of the Performance is not explicitly stated except for “if they do the right things.” What the Performance is, or what the “right things” are, depends on the context or task. If the right things are performed, then the reward is a complement and appreciation. The reward is the recognition of exemplary behavior.

In this Phase 1 exercise, I found components of narratives of Actions. However, these components did not come from one complete narrative. Therefore I found no Action with all five components. The components appeared as fragments in different interview transcripts. Most components dealt with the areas of recruiting, controlling costs, securing new customers, and setting up a new branch. Other components dealt with more “technical” aspects of the participants’ jobs – evaluation of performance, paper work, training, evaluating a customer (or potential customer), and auditing. I found mostly incomplete narratives that lacked all the five

components of the Schema. For example, a narrative may have a Manipulation and a Sanction but lack Competence and Performance. In this case, trying to form a complete narrative meant making sense of what may be appropriate as Competence and Performance. This required making sense (Weick, 1995a) of the complete narrative.

To make sense of what is missing in a narrative, I relied on the narratives from different participants (some of whom are from different branches). For example, At Branch X, I found a Manipulation and a Sanction narrative from Participant One's narrative about recruitment. At Branch Y, I found a Competence and a Performance narrative as well as a recruitment narrative from Participant Eight. Although the branches may sometimes operate differently, the available and missing components from both participants can still be used to form a complete narrative. This sort of sense making can only occur if the participants' narratives deal with the same topic. Overall, most components found were Manipulations or Sanctions. Few components were Competence and Performance (and therefore Action). Considering the bank in context, it is unsurprising that I did not find many narratives of Competence because skills or knowledge are easier to demonstrate than to describe. This is even more applicable for Performance where it is easier to observe than to describe it.

Another finding in this phase of coding was that several Sanctions were simultaneously Manipulations. The Sanctions received by the receiver-subject from the sender-manipulator, appeared to advance wanting-to-do or having-to-do (i.e., elements of Manipulation) in receiver-subjects. These Sanctions also sometimes lacked positive, negative, and pragmatic retribution. A few instances of a Sanction that is also Manipulations are described next.

Example 8: Sanction as Manipulation

One participant described how her superior would react if she did not meet her goals.

If you show a real lack of ambition, and don't quite meet goals, I think they would say, "Perhaps you'd like to think again". I think that's probably as far as it would go. They wouldn't actually say, "No, this is what we want. You should be doing this."

In this example, if the participant does not meet a goal, her superior will likely offer the following retribution: "Perhaps you'd like to think again," which is an indicator that she should "act" or re-do the act again. It also signals that she is responsible and has to find the solution. The retribution is neither positive (a reward) nor negative (a punishment). It is also not pragmatic (a gift) but rather an encouragement to act more cognitively. This is supported by the phrase "think again." The Sanction does not end the narrative. Rather it forces the participant to act again, which makes it a Manipulation.

Example 9: Sanction as Manipulation

This example relates to a participant's experience at another bank. She explains how her performance was evaluated.

Behavior was very different in that it was driven by targets and where you were in your league table. An element of subconscious humiliation was used. I would go to a managers' meeting and [a] league table would be posted. Nothing would be said, but it was quite clear that the people at the bottom of the league table needed to improve [...] you couldn't win wherever you were on the table. If you were [at the] top of the table you lived in fear of your next quarter because you could only get worse. If you were at the bottom of the table you were desperate to climb up the table and would fight tooth and nail to do that.

In this narrative, the league table was used for evaluation. The table ranked how the managers performed compared to their peers. Although there is an evaluation of their performance, the retribution is not explicitly stated. Implicitly, however, there is retribution. For the managers who perform poorly, the retribution is negative because they feel humiliated compared to their peers who have performed well. For the good performers, the retribution is positive because they are spared from humiliation and are recognized at the top of the table. In essence, the league table is a Sanction. However, it also serves as a Manipulation in that it is used to inform poor performers that they need to work harder if they want to avoid further humiliation. For the good performers, the league table is a reminder to maintain performance or else risk humiliation at the next evaluation.

The finding that a Sanction acts as a Manipulation suggests that actions can be cyclical. What triggers an action does not necessarily have to be a Manipulation. A Sanction can trigger action also. The cyclical aspect of Sanction and Manipulation prompted me to look further into the specific components of Manipulation and Sanction, and to explore if they consist of elements of the virtues.

8.3.2. Phase 2: Are there virtues in Manipulation and Sanction?

Since Manipulations are the catalysts for Actions, and Sanctions are the judgments and retributions related to Actions, it seems worthwhile to explore if certain types of Manipulations and Sanctions exist that sustain Actions. If so, this may have implications for creating and sustaining behaviors. Therefore, using only the Manipulations and Sanctions found in the preceding phase, I coded them for elements of virtues. The following are examples.

Example 10: A Sanction with character strengths

In this narrative a participant describes what will happen if she does not meet specified goals. She gives examples of what her superior would say to her at her annual performance evaluation.

No, I won't be punished. It will be [My superior will say]: "Is that very important to the overall objective? If it is, we need to work on it. What can we do to work on it?" But she won't say: "Oh, if you don't do it by x date, you're in major trouble. " It will be [My superior will say]: "What can I do to help? How can I make it happen? If it isn't relevant, well, then we'll put it to the side for the time being."

In this situation the participant's performance is evaluated negatively. However, the retribution is not punishment. Instead the superior offers assistance to the participant. This can be interpreted from the superior's phrases of "What can we do to work on it?" "What can I do to help?" and "How can I make it happen?" This offer of help shows kindness and teamwork. It is also clear from the text that deliberation has taken place on the under-achievement of goals. By questioning the importance of these goals to the overall objective and considering putting them aside temporarily, the superior uses practical reasoning and prudence. Incidentally, this narrative is also an example of a Sanction that is a Manipulation. By asking the necessary questions in the Sanction, the superior requires the participant to act. In this case, the participant has to respond to her superior's questions by asking for help when she needs it.

Example 11: A Manipulation with character strengths

In this narrative the participant describes the goals she sets for herself.

They [the bank] don't tell you what to do, but I have to work within a framework. You can't go an entire year without knowing what it is you want to achieve, [you need] at a certain point to see that you're having a good year. That's the way I've been brought up as far as work. Regardless of whether someone tells you to do it, I put that framework in place because it makes you feel so much better in the job you're doing if you're hitting those points along the way. That's the personal way I work.

This participant takes a wanting-to-do stance. Through self-initiative, she creates her own framework of achievement milestones. In this way, she seems to understand how to motivate herself throughout the year. This displays personal intelligence (i.e., part of Social Intelligence) and Self-regulation. No one thrusts the Manipulation on the participant. It is self-imposed.

With this coding exercise, I found Manipulations had the character strengths of Curiosity, Open-mindedness, Integrity, Kindness, Social Intelligence, Citizenship, Prudence, and Hope. All virtues are present although not all character strengths are present. Sanctions had the character strengths of Kindness, Social Intelligence, Citizenship, Prudence, Fairness, Forgiveness, and Gratitude. Again, not all character strengths were found, and only the virtues of Humanity, Justice, Temperance, and Transcendence were present. A summary of these findings is presented in Table 8.3.

Table 8.3: Virtues and Character strengths found in Manipulation and Sanctions

Virtues	Char. Strengths	Manipulation	Sanctions
Wisdom and Knowledge	Creativity		
	Curiosity	√	
	Open-mindedness	√	
	Love of learning		
	Perspective		
Courage	Bravery		
	Persistence		
	Integrity	√	
	Vitality		
Humanity	Love		
	Kindness	√	√
	Social intelligence	√	√
Justice	Citizenship	√	√
	Fairness		√
	Leadership		
Temperance	Forgiveness and mercy		√
	Humility and modesty		
	Prudence	√	√
	Self-regulation		
Transcendence	Appreciation		
	Gratitude		√

	Hope	√	
	Humor		
	Spirituality		

8.4 Findings from the coding of virtues

The purpose of this coding was to look for virtues in my data. Since unselfish behaviors were found in the previous coding stage, I wanted to see if other values, more specifically virtues, were in my data. Because my data consists of narratives, my first search was for narratives of virtues. I found virtues in my interview narratives and also narratives that could be coded by more than one code. This overlapping of codes implies that virtues exist in mutuality. This finding agrees with claims by Peterson and Seligman (2004), McCloskey (2006), and Dworkin (2011).

However, having found virtues in my data does not suggest why individuals may act unselfishly. Hence, I searched further for narratives of Action. Using the Canonical Narrative Schema, which describes an Action of five components, I looked for narratives that qualified as Manipulation, Competence, Performance, Action, and Sanction. I found all five components although most were Manipulation and Sanction. I found no instance of a complete description of an Action that included all five components. Some Sanctions were also Manipulations. In these instances, the Sanctions did not just end a narrative, but rather provoked further Action, which then started another narrative of Action. Since Manipulations and Sanctions can act as triggers to actions, I examined them further. I found virtues in Manipulations and Sanctions although I did not find all the virtues and character strengths. This suggests that the types of Manipulations and Sanctions used may play a role in creating and sustaining virtuous actions. This is done by how we trigger and endorse Actions.

Now that I have found virtues in narratives of Actions, I conclude that what is considered as unselfish can be virtuous. As such, the definition of stewardship from Hernandez (2012) can include virtuous actions. If this is so, stewardship can be related to virtuous actions.

8.5 Findings from Study Sites

In the following sections I present the findings from my research in two parts: Great Britain and Singapore. I describe features at each site. The participants are quoted at length in order to present their opinions and impressions.

8.5.1 The Bank in Great Britain

With bank internationalization, in the 1980s Svenska Handelsbanken (SHB) expanded beyond its Nordic borders starting in international financial centers such as London, New York, Paris, and Singapore (SHB, 2008; Engwall and Wallenstål, 1988). In Great Britain, operations commenced in 1982. The London branch was established in 1987, followed by branches in Manchester and

Birmingham in 1989 and 1994, respectively. The Great Britain operations began with a focus on Scandinavian related businesses but soon offered a full range of banking services in 1999, partly because British customers were dissatisfied with their local banks.

Since 2002, the bank's operations in Great Britain have become regional, operating on the same principles as the Nordic branches (SHB, 2008; Brunninge, 2005). By mid 2013, SHB had expanded to the North, Central, South, and Southwest regions of England. Regional offices act as a support center for all branches in a region. These offices usually have departments such as Personnel, Credit, Administration and Financial Control, Audit, Compliance, and Cash Management. As a decentralized organization, there are few layers of hierarchy. Branch managers report to regional heads, and regional heads report to the CEO. Each region has an Area Manager. This position functions alongside the other departments of the regional office. As each region expands with more branches, usually there is more than one area manager. Area managers support the branches for both business and operational issues.

The Great Britain market is an important growth market for SHB. This is not only evident from its improving profitability and rapid expansion with new branches, but also from its top ranking in Great Britain for customer satisfaction by both private and corporate customers for the last four years (i.e., 2009 to 2012) (SHB Annual Report, 2012). Ironically, it was initially thought that SHB's venture into the British market would not succeed (personal communication with Head of Personnel, 2010). However, by the end of 2012, SHB in Great Britain had expanded to 133 branches (SHB Annual Report, 2012). The bank continues to expand today.

8.5.1.1. *Our Way*

Our Way is very much used at SHB in Great Britain. Although I was not allowed to see this document, its content was described to me. It is important to describe the document because it is the framework and guide for all the bank's practices. *Our Way* focuses on the following eight factors.

1. *Leadership* – concerns how employees feel about the management team and their values. Managers or leaders take responsibility and should set a good example. They keep the corporate culture alive within the organization.
2. *Well-being* – concerns stress, pressure, and work-life balance, and how these influence personal health and performance. A long-term view of employment is encouraged. The bank endeavors to look after its employees.
3. *My manager* – concerns the managers' support, care, and trust of employees. Managers identify, encourage, and develop their employees. Managers should be prepared to listen and discuss issues.
4. *My team* – concerns the employees' sense of belonging to the organization. It is important for employees to have fun and be happy at work by having an excellent working environment. Team spirit is always encouraged.
5. *My company* – concerns valuing the organization, being proud to work at the organization, and wanting to make a difference.

6. *Personal growth* – concerns opportunities for development, the ability and willingness to develop and learn and to take more personal responsibility. Jobs should be challenging, and employees should be able to use their skills.
7. *Giving something back* – concerns how the organization can give back to society. Also relates to corporate social responsibility where actions are taken to minimize any negative effect the bank has on the environment. Conducting all operations with high ethical standards.
8. *Fair deal* – concerns pay and benefits compared to similar organizations as well as how well employees are treated. Paying low salaries does not ensure lower costs. When employees do a good job, they should be given recognition and encouragement.

Besides the factors above, *Our Way* also discusses other features: decentralization, customer service, autonomy, personal responsibility, costs, and the absence of budgets. According to some participants, they talk constantly about *Our Way* at the bank. *Our Way* is used as a reference and a guide when there are decisions to be made. It is also described by participants as a simple way of doing business, a sort of “common sense but not common practice”. A branch manager stated:

It's just good practical common sense sort of stuff. But it's not rules and regulations. It's just how we run the bank -- the fact that we are very decentralized and we don't have a targeted, way of working. We empower the people at the front line of the business to do what they do best, which is really refreshing.

Although *Our Way* explains how the bank operates, there can be differences in its interpretation. One participant mentioned that when that happens, employees discuss the document and reach an agreement on its interpretation. It is especially important that a branch ensures that everyone operates with a similar view. Any differences in interpretation can sometimes be resolved by seeking opinions from other branches. *Our Way* is the framework that employees of the bank are expected to uphold and work within. Employees are considered the ambassadors of *Our Way*.

8.5.1.2. Personal growth and development

With the bank's rapid expansion in Great Britain, the need to recruit experienced bankers has become a necessity. All branch and bank managers recruited are very experienced and have a background in finance. Most have had years of high street banking experience. The participants have had prior banking or financial careers of between 12 and 35 years. SHB in Great Britain does not have a formal training program for new recruits. However, the bank encourages personal growth and development. Employees are treated in a personal and individual manner as far as their development. Although development is encouraged, the bank does not approve every development request from employees. What is encouraged is the type of development that benefits both the employee and the bank. As such, development is considered on a case-by-case basis. Personal development is also rather ad hoc and can be done either in-house or externally. Depending on the development needs, employees with more expertise in a certain area can train other employees. This can include hands-on training. For example, if an employee wants to increase her credit skills, she can spend a few weeks in the Credit Department.

Employees are responsible for their own development. Hence, the employees must decide on the development they need. A manager stated:

I think that's the key thing -- Handelsbanken tries to instill personal development. It's not about development of the bank. It's about each person growing. As a result, the bank will grow. The bank will do better because you're doing better, because you've actually applied yourself to learn more and sort of push yourself.

Encouraging employees to develop shows that SHB is willing to invest in each employee. A good branch manager is a manager who wants her employees to develop. Self-development is an integral part of the employee's annual performance evaluation with branch managers

8.5.1.3. Performance Evaluation

The Process

Each branch manager has a business plan process known as *The Wheel*, which is used for each employee. *The Wheel* is described as follows:

The Wheel describes the relationship between the Bank's operations and the employee's development. It is a continuous process which clarifies how the employee's tasks contribute to the goal of the operations and how good work efforts will lead to good salary development.

This process has five steps: (1) Business Plan, (2) PLUS, (3) Action Plan, (4) Individual follow-up, and (5) Salary dialogue review. Every branch manager prepares an annual business plan. This plan includes the over-arching purpose and goals of the branch, a description of its activities, and the required conditions needed for the activities. Business plans usually differ from branch to branch given the different circumstances such as locale, date of establishment, type of customers, etc. The branch's business plan is usually disseminated among the employees. At the beginning of the year, every employee has a planning and development dialogue, known as PLUS, with the branch manager. Typically, in this dialogue, the role and goals of the employee are discussed in relation to the branch's plan. The branch manager asks the employees how they can contribute to the branch's goals. Employees need to decide how the branch's goals are to be shared among themselves – who will do what – in order to achieve the branch's over-arching goals. The participants from the older branches explained how this process works. They said they prepare their individual Action Plans. The branch manager compiles all employees' Action Plans as the branch's overall business plan. Employees are active participants in both scenarios.

The PLUS discussion also includes the employee's career plan, personal development goals, activities from the previous year, and planned activities for the next year. An employee is encouraged to state if she wishes to take a different career path in the future such as when a corporate manager wishes to become a branch manager at some future point. By knowing such aspirations, the bank tries to train the manager by allowing her to spend time with her current branch manager. Unless the employee is a new recruit, this discussion with the branch manager includes a review of the previous year's goals, achievements, and failures in order to learn from

past mistakes and to improve or sustain successful activities. Furthermore, employees are encouraged to detail the supportive conditions required from the branch manager or other colleagues to achieve their goals. This may include spending time with another employee in learning about a specific product or area such as credit. Although employees can request development opportunities at any time, it is certainly a topic in the PLUS discussion.

After the PLUS discussion, the employee is required to write her individual Action Plan for the coming year. This plan includes goals in the short and long term, specific activities needed to achieve these goals, and the necessary conditions to reach goals. This individual Action Plan is usually then discussed with the branch manager in terms of its achievability. Individual follow-ups are then performed during the year, typically on a quarterly basis. Throughout the entire process, branch managers act as guides and mentors for employees. Employees are not expected to include monetary amounts in their Action Plans (as is typical in more conventional target or budget-driven systems). For example, a conventional target may be; “I must obtain £250,000 revenue this year”. Employee goals are not treated as definitive targets that must be achieved per se. Instead they are considered aspirations. Examples are: “I aim to increase income by X amount,” “I aim to meet with all my existing customers or talk to my existing customers at least every quarter and try and get introductions from each of them”, or “I aim to generate twice my salary.” As such, non-achievement of these aspirations is not necessarily punishable (more below on how performance is evaluated). Aside from financial or numerical goals, participants also include in their Actions Plans personal goals such as: “I want to be healthy, happy, and financially secure.”

At year-end, the branch manager has a Salary dialogue with each employee to review the year’s results and performance. The individual Action Plan is part of the dialogue. In some cases, the employees receive a salary increase of up to three percent. This salary increase is SHB’s only individual performance-based incentive. The participants stated the increase (or lack of an increase) is not a surprise. Because of the many follow-ups on their Action Plans throughout the year, they can more or less gauge their level of performance and form their expectations for their salary reviews. Branch managers also stated they do not expect employees to be surprised in Salary dialogues. Most participants said their salaries are competitive with market rates. They also said they earn more than in their previous jobs. Salary levels at SHB take into consideration that the bank does not offer share options (as some other employers do). Potential new employees are informed that SHB does not have a performance bonus culture. None of the participants from Great Britain thought they needed or wanted a bonus system at SHB. In fact, many participants said they do not miss the bonus systems they had in previous jobs. They think a performance bonus culture does not fit the SHB culture. Some participants even said a bonus culture breeds the wrong behaviors.

Communication

According to the participants, performance evaluation at SHB is quite different from that at other organizations. At SHB, employees are not evaluated solely on the achievement of financial or numerical goals. Performance evaluation relates to several areas at the bank. For example, *The Wheel* (see above) is a formal part of the evaluation process. *The Wheel*, which is explicit and systematic, deals with a one-year time frame. Employees are not evaluated solely on the

achievement of the goals stated in their Action Plans. Rather, their year-end evaluations consider informal as well as formal aspects related to performance. These informal aspects help the branch manager evaluate the performance of the employees. One aspect involves communication. Some branches use a whiteboard to list and update employees' activities. The whiteboard allows everyone to track activities in a very visible manner. Employees also keep diaries with information on their activities that are available to their branch managers. Most branches have a weekly meeting where information about each person's activities is communicated. These meetings deal with past as well as future activities. All these means of communication help the branch managers to stay well informed. A branch manager stated:

I look at people's diaries, I look at their activity, and I look at the number of meetings they have. I look at the successes they have in those meetings. I look at the return on the deals and the kinds of fees charged. Then they can show you the margins, and they show you how many customers refer other customers to them because of who they are. All those things are taken into account. There's no one factor that says, "You didn't hit your number, so you're a bad person." I think it's more about what makes a person a good person. All those factors are added, but there has to be a result at the end. At the end of the day, we have to pay our way.

Indirectly, employees use this information to compare themselves with each other. A branch manager commented on such comparisons:

I would expect them to. It's easier at the branch level because we have the management information that tells us. At the moment we don't have the management information that tells us what Tom* or Brian* or Harry* has done [individually] but they see the names on the board. They know who has made the deals. So they'll know themselves.

Branch managers also use observations to gather information. A branch manager stated:

We do that constantly. It's a small office. You're always looking at what people are doing and you're always talking about things. You hear things on the phone. Do you need to introduce a system? Does it need to be managed? Perhaps. Using a lighter touch, we sit down and we talk constantly. We have a regular, active dialogue on what we're doing. We sit down formally once a quarter to review how things have gone and how things are progressing. In a small team, you naturally talk anyway. You know what's happening and you know which deals are happening or not happening. I think there's less need for those systems because it's about what's going on. You hear things, you hear the telephone, and you hear people talking. We talk. It's not like a big office where you don't know what people are doing.

The four employees (including the branch manager), at one branch even car pool to work and use that opportunity to update each other on their activities.

These various communication channels provide regular feedback to employees about their performance. With regular feedback and individual follow-ups during the year, employees can

evaluate their own performance. Consequently, SHB's employees are rarely surprised in the formal evaluations as far as their salary adjustments. Transparent and open communication at the branches is a unifying factor.

Personal Responsibility

The SHB branches and employees have a great deal of personal responsibility. Employees are encouraged to make their own decisions, be proactive, take charge of their development, and think for themselves using judgment and reason. The participants said their branch managers and their colleagues trust them to do their jobs. Personal responsibility also means owning mistakes. SHB employees do not blame each other. A corporate manager gave an example:

To be fair to Handelsbanken, I think the one thing that is made clear is that the price of personal responsibility is that you have to accept the fact that if you make a gross error, you've acted very poorly. There will be consequences, but it's not the same [as] constantly fearing about your career because you have done something wrong. However, there is zero tolerance if you claim expenses wrongly.

[A mistake occurs] when you consistently do things that are clearly not right. Handelsbanken is very particular about paper work. If you make an honest mistake, that is a different matter. You won't be punished. You will not be assigned to a formal program, but you will be instructed on getting it right. I recently made an honest mistake before I went on holiday. I didn't follow through on a full process. I did the first bit and kind of assumed that it would all work itself out. Then, when it didn't, it caused a slight hiccup for my colleagues while I was away. When I came back, it was pointed out to me in a very nice way, almost in a humorous way. I said I was very sorry and it was my fault. I made a note to the file that said so in order that the auditors would not blame my colleagues. If I make the same mistake again and again and again, I think Jim*, with good justification, will tell me I am an idiot. We always accept mistakes but we won't accept carelessness or deliberate avoidance of things. If you make a mistake, you make a mistake.

Another manager described unacceptable actions at the bank:

I'm more likely to be fired for doing something badly than for not doing something at all. If I do no business, the bank would probably try to support me and try to improve my performance. If I were reckless and lost money, then I think the bank would direct me out. I think the bank is a very professional bank.

I think reputation is very important to Handelsbanken. We do things properly, and we don't like losing money. And we particularly don't like losing money because someone hasn't done her job properly. There are always going to be situations, particularly with a global economic crises, when circumstances [are] beyond our control. You can lend money that is good when you lent it, but things can go wrong and you can lose money. What the bank won't tolerate is when you don't do your job

properly in the first place such as if you failed to establish security properly or something like that. It's just professionalism, isn't it?

The participants say they take responsibility for each other. A corporate manager explained:

Another thing with Handelsbanken, which is unique to the model, is that we take responsibility for each other. We have to make sure there are always enough people here. In Bank HS* I could go off and do what I wanted and no one gave a damn. If I wanted to play golf, for instance, I just used to schedule the game because I knew there were at least 10 people to look after things while I was away. Here you have to think very carefully about everything you do because it ends up with your colleagues. That's a positive, but it is also quite restrictive.

The participants also frequently use the following phrases: "doing what's right" and "doing it for the right reasons." These phrases indicate they approve of actions that are necessary in given situations. Some participants said that in dealings with customers or colleagues, they hope for a win-win situation. They do not do things that could disadvantage others and certainly do not do things at all costs. Personal responsibility also means they must be reliable, dependable, and, more importantly, be able to justify their actions.

Long-termism

"Acting with a long-term view" is a key element of SHB culture. The participants said they are allowed, and even encouraged, to make decisions by taking a long-term perspective in many areas. This applies to long-term relationships with customers, to long-term profit activities, to long-term employment at the bank, and to long-term relationships with other employees. The participants said this culture changes their mindsets as far as how they perform their jobs. A manager described the short-termism at a previous job:

The short-term view is something that is a huge contrast. At Handelsbanken, it is very much a long-term approach in relationships in the dynamic when talking to clients. I have explained that to people that we've hired. As a Bank HS* employee, because of the bank's target-driven nature, I had a hidden agenda in the meetings with clients to make sure I received my lending fee. If I could get it at the front end, I'll get it at the front end of the deal. Certain derivative type products were very remunerative but only in that 12-month window. Once you get to October or November, whatever the outcome of the profit and loss for your customers, you then have to raise the bar again. You might be penalized for having a fantastic year because that's what your outcome was. Now we're going to do that again, plus more. You can have one bad year, but you can't have another bad year.

Another manager explained long-termism in relationship to potential clients:

Throughout we've maintained certain key elements that [are] don't do business, do good business, and don't be in a hurry to achieve a number for the sake of the number. And that makes a huge difference in my job because when I'm sitting with a

client, I can be completely relaxed about whether we get that client or not. I'm doing it for the right reasons.

A branch manager used *Our Way* to explain the work with the bank's customers:

We don't often use the word "sell". It's about delivering what the customer wants in a way that's right for the customer and for the bank. There's a lovely quote from *Our Way* that says something along the lines of the following: "We would like you to make decisions that are right for your customer even if in the short term it's not the best decision for the bank." What that means is this: if you need to do something that is less profitable initially, but is right for the client in a long-term relationship as well as for the bank, you can make those decisions. In the high street that would never happen because everything you do has to be profitable and generate both revenue and profit. It's good old fashion banking at its best.

Another branch manager compared performance evaluation in terms of long-termism and short-termism:

I think what's at the heart of that question is explaining the difference between how performance is assessed on a time line at a clearing bank versus at Handelsbanken. At Bank HS* it is: "How well did you do this month?" If you answer: "It wasn't a very good month this month, but month before I was brilliant". Then the reply is: "OK, not interested. What are you going to do in the next month?" "Well, I don't know, but I'm laying the foundations so that in five years' time we'll have very good business" "Not interested".

That is what it's like to work at a clearing bank. It is very short term! Compare that culture with the culture at Handelsbanken that says: "Are you building a business for the long term?" Anders Bouvin, the UK head, made a branch visit last year, not long after I arrived. One of the guys asked him a question about something. I can't remember what it was. It was one of those minor semi-frustrated questions such as: "When are we going to get this? Because you've been saying we're going to get it, and we haven't got it yet". Bouvin responded in a way that didn't directly answer the question. He said, "Just remember we're going to be here for another hundred and fifty years." He meant not to be impatient, because the bank will get it right in the long-term. You would never hear that statement at a clearing bank. It's just not on their radar to think about a hundred and fifty years.

Based on the process used with *The Wheel*, it appears that evaluations at SHB take place only at specific times (i.e., at the Salary dialogue review). However, as discussed above, performance evaluation is a continuous process at SHB. Employees are evaluated, not only on the achievement or non-achievement of aspirations or goals, but also on the activities and behaviors related to the achievement of those aspirations or goals. A branch manager explained:

What I'm going to measure is this: Are you doing the right things? If you're doing the right things and doing them in the right way, then the results should follow. If it doesn't follow, I'm still going to understand you're doing the right things.

If an employee achieves only 70 percent of her goal, she may still be rewarded if she has completed all the necessary activities applicable to that goal. Activities and work that are still in the pipeline are also recognized as valuable, even if their outcomes are unknown at the time of the formal evaluation. A branch manager explained,

What I look at is this: if she's achieved 8 and we thought she should achieve 10, she might have something in the pipeline that will produce in the next couple of months. Then you say: "Well, maybe she'll have a better year next year." Then you put the two years together, you average it out, and you take a different view. We have the ability to take this view. When I was at Bank HS*, you just looked at the 31st of December, the 1st of January, the 31st of December. What was done in that time, what was done then. Subsequently, what you end with is this: someone has had a really good year and knows that once she gets to October, November she has exceeded her contract for this year. She knows where she's going to be at the end of the year, and she knows roughly what she's going to be paid. So there's no point in actually doing more. Then you get what they call the Top Drawer Syndrome in which you get all these deals that could pay out by December but you slow them down because you don't want them to happen just yet. You put them in your top drawer and push them into the next year. In January you open the top drawer and suddenly you start off the year really well. We've all done it. At Handelsbanken, if we can get the deals in December, we'll do it. In many ways, this can be better for business because it means you don't get this logjam. You don't push the good stuff into next year because it doesn't make any difference to Handelsbanken whether we do the deal in January or December. We are paid the same. Hopefully, you do the right thing. I think that's the difference.

In summary, performance evaluation is not tied wholly to quantitative measures. There are different employees with different aspirations and different ways of doing a job. Performance evaluation is subjective and depends on judgment and reason. A branch manager, Steve*, said he considers each employee's individual situation:

I've always taken people's person's circumstances into account. And I feel more able to do that at Handelsbanken than I could at Bank HS*. I think if the head office at Bank HS* knew how much I took personal circumstances into account, I think they would have gotten rid of me. You sit down at the end of the quarter, and talk to Tim* who has some domestic issues including the death of his father-in-law. You achieve more if you sit back and say: "Yes, it's been a tough quarter, hasn't it?" And you talk to the person about the effect this has had on the work. In fact, it's even reverse psychology because you almost overdo it. Then Tim says: "Despite all that, Steve*, I've still had a bad quarter." I say: "Well, ok, but what are you going to do about it next quarter? Because if you say you've had a bad quarter, and I say I understand

why, then how are you going to make that up in the next quarter? "Tim replies: "Well, I've got this ready, this will happen, this will happen, this will happen." Usually, with our level of motivation, the employee will make sure it does happen. If it doesn't happen, you still ask: "Well, it hasn't happened, Tim*. What's happening now?" And, in this case, Tim* replied: "I did have a crappy year last year." That performance is reflected in his pay increase, and he accepted that. There's no debate because there is no surprise about his bad year. And it shouldn't be a surprise to anyone.

Rewards and Punishment

Employees are rewarded for doing something well. They are punished when things do not go well. Because SHB's performance evaluation system is rather unconventional, compared to organizations with targets and bonuses, it raises the question: What do employees consider rewards and punishment at the bank? The participants identify the three percent salary increase as a formal reward. However, they point to other less formal rewards that may not necessarily be individual-based. When branch employees (excluding the branch managers) were asked to describe SHB's rewards, they stated the following:

For me, it's not so much about getting the pay rise. I just want to do a good job and work as a team. It's a small team, so we all pull together and work really well together. The reward is when we see the branch doing well. It makes you quite proud. To me, [...] the pay rise is nice. It's the actual achievement that is better.

When Tom* (the branch manager) says, "Thank you. You've done a good job," when we do something well. We like hearing those words -- "Well done, you've done a really good job" Whereas at Bank HS* if you do something fantastic, all they say to you is: "Oh, next time you've got to do it better and faster." "Thank you" goes a long way. You know you are appreciated. Someone likes what you're doing and they tell you so. When you leave work you have a buzz because you think: "Yes, I've done something good today". Someone noticed I've done something really good. At Bank HS it is quite different. I worked in a team of 30 to 40 people. Then it's quite hard to be recognized, although the team leader should have made much more of an effort with the staff.

I just think customer satisfaction is a reward for us because a lot of the time customers call and say to Jim*: "That went so smoothly" in situations such as when we transfer all the direct debits. We know how difficult it when customers change a bank account. It must be absolute hell, not for the managing director but for the people who work in the office such as Mary* and I. Our reward is that the customer is really happy. They call to thank us, not to complain.

For me personally, it doesn't necessarily matter that you don't get the bonus at year-end. It doesn't matter because you get praise from the client and job satisfaction knowing that the customer is happy. If you talk to happy customers on the phone, it makes your day so much easier. If you are on the phone seven hours a day, listening

to people shout at you, swear at you, call you all sorts of things—as I have experienced in the past -- it demoralizes you. You don't want to go to work. I don't mind coming into work now. I quite like it.

[Customer satisfaction is knowing that] when you complete a big deal you've done your best for that client. You're not getting a pot of cash at the end because you're not on commission. The reward is the happy customer. You just get a buzz from it.

It's nice to get a bonus. However, I also think that now I have time to go to the gym after work. I get there before dark. There is not so much travel. These are different rewards. If you compare the quality of life with a bonus, I'll take quality of life. I don't feel aggrieved that I don't get a bonus. I don't get to April, and think, "I've got a bonus!" I just think you get rewards all during the year.

Branch managers described SHB rewards as follows:

It's the creation of an environment in which they know what they should be doing. They're responsible for what they do. If they do the right things, then they will get rewards. The most important reward is this: "Well done. Thank you. We are now successful.

There's an element that says if I'm fairly paid for what I do, my internal motivation to do a good job is sufficient. I will be praised. Most people respond to praise. If you do something good and someone says, "Well done" and "That was really good", you think "Oh! That's a bit of a lift" and you go off and do something else.

[Rewards are] congratulations from the team and from people in the organization. There may be a pay increase at year-end. There may be an opportunity to push people to think about moving within the bank to a different role. However, by and large, it's by openly congratulating them and talking about them. We also get a lot of thanks directly from the customers, and that's a huge bonus.

I think how you manage people is a very personal thing. We're all different. We're motivated by different things. Some people just like to be left to get on with it while others like to be told they're doing a good job on a regular basis. Many different things come into play. I think it's about understanding what makes people feel good. It might be the numbers they deliver at the end of the month or it might be a pat on the back on a regular basis. Different people need different things. Equally, if you want to improve people's performance, they need to be managed in different ways. We don't have that many tools in our toolkit. Other banks manage by fear. Fear of failure drives people.

Other participants describe rewards similarly. They describe intangible, non-monetary rewards such as praise, compliments, appreciation, gratitude, recognition, and good quality of life. The monthly SHB newsletter recognizes the employee or a team that has secured good deals with their customers, or the employee who has passed a professional examination.

The next section describes other rewards found at the branches.

Punishments are less clear at SHB. As a bank, SHB must conform to numerous rules, regulations, and laws. Violations of any of these result in severe punishments. However, punishment for under-achievement is less clear. Poor performance is subjective. While failure to meet the goals of an Action Plan may not be punished, other situations do result in punishment. These situations include providing poor customer service, performing tasks unacceptably, not following the technical aspects of the job, making the same mistakes, and consistently not achieving objectives. These failures generally mean the employee receives no salary increase or less than the three percent salary increase. However, with the frequent communications, employees know how they have fared during the year. Hence, the salary adjustment or non-adjustment at the end of the year is not a surprise. The salary received is considered fair because it is commensurate with the level of performance.

A manager explained that instead of being punished, an employee is likely to be “directed into getting it right”. The participants offered a few examples of such direction: The managers might say the following: “There have been a few instances where you haven’t done this, this or this”; or “You’re not doing this, you’re not doing that, you’re behaving badly on that”; or “What’s going on?”, or “You need to think about it again.” As quoted here, these comments may seem harsh. However, the participants claim that they are treated with respect and that is typical of SHB. A branch manager explained:

There are times when you have to be stern with people. I just had a chat with Tristan* about something that I wasn’t happy with. I’m straight with him. I just tell him that I’m not very happy about it, and I don’t really want it to happen again. And that’s all I need to do because he’ll go away thinking, “Oh God, I don’t want to do that again.”

The participants explained that the overall evaluation process is not “cut and dried”. No employee could really explain punishment because no one had really had the experience.

8.5.1.4. Branches and Branch Managers

At SHB, it is often said “*The Branch is the Bank*”. This slogan emphasizes the importance of the branches to SHB. The branches in Great Britain are often small, with no more than 10 employees. In order to start a new branch, potential branch managers are required to prepare a business plan that describes whom they wish to recruit, estimated number of customers, estimated time frame to breakeven, estimated financial figures for the first year, etc. Once the branch opens (more about recruitment in the next section), branch managers and their teams take responsibility for their branch from the very beginning. Branch managers and their teams have the autonomy to make decisions including decisions on customers (a branch starts with no customers), loans, hiring, business associates, their premises, etc. Some participants said opening a new branch is like starting and running a small company. This entrepreneurial side of the business allows the employees to think of themselves as owners. A branch manager explained:

There's another word we haven't used yet. I think it is a word that actually captures our idea. That word is Ownership. Individuals own their jobs. Work is not about coming in and doing a job and then walking out. It's about why you're doing it and why you own it.

When a new branch opens, other, more established branches help with advice, operations and planning. The participants often reminisced about the help they received from other branches when they established their branch. The branches often recommend customers to one another because they are not allowed to serve customers outside their patch, a geographically designated area. This rule is to prevent branches from stealing each other's customers and creating unhealthy competition. In addition, this rule allows the branches to provide better service and faster decisions to their customers. Branches are responsible for their own financial health such as profit, revenues, and costs. A manager stated:

The other motivation we haven't discussed, and one that I find very odd, is the responsibility for your own costs. We actually take pride in getting things cheaper. So if we book a ticket, we take great pride in the fact that we've bought a cheap ticket. We take great pride in the fact that if we order paper for the photocopier we've bought the paper cheaper than we could have bought it next door. Now to my mind, if every employee in Handelsbanken thinks like that, no wonder we've got the lowest cost income ratio than any other bank because you're kind of making everybody responsible for their own costs. It's part of human nature that loves achieving that sort of thing. We all like it at home, don't we? I've got a bargain! And we love doing it for the organization, I think it's a very subtle clever way of incentivizing people."

As with any new businesses, a new branch's first goal is achieve breakeven. The participants said that although the time frame to breakeven is not mandated by any central department at the bank, a branch usually takes about two to three years to breakeven. Some branches achieve breakeven sooner, while others take longer. A branch manager stated:

No one will say to you, "You've got to breakeven by a certain time". As an example, when I joined, an average period for a branch to breakeven would have been about 18 months. Because of the credit crunch, we've only broken even in three years, and that's probably good by today's standards. But I've never felt under any pressure from Sweden or senior management in the UK to get there sooner. In fact, the encouragement is: "Don't compromise on quality"; "Don't worry if it takes you longer"; and "Don't think that you've got to push lending that then goes bad and you have to raise provisions and you lose money." That's not what we're about. So it's really refreshing that you don't feel under the same pressure as you would in the high street.

Branches compare themselves with similar branches in terms of financial performance, albeit implicitly and informally. A few participants described these comparisons as benchmarking. The comparisons are possible because of the dissemination of information by monthly reports. The

central SHB departments send this information to all branches. The reports list profit, number of customers, loans, etc. for all branches. However, the reports do not explicitly rank the branches and are not intended as league tables of performance. It is up to the branch employees to make comparisons if they so choose. To some extent, the participants argue these comparisons motivate improvements in performance. Three branch managers explained the nature of these comparisons:

Handelsbanken is very interesting in the sense that it doesn't have targets. You measure your success against your peer group. For example, because we opened in March of 2008, we naturally benchmarked ourselves against branches that opened at the same time. When the statistics are produced each month, you notice they're in alphabetical order and not in league table order. It is not shown that one branch is number one and one branch is bottom of the table.

There's no doubt that we compete with our nearest branch. We may not say it openly, but in the back of your mind you're thinking, "Well, I've got to beat them because we know them". That's human nature. What is done is that they [the bank] present the information and then they [the bank] rely on the natural competitiveness of individuals to be driven by that information. They don't put it in a table and say, "Look, you're ranked at number thirty" We all, to varying degrees, look at it, but we think, "Hmm, where am I? That branch opened the same year as we did, so we ought to be doing as well as they are." Then you think, "Well, what are the differences in their market?" "What possible reasons explain their success?" Then you act accordingly, but your actions are self-motivated, not driven.

We don't have any sales targets, but we receive monthly comparative management information that shows the results of the branches. I might not have a target, but I look at how people are doing. Everyone wants to do the best she can. It is inherent in human nature to want to be the best. That's what I said at the beginning. I want to do well. I want people to think I'm doing well. This is graphically displayed at Handelsbanken in the folder of the month. People look at it and ask, "What did we do last month? Darn! Missed it!" "Well, we'll have to do better next month."

The branches seem to think out-performing their peer branches is a form of informal reward for good achievement. Despite this competition, the branches are still very cooperative and friendly with each other. Branch managers monitor financial performance on a constant basis, possibly because SHB does not use budgets that examine financial performance at specific times only. A branch manager explained:

We're not going to wait until December and look at it. We look at it on an ongoing basis -- at the pipeline and the level of business activity. If what these guys have generated is far in excess of what we need, that shows me the viability of this branch. The bank is going where it should.

SHB's management information system helps the branch managers oversee their finances. A branch manager, in explaining the management of costs, stated that the cost income ratio is the most important, if not the only, financial measure used:

Well, first of all, the heart of the culture is this quite frugal, parsimonious bank. The external measure of profit is return on equity. This measure encourages you not just to make profit for the sake of profit but profit as a percentage of the capital employed. The internal key measure that supports return on equity is the cost income ratio that forces managers to look at not just the income legend rating but also the costs that they are accountable for. The only league table measure in the blue book is the cost income ratio. Other profitability measures, assets, liabilities, and products are listed alphabetically. The cost income ratio is in the league table so you can see whether you have the most effective cost income ratio straight away, without having to work it out. Culturally, cost is on everybody's radar because it is sort of designed to manage costs. At the branch level, the management information systems in this organization are really good. Some people might tell you that there are walls and there are system incompatibilities, but I can come into this office at seven o'clock in the morning, switch on my computer, and tell you to the penny how much profit we made yesterday. If that number doesn't look right, I can immediately tell you which numbers influence that in terms of costs, expenses, and such. I can also tell you what the balance sheet looks like at that time and any movement in the balance sheet from the day before, down to the penny. I can tell you which customer did what. I do this every day. If I'm away from the office for two days, I do both days when I get back. I have absolute control. The truth is that the vast majority of my costs are the employees. The discretionary costs over and above that are relatively modest. The reality is that once I've picked my team and find my premises, there isn't much more I can do. Because I can spend as much as I want to on Marketing, I could blow costs if I wanted to. We are just about to enter into a five-year end on the lease of these premises, and I am negotiating a reduction on the rent. We find ways just to keep the costs to a minimum, but in a growing business there are good costs and there are bad costs.

As in any organization with a good risk management and governance system, the branches in Great Britain have internal audits (as well as external audits). The participants described the goals of these internal audits. Because the branches can make their own decisions, they do not necessarily follow the same procedures. For example, all branches file documents differently. Hence, an internal audit is one way to ensure that the branch's operations are acceptable. The auditors rate the branches on the procedures. A branch manager explained:

The internal auditors check all your procedures and so on. And the best audit rating you can get is a 1 and the worst is a 5; 3 is satisfactory, 2 is good and 1 is outstanding. And when the auditors came in, they said, "You're a new branch, it's impossible to get a 1," but we did get a 1! So that was the challenge when somebody says something like that to you. I mean, it's important because we are empowered

and if we get anything wrong it's down to us. Tim* is superb as our documentation office manager.

The branches are very careful in their documentation and filing. A good rating from the internal auditors is the reward for following rules and procedures. However, following such rules and procedures involves substantial paperwork. Although a few participants said they disliked so much paperwork, they still prepare it because they know it is necessary and important. Surprisingly, one office manager said that the internal audit at her branch was a pleasant experience compared to her experience at a high street bank. She stated:

We want to make sure that we get everything for the audit done really well. This is our second one. We did one after we opened about ten months, I think, and then they've just done one recently. So it's every three years, three or four years. If there's a problem, they would do it and then they would come back a year later to check. It's so strange. It's not like having an audit really. I think they ask you questions but they're not like at Bank HS*. If the auditors come in, they used to turn up at nine o'clock in the morning unannounced and they just used to come in and they go in a room. The only time you'd see them is when they're, I mean literally, firing questions at you and taking files, and oh, awful! Everybody will be really quiet. It was like cross-examination. Do you know what I mean? But the audit people that were in this time, they were lovely. There were four of them and it was lovely. They're so nice, such nice people. They check everything. They let us know about a month before and they come in and they do a lot of their work online. Then they come in and they'd ask us. They'll come out and they say, "Could we have this file? Could we have that file?" and normally I'll take them to the safe. They like to look at how you do your filing. They look at everything really, all the dormant accounts, loans. They check the documentation and they check security stuff. They just check that everything is how it should be and all branches do their filing differently but if you explain your system, they then go through and make sure it's all done correctly in that way that you do it. I mean when we had our first one, we just said, "Look, this is the way we do our filing. Is that how you would like it?" They said, "Yeah, that's fine." They're lovely. I mean they bought us cakes and I was stunned. They came in and bought us all cakes and I just got packets of biscuits. They were in the big boardroom and I used to make tea and then on the last day we swapped. "We're going to make the tea today," and they were lovely. They'd come and ask you things but they'd ask you nicely. They wouldn't just say, "What you do with that?" They're normal people, really nice people. They were here for a week. Then they go away and they do a report. And they send it out and then you have a look at it. If there are any points that they found that you can answer, they might say, "Oh, there was a standing order mandate and it wasn't initialed." Well it might be that or there's a standing order mandate in there, but it's just a copy. There might have been an original letter from the customer, but they might have asked us to do two things. It might be we need to send a check to so and so, and also can you make this standing order. Well, we would put the original with the check payment and not with the standing order [be]cause you've only got one original so you'd photocopy them and

put it in there. So if you could say to them, “Well, actually we did that on the original, but it’s with the check payment,” and you just write and then they take it off of the report. So if you can answer the questions, they take it off and then that goes back to them. Your answers go back to them and then you get the report back, a final report. So it’s all done nicely.

At the SHB branches, the branch managers have extremely important roles: One manager stated:

It’s all about the branch manager in my opinion in this organization. If you have the right branch manager with the right skills, the bank can achieve anything it wants to. The key challenge for this organization is finding branch managers from the existing banking population who will buy into the Handelsbanken culture.

It is essential for the success of the branches to employ competent managers. A branch manager is responsible for everything at the branch – income, costs, bad debts, recruitment, development, premises, customers, etc. The branch manager is also closely involved with the employees. Every branch manager sits with her team in a large office space normally consisting of cubicles. She does not sit in a separate office, separated from the team. As a result, there is a lot of communication between managers and employees. The employees often describe the branch managers as leaders, business partners, coaches, and mentors. A corporate manager, who wants to be a branch manager in the future, described her branch manager:

Alasdair* really is a mentor, and I’ve said to him and said it in the Plus meeting that “I want to do that [becoming a branch manager] at some point. I regard you as a mentor. I want to absorb as much as I can from the way you do things and that I’ve got the time to perhaps sit back and have a look at how things are. The way that it’s done to make me better when I get the opportunity, hopefully, down the line.” That’s motivating for me, and the fact that I can develop, well, whatever I want to do.

The branch managers take responsibility for helping their team members achieve their aspirations or goals. As a leader, the branch managers have a key role in maintaining team camaraderie. The branch managers all said a good team begins with the right people (more on recruitment in the next section). However, they have to maintain that team spirit once a team is in place. However, the branch managers have help from the sports and social committees (at the SHB head office). The branches are encouraged to participate in the activities that these committee sponsor. Some branch managers also organize get-togethers after work. A support manager stated:

There’s a Sports and Social Committee that’s based at head office and they organize certain events throughout the year. So maybe they get discounts with some tickets for the theater or they do a day where you can go down to a park and go fishing and have picnics. So they’ll publish on the Internet and you can go in and you can actually say you want tickets for it and that’s encouraged. They encourage branches to get together in that way and attend these events. So this is what goes on throughout the year and it also gets some subsidy. So some of the cost is covered by head office and you can claim back a certain percentage of the amount you spent. My Action Plan for

the year is to arrange events for the team where we go out after work and we've been bowling, ten pin bowling. And then we went for a meal and one of our customers is a Japanese restaurant. So we went down and we did a menu tasting evening. So we had a few drinks, we tasted the menu and that was also subsidized by head office. We claimed 60 percent back from head office and then 40 percent we just paid ourselves. It obviously reduced it down. I think it was £50 per person and then Chris*[the branch manager] paid for the drinks out of her own pocket just to say thank you to the team. It only cost me £20 in the end and it was a really nice night. We spent the whole evening there. We had a nice meal and you get some chance to build it down. When you chat outside work about things that aren't necessary work related, you get to know that person better then. Because at work a lot of things you talk about are work-based but going outside of work, you can then talk about people's families, what they're doing.

Our Way promotes the idea that the branch manager should lead by example. This is important because the branch manager is a role model for the rest of the team. When employees observe how the branch manager behaves, they may behave in a similar manner. This does not mean, "monkey see, monkey do", absent any consideration of the context or situation. All employees are encouraged to use judgment to decide on acceptable behavior in their work. A branch manager explained how she motivates her team:

I'll be foolish to say that I don't need to. I don't think that means standing on the table and shouting and screaming and ranting and raving or doing a little jig and saying, "What are we going to do today guys?" I think it's a much more subtle thing. I think people are motivated by seeing in their leader the qualities they would like to see in themselves. So somebody who is eager to do well, takes pride in the standard sort of things they do, is conscientious, trusts them, respects them, and is honest. If they see that in their leader they will follow what their leader does. I've a very simplistic approach to leadership having been on quite a few leadership courses over the year and I've seen people who want to motivate by standing on stage and stomping around but that to me is quite an American version of what leadership is. I think Europeans and Asians and so on have got a completely different view of what leadership really is.

Another branch manager explains motivation. She described a situation when, as a new branch manager, she met the SHB CEO, Pär Boman:

I don't know whether John* or Mary* would have told you but Pär Boman is sort of this leader who we all sort of think is somebody or a messiah of the banking world. Well, he is actually. I've met him twice now and within six months of work, while I was still on probation I've met him twice. I sat at the dinner table with him for an hour and a half, and I've also sat in a room with him with twenty other new branch managers in the Södermalm training center in Stockholm. And he came in and he stood at the front before us. So there are branch managers in there and he said, "I'll tell you a few things today about leadership and being a branch manager. But one of

the things you must always remember about being a branch manager in Handelsbanken is that you must not spend one minute of your day motivating yourself.” And I thought, “What did he mean by that?” And there’s obviously a follow-up, a punch line was about to come but I was completely off-beamed and I couldn’t think what the punch line is. And what he said was, “But what you must ensure is that you don’t spend one minute of your time demotivating your staff” and there I thought, “How simple!” But I’ve never heard anybody say it! And I immediately thought back to my Bank HS* career. What was that team leader doing? Every day she used to demotivate me. What do I have to do? Accept that demotivation, manage it, work it out of my system then get on the day as well. In spite of that, I still did the job but I would’ve done it in a happier way without that crap. I would’ve done it in the same way whether I had the target because what drives an individual is to feel satisfied and happy [...]. It’s human instinct to enjoy yourself, and in the same way from a business point of view it’s instinctive to be successful. All businesses and individuals want to inherently be successful. So then you come down to measure success. How do you measure success? To me, you measure success at the end of the year, yes, that is important but you also must measure your success on the way so that each day when you go home at night [...] you’d inherently know that you’ve had a good day. And the Handelsbanken model allows that each day by doing the job in the way we do and the way we’re allowed to do.

As these comments suggest, branch managers at SHB are highly focused on employee motivation. They motivate people by not demotivating them. This attitude seems based on the assumption that employees are naturally motivated to do their best. Unlike advocates of some organization behavior that promotes the use of carrots and sticks, SHB declines to use either carrots or sticks (see the discussion above on Rewards and Punishment). SHB uses punishment sparingly. The main rewards, in addition to salary increases, are recognition and appreciation. Given this system, SHB branch managers focus on how to encourage their team members to do their jobs and less on rewards and punishment.

Branch managers and their employees stated they often have the chance to meet the CEO of SHB in Great Britain. They said such opportunities are rare at other organizations where most CEOs are in their “ivory towers, cracking their whips as needed”. The visits by the SHB CEO to the branches demonstrate a head office commitment to the branches. This strengthens the camaraderie and loyalty at the branches.

8.5.1.5. Recruitment and Promotions

The participants said recruitment of the right people is an essential factor for branch success. In Great Britain, SHB mainly recruits externally because of their rapid expansion plans. However, where possible, they recruit internally. SHB relies on recommendations from current bank employees or local business associates. SHB does not recruit people they do not know. A participant explained:

Handelsbanken likes dealing with people that it knows or people that have been recommended to us. We love customers that have been recommended to us by existing customers, and we like staff who are known to other people. That's important.

In the past, SHB used headhunters to recruit new employees. Recruiting employees who are from the area or who have worked in the area is crucial. This assures SBH that these employees know their patch well and can establish and maintain relationships with local customers and business associates. A branch manager described the recruitment of a team member:

I was interviewing a few people and nothing really worked. I saw people and then I phoned up a lot of solicitors and accountants in this town who're friends of mine now. So I phoned a few of them up and said, "Look, I'm opening a bank. I'm looking for a corporate manager. Who impresses you? You know, with the banks, who are the movers and shakers and who is the professional one? Who's the one you think does the most business and who is the most professional one?" And of course John's* name came cropping up, as did others. Anyway, I saw various people and I left John* to the last and then I phoned him up. [I] liked John*. I've never worked with him. We've never worked together, but we've met at various events and I knew of him. Anyway, so he came round my house because I didn't have any premises at the time and he was very interested.

After a potential employee has been identified, the branch manager and the potential employee meet. At this meeting (some participants call them informal interviews), the branch manager has the opportunity to get to know the potential recruit and also to tell her about the bank. For some recruits, there can be more than one meeting with the branch manager or with other employees, especially if the recruit wants to know more about the bank. Sometimes bank employees contact potential recruits (ex-colleagues). After the initial meeting(s), potential recruits are asked to meet with a few people from the head office such as people from the Credit Department and Human Resource. Although the word "meeting" is used here, participants emphasized the informality and conversation-like quality of these interviews that often take place over coffee/tea or at a restaurant. One manager described how she was recruited:

I had a call out of the blue from a head hunter saying there was a new bank opening in Town Y* and was I interested in talking to them. And I thought, "Well, nothing ventured nothing gained." Then I met a chap who was at the time sort of area director because we only had 25 branches. It was the most informal of all processes really. I mean in Bank HS*, if you wanted to apply for a job internally, you'd go to a panel, you'd have to do role plays, you'd have to do a formal presentation, structured interviews, all that sort of thing. When Handelsbanken approached me, I spent an hour with this area director just chatting in general terms about me really and about Handelsbanken and the way that Handelsbanken operates. What I think my skills are, what I think about being successful and so forth but it was all on a very informal basis. And it was really just sort of a get-to-know-you meeting and then after that he said did I want to take it further and meet Gary Johnson* who was to be the branch

manager here. So I arranged to meet Gary* and we just went to a restaurant and had lunch and chatted over lunch. Again in general terms really about what I had achieved. He obviously had my CV but it was a very informal sort of process and by the time I've been to these two processes, I was thinking I like the sound of this. It's as long as I can get the sort of package that I want, then I really like the sound of what Handelsbanken has to offer. So they said, "Well, go up to London to meet the Head of Personnel and Head of Credit" and I thought right, OK, this is where it's going to get more structured and in fact the opposite was true. I went to London in fear and trepidation expecting to be grilled. I met the Head of Personnel and we talked about life for about 45 minutes [...] I can remember her saying to me, did I really think that I could stand working, what she considered to be the slower pace of Handelsbanken compared to my previous life. And I said, "Well, that's exactly what I'm looking for really." I said I don't want an easy life but I don't want the pressure that I feel at Bank HS*. So it was a really nice pleasant chat. Then I went to meet Credit and again I was expecting to be quizzed and tested but in fact I think they took the view that if I'd done 28 years at Bank HS* and I had four years as a Credit Analyst and I've been a Corporate Manager for 12 years and achieved these things, that actually I probably knew something about banking anyway. In my informal chats with Gary* and so forth, I suppose they draw their own conclusions. So really when I went to meet Credit, all they did was tell me about credit. They didn't ask me any questions. They told me about Handelsbanken's attitude to risk, what we liked to do in Handelsbanken, what we don't like to do in Handelsbanken and I suppose it's part of the process of testing whether I still think it's a bank for me. And I did and I wasn't greedy but I've said to the head hunter this is what I'm looking for in terms of salary and a little bit of compensation to some of the things I had. Three share options schemes that had been given to me for performance related things that I just had to walk away from.

Unlike many other organizations, SHB uses these informal face-to-face meetings as the only assessment method in the hiring of employees. SHB does not use tests or role play. The bank does not recruit in haste. The entire recruitment process takes time. After the initial interview, months may pass before the next interview. This allows a potential recruit to carefully consider if she and SHB are a good fit. Subsequent meetings are held only if the potential recruit is interested in pursuing employment at the bank. The final decision to hire someone does not depend on one person alone. Rather, everyone in the interview process contributes to the final decision. If any interviewer objects to hiring a particular candidate, no job offer is made.

During the informal meetings, a lot of information is exchanged between the potential recruit and the interviewers. While the interviewers learn more about the potential recruit, the potential recruit also learns more about the bank. The interviewers describe SHB's values, philosophy, and operations so that the potential employee receives a holistic picture of the bank. The interviewers do not try to "hard-sell" the bank. The following are how the interviewers describe the bank to potential recruits:

Come and be your own person. Use your own knowledge and experience within our framework because we trust you as a professional as long as you uphold Handelsbanken's way of doing things. [This is] an organization that is based on trust in the individual, local autonomy, not a target driven organization. [The bank] prides itself on not stretching the work life balance. We don't have a template for business, but we have objectives. We are informal but formal. We're professional but we're not straight-laced. We give and take. We want to be the best, we want to be at the top but we don't want to be aggressive. We don't want it at any costs. We want quality and not quantity.

The Head of Human Resource and the branch managers who conduct interviews said they prefer to be honest and upfront with the potential employees about SHB. Such honesty allows the potential employees to decide whether the bank is the right organization for them. This increases the chances of employing the right person. The following statements summarize the qualities SHB looks for in employees:

They need to have interpersonal sensitivity to other people. So you cannot be selfish. Selfish people do not fit. You've got to have motivation to do the right thing by others. I don't mean that in a totally selfless [way]. Nobody's totally selfless, not even Mother Theresa was totally selfless. You have to have personal benefit but they need to be motivated by a sense of achievement rather than a sense of winning. I play sports and there's no better feeling than winning but it's even better when you win and you feel you've played in a good game against people whom you respect and they shake your hand and say, "Well done!" If you win because you've beaten them to the ground and they leave hating you, some people are turned on by that, then they would not fit into Handelsbanken. You've got to want to win but win to everybody's benefit as much as possible and if you're that type of person you will fit in this organization.

Not being needed to be motivated. To get on with it, to instinctively know what's right and what's wrong, irrespective of what the rulebook says. You don't need to look at the rulebook because you're an experienced banker. You can learn, you can learn rules and regulations but instinctively you've got to know. It's a bit street-wise, it's a bit canny. You need to just [know]. Does it seem right? Does it seem right that a customer can draw down a loan without us approving it? No, it doesn't. You don't need to have experience of that. Well, surely someone within the organization [has] got to approve it. So, instinctively people need to have common sense, energy, and business wits. Those are three things you need to be a banker. A lot of people out there have not a lot of common sense. There are a lot of people out there with not a lot of energy and there are a lot of people out there [who] haven't got a degree of business awareness.

A branch manager explained why she recruited a particular manager:

Well, I took Liam* on last summer. I wanted someone to come and do the IB [Individual Banking] personal mortgage stuff. I was looking for someone fairly young and hungry with good personal skills but other than that, I had a blank piece of paper. Ideally I wanted them to be FSA qualified but I had no other criteria. I interviewed two people. We advertised the job. Had no internal applicants [which was] a shame. Interviewed two people and was happy with both. The other guy was a bit more aggressive. I wasn't sure if he would fit into the team. As it happens, he had his own business and he wanted to carry on what he had once working for us. So it was a no-no. I've met Liam* before and I'd interviewed him for the corporate manager role. He'd just been made redundant in Bank HS* but for the corporate role, I didn't think he had enough experience looking after business on corporate banking. I liked him immensely but he didn't have the experience. I didn't know [but] he then went away, as he was redundant. He qualified himself with the FSA with mortgage work and was working for a brokerage. And I bumped into him at a networking event about twelve months later. He clearly had the drive and the commitment [be]cause he went and did it on his own. His personality was good. So to me it was natural to offer it to him. I was looking for someone a bit younger with a lot of enthusiasm. I always want somebody who's optimistic because they're always looking forward or looking for ways. I always fear someone who's pessimistic, is looking for reasons not to, whatever it might be. But there are different levels of optimism. There are some aggressive optimists and there are some passive optimists. That is probably the wrong term. Do you know what I mean? The aggressive guy would have tried to steam-roll something. He would be more suited in one of the clearing banks, more driven down a tunneled performance whereas Liam* is much more rounded in that.

When the bank was relatively new in the Great Britain market, it was not easy to recruit experienced bankers. However, experienced bankers hold senior positions. Today, with the rapid expansion of the bank, recruiting experienced bankers is a necessity. In addition to the qualities presented above, a new employee should show initiative and independence. This means that the potential employee should want to do a good job for its own sake, and should be able to work independently. People who are motivated by something other than financial rewards are most suited for employment at SHB. Many participants said that people who are exceptionally motivated by money are usually not inclined to join SHB. The interviewers do not discuss salary matters until the end of the interviews.

Working effectively in a team is also valued at SHB. This means being willing to help others as well as being willing to ask for help as needed. Furthermore, SHB employees should be highly disciplined, well organized, adaptable, flexible, and consistent. As one branch manager stated, "The cultural affair is as important as the technical ability fit." SHB does not want to employ people simply on the basis of their experience and knowledge. People must have the values that SHB prioritizes. One of the first questions Human Resource asks a potential recruit is: "How do you describe your values and how do you think they align with the bank's values?" Once hired, new employees attend an induction program at the Head Office in which they are introduced to

the bank and its operations. On employees' first day at work, Human Resource calls them to welcome them. Employees say they appreciate this gesture.

Although the bank tries to employ the right people, the participants admit the bank does not get it right all the time. There have been cases where SHB hired unsuitable persons who could not do their jobs or could not fit in. Some employees resigned voluntarily. In other instances, SHB helped the employees find different positions at the bank. A branch manager described such a case:

There are situations where certain branch managers haven't moved the business forward as quickly as the bank would like. I'm not aware from my three years that anybody's ever been dismissed from the bank unless it was for disciplinary reasons or that they've actually done something badly wrong. If it's perceived that their performance isn't at a level that the bank would expect then they will always find something else for them to do. So, there have been situations where a few branch managers have become relationship managers again which they've probably done at an earlier time in their career. Sometimes people are very good at looking after a client base but not so good at driving the branch forward.

Most participants said that in many mismatched cases, such as the above, SHB tried to help rather than terminate the employee. However, one branch manager had a slightly different view:

I think that's one of the things Handelsbanken doesn't do very well and it's the downside of the good things of its business [...] If you don't get that initial decision right about taking the right person into the business, sometime along the track you're going to come into this and there isn't a robust performance management process or a culture. So the bank finds it very difficult to deal with that type of person. I don't know what it's like in Sweden but in the UK we're sort of a million miles away from high street clearing banks [be]cause in high street clearing banks it's become the sort of badge of honor. It's getting rid of people who aren't any good at what they do which I don't agree with at all. That's at one end of the scale. What we do is at the other end of the scale. There is a happy medium closer to us than it is to them that says, "You've got to help people." I don't define that they're not achieving what they want to achieve. Coaching them or helping and pointing them in the right direction, helping them achieve what they want to achieve but ultimately there is a point in which it gets to where you say, "Well this just isn't working. What are we going to do now?" I haven't seen it happened here. I recruited three of the eight people who are working here. So they're here less time than me but we're not mature yet as a new team to get to that point but there is a culture in Handelsbanken that when you do get to that point, what tends to happen is the person tends to get asked to do a different job. Not asked to leave the business and they tend to sort of say, "Look, you clearly can't do this job." It's almost as if to say "Sorry we gave you that job in the first place. Would you like to try this job and see if you can do this job?" And I guess if you do that, maybe seven times out of ten, that would solve the problem [be]cause probably they're in the wrong job or there's something wrong, isn't there? If they

can't do the job despite your help there is clearly a mismatch between the requirements of the role and what they are capable of doing. So if you give them another job, seven times out of ten, you'll probably identify what was wrong over here. Find the job that they're going to be more suited to and seven times out of ten, it'll be right. To me there are still these three times out of ten when there's something wrong with the person. It might be something at home or it might be some ailment. There's something wrong that says they can't do that job either or that or that. I don't think Handelsbanken has got the mechanisms to deal with that from what I can see.

When an employee resigns, Human Resource conducts an exit interview in order to understand why the employee is leaving the bank. According to the Head of Personnel, in the majority of cases, employees leave because of a personal change of circumstances. Generally SHB's employee turnover is extremely low. According to Kroner (2011, p. 100), the average length of employment of the 29 most senior employees at SHB was 23 years at the end of 2008. Like SHB's employees in Sweden, the employees in Great Britain seem very loyal to the bank. Absenteeism due to illness among employees is also very low. The SHB philosophy is "a fit workforce is a more efficient work force". The bank makes a small contribution to the employees' gym memberships. Other employee benefits include pension, life insurance, and medical benefits.

SHB does not have a conventional promotion plan for its employees. A conventional promotion plan, as practiced at many organizations, requires that an employee do an exceptional job before promotion up the hierarchy. Such promotions mean more status, responsibilities, monetary rewards, and perks. Due to the decentralized nature of SHB, there is no hierarchy of higher job positions. Employees state their role is as large as they want it to be considering the flat nature of the organization. It is also acceptable for them to remain at their current job positions. During the recruitment process potential recruits learn that because of this decentralization style of management, they are hired for a particular position, and this position may be long term. A branch manager explained:

So when you come into Handelsbanken, you know this is the job we're asking you to do and you might be doing that job for the next ten years. "Are you happy with that?" Now some people will say, "Yeah, I'm happy with that. That's all right." Some people will say, "I don't want to do that for the next ten years. No, it's not for me." But it's better to have that conversation when you're talking to people at the outset and that's why I think we tend to recruit more mature, more experienced people.

To increase the possibility of recruiting the right people, potential recruits are asked if they accept the way SHB operates. The Head of Personnel explained:

I always say, "You're 35," assuming that they are 35. "You'll want to work for another 20 years at least, in that one branch. How are you going to keep yourself motivated? You need to consider that [be]cause we won't be telling you." You have to provide your motivation. You're not trying to give yourself a shopping list of

what you need to do. You've got to identify "How do I do that with resources I have at hand?" "How can my manager help me?" Your manager should help you.

It may appear that once an employee is assigned to a particular position, she is confined to that position. However, SHB encourages employees to make their aspirations known if they wish to move to a different position. At the same time, SHB looks for employees who have the potential or aptitude for other positions. Job opportunities and vacancies are advertised internally among the employees. The opportunities for other positions are very much part of *The Wheel* framework together with growth and development. A branch manager explained:

I think the opportunities are there. It's up to the individuals whether they choose to take them or not, but I think it has to be a motivating factor. I think as an organization, people have to be able to see, people have to see the opportunity to move on even if they choose not to take it. I think for those who are ambitious, some good people will naturally want to progress and develop themselves. Becoming the branch manager will be the next step for them. They have to see that there is an opportunity they'd like to have.

8.5.1.6. Profit-Sharing Plans

The *Oktogonen*

Employees in Great Britain have been included in the *Oktogonen* profit-sharing plan since 2004 (Brunninge, 2005). These employees have the same profit-sharing plan that the employees in Sweden have. The idea of the *Oktogonen* is to share extra bank profit with the employees. Every employee, regardless of seniority or position at the bank, is allocated an equal amount of annual profit. A few conditions have to be met. First, this allocation is made only if the entire bank group achieves a return on equity that surpasses the weighted average return on equity of its competitors in its home markets. Second, this allocated amount can be up to one third of the extra profit in the year but is limited to 15 percent of the dividends paid to bank shareholders. Third, if the bank pays no dividends or reduces dividends to shareholders, no allocation is made to the profit-sharing plan. Last, employees cannot cash out their allocated funds before the age of 60. The allocations are made on a yearly basis provided the above conditions are met. Since employees cannot cash out until the age of 60, the funds are managed by the *Oktogonen* Foundation. A considerable amount of these funds is invested in SHB's shares on the Swedish Stock Exchange. The *Oktogonen* Foundation, which is currently the largest Swedish shareholder of the bank at 10.16 percent of total capital (SHB Annual Report, 2012), is managed by a board that is appointed by the Swedish Union of Finance Sector Employees. Furthermore, two representatives are nominated at the bank's annual general meeting to represent the Foundation on SHB's board of Directors. Since 1973, a yearly allocation has been made to the plan except for two years.

The *Oktogonen* profit-sharing plan is a long-term plan. Most participants in this study claim the *Oktogonen* plan increases employees' loyalty to SHB. In fact, they perceive the *Oktogonen* as a reward for loyalty to SHB. The longer an employee stays with the bank, the greater the chance of receiving a substantial amount at the age of 60. Since the bank in Great Britain hires mostly older employees, these employees do not benefit from the *Oktogonen* as much as, for example,

someone who joined the bank in their 20s. Nevertheless, participants said they liked the plan. Three participants explained:

It's a great scheme, but it's odd. It's not an incentive in itself. [Why?] Because I don't sit here and think, "Oh that's brilliant. That's going to add another boost to the *Oktogonen*." I think the *Oktogonen* has a feeling of, "Well done everybody. Here's a pat on the back," but you don't really know what it's worth. You know roughly in time but it becomes this mystical thing and we all talk about it but what a lovely surprise it'll be on our sixtieth birthday if we all make it, to get a check through the post and I think we're all expecting to sort of, "Oh wow!" but we're not building our hopes and fears on it. Well I'm certainly not.

Whenever I write a piece of business I don't think, "Oh, this is another bit of added profit for the *Oktogonen*," The *Oktogonen* scheme is there but you are still a fairly small cog in a big wheel and you have to rely on everybody else to be able to achieve the bank's financial objectives.

To me, a bonus is value that says what we can do with it. That's why you value a bonus. The amount is immaterial. Can we have two holidays? Can we have three holidays? Can we buy a car? Can we buy a yacht? What can you do with the bonus? That's how I would value it whereas the *Oktogonen* is, "Well, what can I do with it when I get it?" and what you can do with it is relative to time. I can't do anything with it yet so why think about it?"

Even though the *Oktogonen* does not directly motivate employees in their daily work, it still functions as a reward. Several participants described the *Oktogonen*:

I don't think anyone who's in Handelsbanken is thinking, "Well, I'm going to get the *Oktogonen* when I'm sixty, that's great." It's all literally a bonus in the true sense. It's not why you're there, it's something that comes as a bonus whereas bonuses in the rest of the world are seen as part of your right and therefore they become expected. I felt relieved when I got a bonus, not joy. You know you should be thinking, "Oh fantastic! I just got a [bonus]". Say the *Oktogonen* comes in through the door and is twenty-five, fifty thousand pounds and then you're going to say, "Wow! What can I do with that?" But you don't expect it. So it's a different thing.

The fact that when you retire you get this distribution that is taxable from the *Oktogonen*, to me it's part of the pension and would I answer the question slightly differently if I were thirty years younger? I don't know. I'm fifty-four so it's like a five years Save-As-You-Earn scheme. It's not a long time away but if I were younger I'd just see that as how the organization works. At the end of your career it gives you a slice of the action at the bank's performance during the period that you worked. That is socialistic, isn't it? It's kind of different but I dare say when we're all fortunate enough to reach that sort of age it is going to be a very useful sum of money. So in some respect it's like savings that you can't touch. It's a lump sum pension.

Difficult to answer that one, to be fair. I've never spoken to anyone who's gone through that but the concept I think is very good. Because it's somewhat mysterious, you don't think about it, you don't plan for it. Therefore you count on doing them a job for the right reasons. But in your subconscious you know that at the end of the day you're going to have some sort from that stake. Personally not knowing what that's going to be, I prefer that. To me, it's much more of a genuine reward. It doesn't make me do things differently. It's just nice to know that at the end of the day I will get some recognition from it. I think that's quite nice.

Most participants claim the *Oktogonen* is a fair plan – every employee is allocated an equal amount regardless of position or seniority. However, it can be argued that the plan is unfair. For example, all employees are allocated an equal amount despite the differences in their efforts, results, salaries, or length of employment. Some participants commented on this perceived unfairness of the plan:

I don't view it like that. I'm not thinking to myself I should be getting more than somebody else. Maybe because it is more of a team, and yes, you're going to probably have people within the organization, any organization, who perhaps don't pull their weight and are still benefiting, but what can you do? Hopefully they're more the exception than the rule.

I think the *Oktogonen* is a bit socialist for me. I'm not trying to bring politics into this but I'm not a socialist, I'm a capitalist. So I believe in free market forces but I also believe in equal opportunity for people. But I'm definitely not a socialist and there's a little bit of socialism in the *Oktogonen* on the basis of giving the same amount of money to the chief executive as to the cashier. [It] doesn't really reflect the impact they've had on the business. So, that bit there I'm not quite OK with it. I am very OK with the idea of it going for a long-term scheme [that] you don't get till you leave because I think that reflects the long-term nature of this business.

I think the *Oktogonen* is OK. I think it's fair, but it could be tweaked. I think the challenge is if somebody delivers an exceptional year's performance. If somebody's had a really good year's performance, it could be argued, how do you reward that person? How do you recognize that performance and I think that's a challenge. So you've to come back to tools and tool box and the challenge is I could say if the average pay rise this year is three percent, whatever the figure is, I'm going to pay you five or six, so I'll give you six. I'm going to give you six percent rather than three. That could be a way of recognizing performance for that year and you then get the benefit of that uplift every year. So you're not just three percent this year, salary goes up by six percent and then it will stand and then will go forward. The challenge for the business is you've increased your costs by that amount for an indefinite period going forward. I'm only three years into the business. So I'm relatively new to the industry now but what I don't know is how the bank would reward truly outstanding performance. I don't know the answer to that. The only mechanism is through salary, really, that's the only mechanism because you haven't got the

Oktogonen and you haven't got bonuses. So would the bank be happy to be paying an above average salary? And there could be an argument that if the branch has delivered a fantastic performance, then everybody gets a fantastic pay rise. If one person's delivered a fantastic year and the branch has only delivered an average performance then it means somebody else delivered less than average. So maybe the average is three, one person gets four and a half and one person gets one and a half.

The plan, which encourages long-term employment, seems to reward loyalty rather than performance. The only formal mechanism for rewarding individual performance is the three percent salary adjustment. One participant said that capping the contributions at age 60 in the *Oktogonen* plan does not encourage people to continue working at the bank after they reach age 60. Moreover, employees who might wish to seek other employment feel constrained because they will lose their allocation if they leave SHB. Nevertheless, the participants said the *Oktogonen* was not why they joined the bank.

Incidentally, the allocation to the *Oktogonen* for employees in Great Britain has been stalled for two years following changes in British tax laws that effectively impose double taxation on the recipients of the allocation – first, when the allocation is made, and second, when the funds are received at age 60. It is probable that SHB will try to resolve this taxation issue for their employees (Treanor, 2012).

Convertible Bonds

There is another plan in addition to the *Oktogonen*. This plan is a convertible bond plan that was offered only once previously, in 2008. A branch manager explained the plan:

I think they did it in 2008 and there is probably a reason for that. I think in the time of the financial crisis it was a good idea to sort of bolster capital and I think this one is much more of an incentive. This is a long-term incentive plan that is a five-year plan. The way it works is that you get the opportunity to subscribe to some bonds and if you are successful in achieving a lock in the bonds, Handelsbanken lends you the money to buy the bonds. This is at a set price they're subscribing us. In five years time, if there is a profit based on the strike price you can exercise the option in effect and sell your bonds or convert your bonds into shares and sell the shares or keep your shares; it's up to you. There is no financial cost to the member of staff because the interest coupon on the bonds is the same as the interest payment on the loan and Handelsbanken lends you the money to buy the bond. So it's a nil cost exercise to a member of staff. There's only an upside financially. There are two downside risks. If you leave you have to convert the bond at current price and repay the bond and there's a risk that the two don't quite match up. I actually believe in those circumstances Handelsbanken would write it off. However, technically you owe it but of course the nearer the bond is to maturity the closer it is to the share price anyway so it doesn't matter. It becomes a smaller and smaller risk. The other risk is that the bank goes bust in five years and as the second strongest bank in the world, it's not likely, is it? So the reality is the bank's downside risks are very low and the upside risk is that the business model continues. The upside benefit is that the

business model continues to operate very well and individuals can then earn money over a five- year period possibly.

A few participants argue that employees (e.g., the CEO) who are higher in the hierarchy of SHB should have the opportunity to be remunerated more because of their influence on the bank. They think that the convertible bonds are a much fairer incentive (compared to the *Oktogonen*) for upper management. Generally, those who earn a higher salary are allowed to borrow more funds to acquire the bonds. There is the possibility of gain when the bonds are converted to shares if SHB's share price increases. As such, this plan ties the employees' self-interest to the financial health of SHB. In this respect, the convertible bond incentive plan rewards team effort that can benefit the employees.

8.5.1.7. Differences: SHB in Sweden and SHB in Great Britain

SHB in Sweden is unlike SHB in Great Britain in several respects. SHB in Great Britain does not operate as a high street bank. As such, it does not have branches in the high streets of towns and cities, open to the general public. SHB in Great Britain selects its customers whereas SHB in Sweden has branches in the high streets, serving everyone. Furthermore, the branches in Great Britain do not have bank counters where customers are served. All counter operations such as cash transactions are outsourced to other banks although customers still have a SHB account, bankcard, etc. However, customers have direct access to their bank managers via email, phone conversations, and meetings. SHB in Great Britain does not serve its customers using call centers. The participants said they thrive as a relationship bank, rather than a transactional bank. According to them, banking with SHB in Great Britain is something of a bespoke experience for the customers.

8.5.2 The Bank in Singapore

SHB in Singapore exists under the operations of Handelsbanken International. The branch started in the late 1970s although it only obtained its branch license to operate in 1987. SHB in Singapore operates quite like SHB in Great Britain in that it also is not a high street bank. It also selects its customers. Moreover, SHB in Singapore does not have bank counters and does not handle cash for their customers as conventional banks do. Like SHB in Great Britain, such activities are outsourced to other banks. However, unlike SHB in Great Britain, where new branches are being opened, SHB in Singapore has only one branch. The Singapore branch offers full banking services including a Capital Markets segment. At the time of this study, 40 employees, including five employees in Capital Markets, worked at SHB in Singapore.

8.5.2.1 *Our Way*

Although most participants, unlike their British colleagues, did not refer to *Our Way*, it is an important document that explains the values of the bank to employees. Employees are asked to read the booklet to gain an understanding of how and why the bank operates as it does. One participant said the booklet listed most of bank's values and principles (see Section 8.5.1.1.). She continued:

All the principles are actually practiced, but we may not realize that we are practicing them.

Another participant admitted that initially she did not truly understand how the bank operated until she read the booklet. She claims she now has a better understanding of how the bank operates, and is even inspired by its contents. She even tried to put in practice one aspect of *Our Way*: providing good customer service. She described this experience:

After reading *Our Way*, I can say that I'm more service oriented now because it's in our policy. We must have more satisfied customers. And how do we have more satisfied customers? Even if at the end of the day your service results in no income, you still have to do it. If [income] doesn't come today, it doesn't mean it will not come tomorrow but where you're given a target, for my service today I'm expected to generate an outcome. If not, then my time is wasted. Then I've got less time to chase up on my budget. So after I read *Our Way*, I took a phone call and it was not even my branch customer but he was having some problem and I was so motivated with *Our Way*. So I assisted him over the phone and helped him and after that he was so happy that he said he wanted to be our customer. And then I thought, "Oh yeah, *Our Way* really [works]. It works!" Really, it works. Actually this is the first time I truly felt the culture.

For this participant, at least, *Our Way* has an important role.

8.5.2.2 Personal Growth and Development

Employees are responsible for their own growth and development. They are responsible for planning and asking for training or development that help them perform their jobs. If employees plan to increase their job scope or assume additional responsibilities, development is usually the first step along that path. Where a position requires an understanding of other bank functions, employees are encouraged to spend time with colleagues from other departments in order to learn these functions. This is especially beneficial when a job requires cross-departmental dealings. One participant, a Compliance¹⁰ Officer, who had no prior banking experience before joining the branch, explained how the bank's willingness to provide development influenced her to work for the bank:

I liked the way [the General Manager] described the Handelsbanken culture and strategy and it seemed a very well run organization [be]cause everything was in a way autonomous yet the General Manager knew what was going on the ground. To me, that was a very safe culture, very safe place to work for. There's strong foundation and it's not like those [organizations] who are very messy even though they have a lot of branches all over the world. They do know what's going on the

¹⁰ Compliance mainly deals with ensuring that the bank adheres to its external rules, regulations, and requirements. Additionally, it also fills in the gaps between practices and standards.

ground. So that gave me the assurance and it was because they were very willing to develop people. I didn't have any banking experience and they were willing to overlook that because they were willing to train from scratch. It was very good because they actually made me rotate around the departments and people were quite helpful.

Cross-training between functions at the branch also occurs from time to time. For example, when the Payments Department and the Settlements Department merged, employees from both departments were urged to learn each other's jobs. This was done to cross-train the employees so they could support each other when employees are absent. Depending on their needs, the bank sends employees to courses at the bank's head office in Stockholm. Apart from work-related courses, employees may also take non-work related courses (e.g., personal development courses). These educational pursuits and the development of employees are ongoing processes.

8.5.2.3 Performance Evaluation

The branch in Singapore uses the same tool as their British counterparts --*The Wheel* is the main business plan process at both sites. The General Manager at SHB in Singapore prepares a business plan for the branch as a whole while heads of departments prepare business plans for their departments. The employees also prepare their own plans for the year. In Singapore, the process is the same as in British branches -- a business plan, PLUS dialogues, Action Plans, individual follow-ups, and Salary dialogue reviews. However, the setup of the branch in Singapore is different. The Singapore branch does not have a branch manager and a group of corporate, individual banking and office managers. The Singapore branch has various support departments with functions such as Human Resource and Administration, Compliance, Payments and Settlements, Financial & Risk Control, and Trade Services & Loan Administration. In Great Britain, these functions are offered at the regional or central offices. Because of this difference, the General Manager with the various heads of departments and corporate banking account managers conduct *The Wheel* process in Singapore. The various heads of departments then conduct the process with their employees.

Communication

Like the British branches, informal communication is important at SHB in Singapore. The heads of departments have weekly meetings with the General Manager. Various departments also have weekly meetings. These weekly meetings are not merely a session for reporting per se. Instead, these meetings are for problem solving and updating others with new information. Employees are encouraged to have open communications, to have constructive dialogues with each other, and to avoid speculating or making assumptions about each other. The physical setup of the entire office is quite similar to that of the British branches in that it is a rather open office. Thirty-five of the bank's 40 employees sit in an open space with partitions or cabinets separating them. Of course, with an open plan office, it is inevitable that the employees speak to each other and hear and observe each other. The Head of Human Resource and Administration has a separate space away from the main area while the General Manager has a separate office. The five Capital Markets employees are located in a separate room.

To encourage more communication and interaction among employees, several social activities are organized. One such activity is the Swedish coffee break known as *fika*. The Head of Human Resource explained:

The objective of the *fika* is creating an environment where the staff can interact and socialize with each other. Because we are all working, we probably talk mostly to [those in the same department]. We have some cross department conversations that are more work-related. Where the *fika* is concerned, it's more socializing with each other. And then I buy some snacks because Asians [are] still Asians. If you don't do something, the ice-breaking part is very difficult. We always sit down there and just eat, and some of them [even] take their food and go back to their desk and eat.

The branch holds a *fika* once a month where employees gather, normally on a Friday, for about 30 to 45 minutes. The employees have snacks at the *fika* and play games such as table top team games. The bank also uses these gatherings to make informal announcements (e.g., service recognition awards). Although the *fika* is a rather common activity in the Swedish work culture, it is not in the Asian culture.

Other informal social outings are also organized for the employees. Such outings include bowling matches, weekend trips, plays or musicals, and *durian* or *dim sum* meals. These social outings may or may not involve everyone at the branch. Sometimes these outings involve smaller groups of employees. Compared to the British branches, the Singapore branch appears to make a greater effort to socialize their employees -- perhaps because Asians require a little encouragement to socialize with their colleagues. The branches in Great Britain, with fewer employees, may not need to encourage employees to socialize with each other.

The Singapore participants also said they often receive some form of feedback about their performance, both positive and negative, directly or indirectly. Positive feedback includes commendations, praise, and recognition, which are considered rewards (more about rewards in the next section). Negative feedback, although not considered punishment, includes verbal commentary about a problematic situation or action. Negative feedback usually conveys the message that something is unacceptable. Feedback is not necessarily given verbally. For example, negative feedback can be observed when one's superior acts angrily, sternly, or firmly. The participants said that feedback is usually received directly from the General Manager, colleagues, or customers. Feedback can also occur in an indirect manner. For example, when an Account Manager's customer meets with the General Manager at a social event, the customer may tell the General Manager how the Account Manager has dealt with her. The General Manager may then pass on this information to the Account Manager. Regardless of its type, feedback plays a crucial role in the communications at the bank.

Through the different ways of communication, an employee's performance is evaluated on a continuous basis. As in Great Britain, an employee's performance is not evaluated only on the achievement of numerical or non-numerical goals. Other factors include bringing in new customers, fitting-in, working with team members, and caring for the image and reputation of the branch.

Personal Responsibility

The Singapore branch emphasizes personal responsibility. Because of the decentralized management structure, employees are encouraged to use their judgment in decision-making and to take responsibility for their actions. A participant described her initial struggle with this, which she attributed to her Asian background. However, she also said *Our Way* changed her outlook. She stated:

They always tell me about decentralization. Our bank focuses on decentralization and therefore you are responsible. You make the decision for your customers. But coming from an Asian background, it's always about authority. We [don't] have any authority right? And it's always about following instructions, following directions, but down here it's you [who] make your own directions. It's the opposite way. Then the fear factor is [...] Asians, we are more submissive, so we do not really dare to go to the boss and challenge unless you really are on very good terms with the boss like my previous boss. He was more like a mentor and he knows that I [would] never dare to challenge his authority. So, the submissiveness is still there. But when I read *Our Way* now, I actually feel it. You make your own decisions. Previously I find down here so messy. [They] don't have guidelines. Can or cannot nobody knows. You do your way and she does her way. I say at the end of the day, "What is the standard?" You need to set some standard procedure. Then they say "No, no, no. Down here we are not like that." I don't feel very safe. But after I read *Our Way*, I would say I've become a lot more decisive and I really decide what I want to do and *Our Way* also tells us: you take responsibility. When we give you the responsibility, we also give you the authority. So when we give you the authority, it means you decide and you say, "Go," because at the end of the day, you'll be the one responsible for it. So at the end of the day, I'm the one [who has] to answer to this. So what the heck? Just do it! It has changed my perspective and then I will say now I'm more confident to do what I want to do.

The employees at the Singapore branch are also encouraged to accept responsibility for their mistakes. The participants said they do not have a tradition of blaming others for their own mistakes. A participant explained:

I guess the most important thing is if a mistake [is] done by you, you would have to own up. If you try to blame it on other people, you get more [questions]. I mean it's very straightforward. The questions people will ask you. OK, you say it's not [your fault]. Then why didn't you ask this? Why didn't you do this? Then when "Why?" [is asked], then you see where the problem is. So most of the time, people are honest because I guess this is the fastest way to get things moving forward. If not, [it] just goes round and round.

Personal responsibility is applicable in all aspects of the work. Employees are expected to be responsible for themselves, for their colleagues, for the customers, and even for the general public. According to the General Manager, employees are given broad responsibilities on the theory that such trust motivates them to do good work.

Long-termism

The culture of long-termism with customers and employees is practiced at the Singapore branch. Account Managers know that they can make decisions that forgo short-term income from their customers for the sake of their long-term relationships. Some participants acknowledged that at times their work with their customers may not result in immediate income. However, these tasks are still essential for the long-term health of the relationship with the customers. A participant explained the possible negative effect of long-term employment at SHB in Singapore:

It's good that an organization is able to keep staff for a long time but on the other hand, there are also setbacks. The setback is that you're used to doing things for 20 years, you will keep doing [it], you are contented and you don't want changes. And sometimes you don't even know why you do it. But because you've been doing it for the last 20 years, you think that is right. When I joined as a new person here, I said, "No, you all shouldn't be doing [it] this way" "But we've been doing it for the last 10 years. What's wrong?" It's like people tend to get defensive and then will start to tell you, "Hey, don't try to act smart" So, OK. If you're happy, I suppose things are fine. Then carry on because I come here to work. I don't come here to make enemies. [If] you say they are wrong, [that is] also not true because if they're wrong, they couldn't have survived for so long and the branch has been profitable all the while.

Although long-term employees are typically assets at organizations, the risk is that such employees may become too entrenched and too comfortable in their routines. Then they are less open to new ideas or to change. On the other hand, long-term employees may be quite competent because of their long experience.

Rewards and Punishment

Rewards and punishment at SHB in Singapore are similar to those at SHB in Great Britain. The evaluation of both good and poor performance, which is rather subjective, depends on the context. The effort put into a task is still recognized despite not achieving a particular outcome (e.g., acquiring a new customer). Moreover, evaluation is not based on a particular aspect of a job. Rather, a holistic view is taken in which informal aspects are considered. A participant from the Payments and Settlements Department explained good performance:

To me, a good performance [is] when you are able to deliver above expectation [...]. For example, a payment [is received] from a customer and the customer requested this and you managed to spot something to highlight that the customer do it this way [...]. Then this is something that [shows] you are actually working out from your own box [...]. For payments and settlement, it's just processing, processing, processing. If you do not actually look at [your task from] case to case [you may miss something important], for example a money laundering case [...]. You should have this so-called alertness to be able to detect that this is something extraordinary and not the usual. So to me, this is [good performance] [After asking the participant if this could be due to experience, she continues.] Even though you have experience but you do not have the initiative to do this, it doesn't help [...]. To me experience

and initiative has to come hand in hand. Exercise some common sense and initiative; you can't just follow [blindly].

Participants at this branch described rewards that are similar to those described in the SHB in Great Britain section (see above). In addition to the salary adjustment, the bank provides non-monetary, intangible rewards: commendations, recognition, appreciation, praise, compliments, and work-life balance. More than half of the participants stated they often receive some form of positive verbal affirmation when they have done a good job. Sometimes this praise is for a particular individual; at other times, the praise is for the team. The General Manager or various department heads usually make these commendations. Commendations are made publicly with a "Good job done!" or "Thank you".

Poor performance also depends on context. The participant who described good performance offered an example of poor performance:

We have guidelines. Of course, when you're new we would train you. And you're suppose to read the instructions on how things [should be done] but if after one year, you're still asking the same questions and every step you move you [need to] ask, then this, I think, is a poor performance.[...]. There are always general questions people [will] ask. Initially, when you are here, you don't know, that is acceptable. And these [questions] are not listed. All the questions are not listed. They would just come impromptu and when people approach you and you are unable to answer some simple questions, then I think this is really poor performance.

In any job, it is natural that things go wrong from time to time. I asked the participants how such situations are dealt with. They said they have never received harsh treatment, even when they have made mistakes. Harsh treatment, according to the participants, means job loss or humiliation in some way. A few participants explained:

It depends how serious it is. We have certain guidelines in this bank. If things are really serious, if some losses are incurred, it will have to be made known to the General Manager. Internally we have to look at what the loopholes are to change things and, of course, staff will be reminded not to repeat the same mistake. A mistake is a mistake. We will not blame that person because the whole thing is reflecting on the department. The expectation from the General Manager is how do you prevent such things from happening. Whatever is done, he'll say OK, that's it. So the prevention is very important. Staff [will] have to be reminded and subsequently we would close the case. We do not penalize [to the extent] of removing you from your job. This is something we don't do at this bank. [When asked what happens when an employee consistently makes mistakes, the participant commented:] Then this person will be called into one of the rooms to have a one-to-one talk. [We will] see how we can help this person to actually [improve]. Maybe she is lacking some experience or that she actually needs some help. You can see that the boss is very angry, he is very stern and firm and that this cannot happen again, but I don't see being shouted at or anything.

The latest mistake was a trading error -- a miscommunication between me and the trading table. And it was very instant feedback. Nothing long-lasting and [I was not] punished like I would have a pay cut. I would be allowed to stay in my department but we had a three-way discussion in Jan's [the General Manager] room. The Head of Trading and I. And [we discussed about] what happened and how. So it wasn't a punishment. It was a "solve the problem and change the routines and go forward" but it was very clear that it was not OK.

It is evident that the bank does not treat its employees in a high-handed manner. Instead, the aim is to use communication to problem-solve and to improve the way things are done, especially when the wish is to prevent future occurrences of the same nature.

8.5.2.4 The Branch and General Manager

SHB's branch in Singapore is different from the branches in Great Britain in a few other respects. First, the Singapore branch is not a small office headed by a branch manager with a few corporate managers, individual banking managers, and office managers. The Singapore branch has different departments, including central functions that support the branch. With its 40 employees, the Singapore branch is much larger than any of the branches in Great Britain.

The Singapore branch operates under a different environment as far as judicial, legal and, tax issues are concerned. It also operates under laws from different authorities. A participant compared her experiences at branches in Sweden and Singapore. She said the procedures and requirements from local authorities have had a slight effect on how things operate at the Singapore branch. For example, the General Manager is the only person who can sign certain documents. After the 2008 financial crisis, when certain limits were imposed, decision-making has become somewhat limited. Therefore the bankers in Singapore have less authority as far as signing documents and making decisions than the bankers in Sweden.

In describing their work environment, many participants said that the Singapore branch is family-like. Everyone knows each other, gets along with each other, and is helpful. A participant explained:

Frankly, this is the best work environment I've had so far in terms of the people that I work with. To close a deal, if I need help or information people will chip in and help. In a way it's because we are never ranked. You see, Jan [the General Manager] doesn't say this month you're the star performer. You're never ranked and you don't have to compete with each other. So whenever we need help, Jan will say, "This person can help you." Then you have a direction and I'll say that I'm weaker in operations. I'll always say, "This person helped me with the operations. She's the one who told me operationally it can be done this way, the payment can be done this way." So the person gets recognized and then Jan will say "Thank you." Then you feel good. And because you don't have a budget, you don't compete. So [at the] end of the day, you have no disincentive to help me. You have a disincentive for not helping me because if I lose this deal, the branch won't make that kind of money. Then we'll all get scolded by Jan because when he scolds, he scolds everybody. If he

sees that our income has gone down and through our weekly meetings he doesn't see that the future is looking good, then he will tell us, "I think we need to buck up a bit, all of us here." Then he'll look at all of us. He doesn't just look at you alone and say, "OK, you've done enough", or if it's you, "How come you don't have this?" No, he doesn't pin point anybody. So even if you do very well, you will still get scolded during the meeting because when a deal is closed, the branch as a whole makes money. All of us will be happy. Then Jan will say, "Thank you" to this person [the person who did very well] and "He has helped our branch make a lot of money. So this month, we [can] have more for *fika*." Then we'll all say, "Thank you very much". You get what I mean? You create a very nice environment. It's not about personal glory anymore.

Another feature of the Singapore branch is the use of project teams. These teams are organized for a specific purpose and usually consist of employees from various departments. Examples of these teams are the local management committee, the risk committee, and the operational risk team. When participants were asked what they enjoyed about their jobs, some said they liked being members of these project teams. Working in project teams creates job variation and the chance to work with people from different departments. A participant explained:

We have projects here and I must say it's the challenge that we have to achieve certain things at a given target time. [...] Every department has to appoint somebody to be in this project and because of this family bonding that we have, the team actually really works together to make sure that we move towards the target on time to achieve this project [...] I've been through many projects, everybody is very cohesive [...] When I was appointed as the test leader to this project, I've had to coordinate with all the different departments [to get] information. [From there] I know how things actually work. Of course not really in detail but in an umbrella [...] So with this you achieve the project [...] then it's really a good feeling of satisfaction.

The role of the General Manager in Singapore is different from that of the branch managers in Great Britain. The General Manager in Singapore has more responsibilities because he is also the head of the bank's South Asia Pacific region. This region consists of the bank's offices in certain Southeast Asian countries, Australia, New Zealand, and India. According to the General Manager, the main purpose of the Singapore branch is to provide services to the subsidiaries (in the South Asia Pacific region) of companies headquartered in the bank's home markets. Although a relationship exists between the bank and the parent companies, the Singapore branch can still seek new customers. However, this is no easy task because the bank is not well known in the region. Therefore it is important to market the bank and its services. Marketing is primarily the responsibility of the General Manager although all employees are involved to some extent in this activity. In general, the Singapore branch is quite conservative, risk averse, and prudent in its selection of customers.

8.5.2.5 Recruitment and Promotions

The Singapore branch prioritizes internal recruitment. Where the branch is unable to promote employees internally, it turns to external recruitment using online or newspaper advertisements, headhunters, or employment agencies. It is less common to rely on recommendations. Face-to-face meetings are the only method used when interviewing prospective employees. For junior positions, applicants are usually interviewed once by the Head of Human Resource and once by a Line Manager. A job offer is made to the applicant if it seems the applicant is a good fit for the branch. However, if a decision cannot be made after this interview, the next step in the selection process is to prepare a list for the second interview from the pool of possible applicants. For junior positions, there are usually no more than two interviews before a job offer is made. For senior or managerial positions, and positions in the Capital Markets segment, the procedure is slightly different. For these positions, applicants may be interviewed more than twice – with the Head of Human Resource, the General Manager, and the Line Manager. Reference checks on applicants are made after the interviews. In the interviews, the interviewers address the technical skills of the applicants as well as their non-technical aspects (e.g., personal interests, personality). The interviewers and the applicants become acquainted in the interviews. Applicants are informed about the features of the bank. Unlike the recruitment process in Great Britain, the recruiting process in Singapore is very formal.

The branch in Singapore does not necessarily need to hire people locally. In fact, the Singapore branch, although it mainly employs Singaporeans, also has employed people of many different nationalities – Swedish, Malaysians, Danish, and Finnish. Several participants emphasized the importance of recruiting the right person for the branch. A participant said: “There must be a match in terms of personal values and corporate values.” She offered the example of a spendthrift who would probably not understand the bank’s cost saving measures.

When recruiting, the first criterion is to determine if the applicant has the skill set required for the job. This does not necessarily mean that the applicant must have prior banking experience. However, with one the exception, all participants at the Singapore branch had prior banking experience. The branch generally recruits people who have at least one year of work experience. The participants said the ideal employee is independent, is a team player, takes the initiative, has EQ (emotional intelligence), is willing to learn, is a people person, communicates openly, can compromise, is constructive, reasonable, considerate, assumes responsibility, is patient, takes a long-term view, and is not calculating. The Head of Human Resource explains the difficulty in finding the ideal employee:

I think to find the right person is not really possible at the beginning during the interview. There’s always some risk. I think it’s never possible through my years of experience. [...] To be honest, I think many interviewees would put up their best front in the presence of the interviewers. They would say yes, yes, yes because they just want to get the job. Not many people really tell you the truth what they really think and like I said, we’re dealing with humans. How can I know exactly what they think? Even if I try to judge them based on their body language or their performance during the interview, I think there’s still a risk factor there. So it’s about how much risk we think we can actually take on when we want to offer the person a job. During

the interviews, it is really more about their skill set and also a little about their personality. I mean their personality is important as well. [We] want someone to be able to blend in with the group. We are a small group in every department. So the chemistry within that group is very important. They must be able to find someone that they think will be able to adapt and get used to each other. [In terms of recruiting] I base a lot on my intuition when I look at a person. Maybe I've had many years of experience. [It's] the feeling that I get from a person when I start talking to them. [For] some of them, within the minute, I know [they are not suitable] but for others, [...] I have to ask more questions in order to feel their sincerity. How keen [is] this person really to work here or keen to achieve something else? Of course, I also tell them about the uniqueness of Handelsbanken's culture during the interview.

After the branch employs people, it gives them an in-house orientation aimed at acquainting them with the bank's operations and culture. New hires are also paired with a "buddy" who is usually someone they will work closely with as they become accustomed to their new position. As at SHB in Great Britain, the branch in Singapore has hired employees who eventually have left voluntarily because of a mismatch with the bank's culture. For example, one employee, who came from another bank, could not adapt to the bank's culture in which she had to work independently. She was much more used to having others help her with tasks, including administrative tasks. A participant described the branch's culture: "This is a D.I.Y. environment. We do a lot of things on our own. People here are very independent. Even the General Manager does his own photocopying and gets his own coffee." According to the Head of Human Resource, the turnover of employees at this branch is very low, especially among senior employees. The rate of absenteeism is also low. Employees have benefits such as medical and insurance coverage, more annual leave days than the average in the industry, and reimbursements for certain travel expenses.

The Singapore branch does not have a conventional promotion scheme. Since the bank is decentralized, promotion does not mean moving up the career ladder. However, participants used the word promotion to mean something else. To them, a promotion indicates a change of role with different or increased responsibilities at the bank. It is not a reward for good performance. Promotion is not based on a promise or agreement with employees that they will be promoted if they perform well. Promotions are not automatic and are not guaranteed for any given time employed at the bank.

At the Singapore branch, there are three types of employees: clerks, officers, and managers. The participants perceive a promotion occurs if a clerical employee becomes an officer, or if an officer becomes a manager. Such promotions mean that the individual has demonstrated the capacity to assume additional responsibilities. Moreover, the employees should have the opportunity to perform these additional responsibilities (perhaps through training and development or coaching) and should be confident they can do the new job. A promotion depends on an employee's performance and not on seniority. Naturally, promotions can only occur if there is a need or a position vacancy. It is also accepted that an employee may wish to remain in a particular position for an indefinite period of time and not wish to be promoted. However, a few participants saw promotions as rewards for good performance. This is probably

because they consider a promotion as an indicator that the bank recognizes their good performance and trusts them to assume additional responsibilities. In relation to the long-term succession plan of the branch, the branch hires employees at the clerical level and intends to develop them. However, recruiting at this level is quite challenging. It is difficult to find the right employees because the employment market is currently more an employee's market than an employer's market.

8.5.2.6 Profit-sharing Plans

Employees at the Singapore branch were not included in the *Oktogonen* plan until some time in 2009. Even then, it took time for the plan to be effected because of local tax and legal issues. It was not until some time in 2012 (SHB Annual Report, 2012) that the plan was operationalized for the branch. Therefore, most participants could not comment extensively on the plan. However, they knew about this plan in general and thought it was a good idea. The participants see the *Oktogonen* as a reward for loyalty to the bank. Two participants are Swedes who have been in the plan since the start of their employment with SHB in Sweden. These participants had similar opinions of the *Oktogonen* as their colleagues in Great Britain. In 2011, when interviews were conducted at this branch, the employees were not included in the convertible bond plan either.

Nevertheless, according to the Head of Human Resource, 30 percent of the branch's employees have worked at the bank for an average of 15 years. Three participants have been at the bank for more than 20 years. The year-end salary adjustment is the only individual performance-based incentive at the branch. Salaries are competitive with prevailing market rates. However, there is an additional payment for the employees at year-end called the Annual Wage Supplement (AWS). The AWS is an additional payment of three months' salary to every employee. It is paid in December. Effectively in the month of December, an employee receives four months of salary. The AWS is not based on performance. Rather, it is a contractual payment (i.e., a guaranteed payment) and is not an unexpected payment. The AWS is used to compete with similar organizations and to make the overall compensation offered by the bank attractive to potential employees. However, it is not an incentive for better performance.

8.5.2.7 The Capital Markets Segment

The Capital Markets segment is one of four business areas at the Singapore branch. This segment deals with investment banking, asset management, pensions, and insurance. Generally, these activities involve equities, currencies, commodities, fixed income instruments, structured products, discretionary wealth management, traditional and exchange-traded funds, corporate finance, and the debt capital markets. These activities differ from the branch's banking activities although the Capital Markets segment is also involved with marketing and sales. A Treasurer, who has been employed at the bank for eight years, heads the Capital Markets segment. The other four employees have worked for the bank for 23, 15, 14 and 4 years, respectively. The customers are mostly other financial institutions (interbank transactions) and some corporate clients. The participants said there have been changes in their segment in the last few years following the 2008 financial crisis. There have been several restructurings in this segment resulting in a reduction in activities and the imposition of limits. The number of staff has been

reduced (from 12 a few years ago) to five. In the past, a broader array of services and products were offered, involving foreign exchange, options, spots, forwards, swaps, lending, borrowing, deposits, loans, and currency swaps, among others. However, several of these products and offerings are no longer available.

The Capital Markets segment has a different compensation scheme. The Capital Markets segment is the only area of the bank in which variable compensation is paid. The employees may earn a bonus in addition to their salary. Bonuses do not depend only on job performance. Other factors are taken into consideration, which makes the evaluation process somewhat subjective. The General Manager explained:

In that respect, we are also different. The thing regarding bonuses is that the Head, for example Interest Rate Trading or Foreign Exchange Trading that I was in for a while, receives a sum [of money]. This is [the amount] the bank can afford to pay in bonuses. So I have this lump sum and then I look at the number of employees we have. I know all of these employees. I know them. I know their performance. It's not [the case of] "OK, he has done 50 million, so here you go." There are numerous measures. So it's not only performance as such. All these other issues that we discussed earlier¹¹ are taken into consideration before the bonus is [calculated]. If you go to an investment bank, they have strict rules and [it's] "If you give us this much, we give you this much." [Not in] Handelsbanken. [...] There are numerous factors into this. One important reason for paying bonuses is [due to the] market culture because treasury operations, capital markets, stock exchange dealings [are] bonus driven or [at least] have been.

The bonuses are not calculated in a conventional way because they are not linked directly to the achievement of specific goals. Bonuses were part of their compensation until 2010. In 2011, the bonuses ceased because of a requirement from the *Finansinspektionen*, the central supervisory and administrative authority for banking, securities and insurance in Sweden. Like the other employees at the Singapore branch, employees in the Capital Markets segment were not included in the *Oktogonen* (until 2012) or in the convertible bonds plan. Otherwise, employees in the Capital Markets segment have the same rewards as other branch employees.

A few participants commented on the rewards system:

It's team effort. I mean it's the desk effort. [...] you are a trader, you are paid to make money. I guess the Treasury manager will know whether you're doing your work or not. Let's say three persons are at their desks, two persons are doing their work, and one person is not -- you'll know. [...] when you create positions, you take positions you are already working with [...]. [Regardless of] whether [the position] is right or wrong, you are still doing something.

¹¹ Bringing in new customers, fitting in and working with the rest of the team members, caring for the image and reputation of the branch, taking responsibility, long-termism, being open.

It's a very subjective thing. There's nothing that they really measure you up against. There's no benchmark. It's not good. [...] Now it's a very small team, so not so bad. Plus the fact that after this restructuring, there's nothing much left. There's not much activity. So you can't expect that much but if you're a big team and you are perpetually fighting for business, then it's an issue if you don't have your scorecard. So I think it's up to the bosses. They see how you work and how they value you and in other ways how you can add value. [...] If you're good at your job and they want to retain you, they have to give you something. Perhaps they look at your PR skills. Maybe as a sales person you probably need that.

One participant disagreed with the general opinion that performance is evaluated objectively.

Sometimes I feel it's not based on performance. It's based on whether the team likes you or not. Sorry to say that, but I have to be honest with you. It's just that, whether the boss likes you. If he [is] biased towards you this year, you get less.

The Capital Markets segment operates like the other areas of the branch as far as goal setting. There is no conventional use of budgets and targets. Aspirations or goals are set for the upcoming year. Goals are both financial and non-financial. Non-achievement of goals does not necessarily mean that performance is poor. However, when asked how they set goals, the participants responded:

There have been restructurings after restructurings and things have been very blurry and very fuzzy. So it has been very difficult to plan anything. So we were not really requested [to set goals]. I mean we have to give our business plan and all this, but when you talk about goals, there weren't many because things have been very blurry. It's very difficult to plan. We've always been waiting for HQ to give us more info, what they intend to do, what's going to be our fate in a few months time. So it's very difficult to plan, to do anything. It's very hard to answer your question really. For me, if I plan something, I want to achieve it and if it's not achievable I'm not going to give you a black and white of what I want to do. It's just stabbing yourself or shooting yourself in [the foot].

Due to restructuring, I guess we have to look and see first. We can't set goals at this point in time. Our job here has quieted down quite a lot. At the present time we have to see how it goes because ultimately if we were to set a goal at this point of time and once it's not reached, we may get disheartened.

It is not required but every year the treasury manager will see our management to have some sort of a so-called budget at the beginning. With that budget, they will let us know. OK, FX you will meet this, Money Markets will meet this.

I do set targets for myself [...] but it's more a target of trying to put in more effort in generating some more volume in business [...]. Whether it will result as more income that year, we don't know. We'll find out. The way Handelsbanken likes to do business [...] is that we want to run a business based on a long-term relationship. All

this about [...] making a lot of money in three months and then losing everything again in the next three months, even though it comes out as zero, that is actually negative in Handelsbanken's eyes. [...] I do set goals based on some kind of return. [...] Somebody needs to pay for the lights and somebody needs to pay my salary. So of course [there has to be] a return but the return does not have to come within a certain period as long as it comes within one or two years depending on what kind of project it is. We have projects in Handelsbanken that last longer than a year and the income comes later on. And that's acceptable in Handelsbanken.

Thus it seems that the Capital Markets segment is in a period of uncertainty. Two participants regretted the lack of communication from their head office, which likely exacerbates this uncertainty. Moreover, they note the reduction in the work activity and the increase in limitations in the last few years. Not knowing what the future holds for their segment, the participants probably seem somewhat lacking in purpose or direction as far as their work. Hence, they are disinclined to set many goals. Their indifference, lack of enthusiasm, and dejection was apparent in the interviews. The participants also said although they use *The Wheel*, they do not really practice it religiously in terms of the frequency of follow-ups. For example, they do not conduct follow-ups every quarter. A few participants said they wanted more follow-ups. The Treasurer admits that although he does not follow-up formally with his team on a quarterly basis, he does so on an ad hoc basis, especially with employees who require more guidance. He tends to trust his experienced employees more because they know how to do their jobs.

A participant said the Capital Markets segment was not decentralized in the way the bank claims. This participant commented:

I don't see how the bank is very much decentralized. It is very much centralized. It's still top down. It's still top to bottom instructions and we cross the T's. So I don't see how it's decentralized. I mean especially for Treasury, I'm not sure about the rest. We follow orders. Of course, you need centralization to a certain extent, for product development and all this but I don't think they take in any input from Singapore. To me, it's strictly centralized. We just follow orders. We don't even give our input. Even [when] we give our input, it doesn't matter to them.

The Capital Markets segment, or the *Treasury* as the participants describe the segment, often liaises and communicates with their head office¹² about their work. However, a few participants claim the head office does not provide them with enough support. The five employees communicate with each other quite freely. Because they work in the same room, it is easy to hear and observe what everyone is doing. The participants appreciate that their Treasurer has an "open door policy" for communication. They think they can talk to him easily, as needed. A participant praised the Treasurer for his diplomacy in giving praise when due.

¹² For the Capital Markets segment.

The participants in the Capital Markets segment linked financial rewards mostly to good performance. However, they also named recognition, praise, and job retention as indications of appreciated performance. They also see promotions as rewards for good performance. However, a promotion does not depend solely on performing well. It depends on other factors such as experience and the perception of one's capabilities by superiors. In contrast, a participant thought that promotions are rewards for loyalty rather than performance:

Managers don't sit down and talk to you because they're just somebody who works long enough to be made manager. I don't like that. We [should be] made managers because we are good enough for that role. It is very different from loyalty. [...] But the bank doesn't care. They reward you for your loyalty.

Nevertheless, many similarities between the Capital Markets segment and the bank segments exist. These similarities are in the areas of hiring, personal responsibility, long-termism (especially with regard to employment), personal growth and development, and punishment. Neither group emphasized *Our Way*. Many participants described how they work together as a team. Employees do not compete with each other. When business is good, the team celebrates their achievements by going out together.

The Capital Markets participants described the qualities of the ideal employee. Such an employee should be experienced, open, knowledgeable, mature, not too young or too ambitious, quick thinking, analytical, independent, and flexible. The employee should also have good communication skills, job competences, and initiative. The Treasurer described the qualities of a good trader:

Somebody who dares. You have to have the drive to not sit and analyze the whole thing and then not do anything. You have to dare to go up in the boxing ring and get punched down and when you are punched down, you have to recognize that you did not necessarily [do] something wrong but you did something that did not churn your way. Then you cannot be afraid. You still have to go out again [...] we have to be careful not to be stubborn because [being] stubborn can kill you. And not to be [...] dramatic but stubborn people who want to make back money on one of the losses, that can really be painful. And it's happened to a lot of people. You cannot build up experience by listening, you have to go out and be there, feel it. You cannot be a good boxer by standing outside, [you have] to be inside. [...] So you definitely have to take risks.

In conclusion, the Capital Markets segment and the bank segments from both study sites share similarities although they are different in some ways.

With this understanding of how SHB operates in Great Britain and in Singapore, Chapter 9 examines the implications of these findings.

CHAPTER 9: DISCUSSION AND CONCLUSION

This chapter presents the implications of my findings. It also attempts to answer the exploratory research question set out in Chapter 6. Last, I offer a few suggestions for future research.

9.1 Revisiting the Problems of Stewardship Research

I raised some major concerns about stewardship research in Chapter 6. These concerns dealt with the vocabulary used, the model of man, the meaning of interest, and the meaning of the principal. I discuss these issues in order to highlight the insights that have emerged from my analysis. Thereafter, in the next section, I suggest how different aspects related to SHB come together to offer a possible ontology for stewardship.

9.1.1 Vocabulary

As stated in Chapter 6, stewardship research has mostly used terms from agency theory. In this study, in which I explore stewardship at a bank from a site ontology perspective, I found that virtues are part of stewardship actions. This finding increases the vocabulary we can use in the analysis of stewardship.

Stewardship is not about utility and aligned interests. Assuming that organizational members solely act to increase their own utility or to align their interest with the principal portray them to be incapable of acting for other reasons. This is also the result of viewing organizational actors from an individualist ontological perspective. Organizational actors act for reasons other than self-interest. As per Schatzki (1997), actions can be influenced by understandings, rules, teleoaffectivity and material arrangements.

With this preliminary understanding of stewardship, the vocabulary applicable to the study stewardship includes words/expressions such as “shared goals,” “shared understanding,” or “duty.” Organizational actors, who can act out of a sense of duty, kindness, or fairness, simultaneously consider others who may be affected by their actions. Because this study is an initial study of stewardship from a different perspective, I cannot say that a firm list of words/expressions (i.e., the vocabulary of stewardship) has been established. More exploration of the vocabulary of stewardship is needed. However, it is clear that stewardship researchers can look for terms/words other than those used in agency theory. Exclusive use of the vocabulary of agency theory stunts the development of stewardship research.

9.1.2 The Model of Man

The model of man conceptualized in previous stewardship research assigns certain characteristics to man. The explanation is that stewardship theory arose as the antithesis to agency theory. To say that man is fixed with certain characteristics is useful for building mathematical models of human behavior. However, when this is not the intention, and other notions stem from this fixation, this concept of man can be misleading. Although this conceptualization is theoretical, it can have dangerous implications for practice.

The analysis based in the initial research question posed in this study (see Chapters 2 and 5) reveals that man, in fact, does possess the fixed characteristics assumed in previous stewardship research. However, man also possesses other characteristics than those identified in previous stewardship research. This shows that man is malleable, with the free will to act. Perhaps external environment factors such as time, organizational arrangements, and groups of people influence how man acts, but the fact remains that man has the freedom to act. As such, research based on the assumption that man possesses qualities that are fixed is not helpful.

The empirical data of this study shows how an organization envisions its employees. At SHB, a fundamental principle is management trusts that employees want to do and be their best. The bank recognizes that because work is such an important part of human life, it is the employer's obligation to provide meaningful work to employees. Therefore, SHB supports its employees in many ways including offering them development opportunities that give them the necessary competence to perform their jobs. Employees should find their jobs challenging and should want to achieve goals. To that end, SHB creates an environment in which its employees can thrive.

This work philosophy supports Argyris's (1973a) notion that man should be viewed as what she ought to be. Although SHB takes this positive view of human nature, it recognizes that not all their employees may act as expected. The bank acknowledges that some employees may not act as they should. When this happens, depending on the severity of the action, the bank takes the necessary action. Nevertheless, the bank manages its employees in a virtuous way. An example is how the bank treats employees who do not perform well in their jobs. In such cases, the bank does not automatically terminate these employees. Instead, SHB offers the employees a different and more suitable position.

The case study of SHB presents an organization that believes its employees are malleable. Perhaps for this reason, the bank has retained many employees in long-term work relationships.

9.1.3 Interest

The term "interest" in stewardship research is often used to describe an individual's aligned interest with a principal. The word typically refers to some alternate behavior than that described in agency theory. However, researchers have rarely been clear on the meaning of "interest". When researchers attempt to define "interest", they usually refer to material wealth (see Martynov, 2009).

This study shows that organizational actors mean something other than material wealth when they refer to a principal's interest. The word "interest" has a much broader meaning. When the participants in this study explained their reasons for making certain decisions or actions, it was evident that they were not always motivated by personal (wealth) gain. In fact, sometimes they took decisions or actions that resulted in less personal gain. For them, "interest" depends on the context. The participants often acted out of kindness or from a sense of duty, fairness, integrity, forgiveness, faith, gratitude, or self-control. This shows that "interest" has different meanings depending on the actors and the settings.

The participants, when they consider whose interest benefits, take others' interest into account. It is not just a matter of the principal's interest. Taking the interest of others into account is similar to Adam Smith's (2007) concept of sympathy. Smith says sympathy occurs when we are able to imagine someone else's circumstances as if they are our circumstances, without actually being in those circumstances. Being able to see ourselves in someone else's shoes allows us to experience what the other person is experiencing. This enables us to see that the reaction of the other person towards her circumstance as reasonable. Frequently in SHB, the participants strive for a win-win situation where the interests of both the principal and the organizational actor herself are considered. Recognizing the importance and validity of someone's interest does not mean sacrificing the interest of another person (see McCuddy and Pirie, 2007, on self-fullness). At SHB, employees are discouraged from making short-term (profitable) decisions that jeopardize long-term relationships with customers. The employees are given the freedom to prioritize long-term gains over short-term gains.

In sum, "interest" in stewardship research has various meanings that depend on the individual in context. This includes the principal. One implication is the possibility that the interest of more than one principal should be considered.

9.1.4 The Principal

Organizational actors may choose their principals. At SHB, potential employees choose their principal. The bank, as the principal, identifies the people it wishes to hire, but the candidates choose whether to accept offers of employment. The bank's branches choose their customers. In this case, the customers are the principals that the branches choose to serve. Given that choice exists as far as principals, it seems likely that people self-select the principals with whom they form relationships. Thus different people will choose different principals. This is the situation at SHB when people choose to work for the bank, and when the bank chooses to serve customers.

Whether one is a principal or not depends on the context. A bank branch may be a principal for its employees, but the branch is not a principal for its customers. The customers are the principals for the branch. The identity of the principal depends on the relationships between the parties. The entirety of a relationship may produce complexity at many levels. However, perhaps this complexity is simplified when we consider the effect of time. Thus one actor may be the principal only in certain situations and only at certain times.

There are certainly avenues to explore when we study the role of the principal in stewardship research. To date, the conceptual studies do not address the principal to any great extent. Perhaps empirical studies on principals can offer more insights.

9.2 A Reflection on the Ontology of Stewardship at SHB

This section deals with the various practices at SHB that encourage stewardship actions. This discussion relates to the virtues and to Schatzki's (1997) Wittgenstein-inspired view on actions, practices, and material arrangements. This section analyzes how these practices form a possible ontology in which stewardship can thrive.

9.2.1 Performance Evaluation

As described in Chapter 8, employee performance evaluation at SHB is a formal process consisting of several steps. This formal process takes place annually for all employees. One feature is the employee's Action Plan. In the PLUS discussion, the employee's contribution to the branch is considered in connection with the employee's career goals and personal development. Because performance evaluation has a specific format and a specific timeframe, it has the force of a rule (see Schatzki, 1997). As implemented by SHB, this rule is a Manipulation because it creates a having-to-do context. The steps that result from the rule are performed virtuously with a focus on the needs of both the employee and the bank.

The performance evaluation is virtuous because of its underlying teleoaffective structure. SHB's teleoaffective structure is founded on its business culture. SHB's booklet, *Our Way*, which presents its business philosophy, states how employees should be treated. Based on this philosophy, performance evaluation is conducted such that branch managers (who are also coaches and mentors) guide and assist employees in their career plans, goals, and personal development. SHB state that their employees can be trusted to do their assigned tasks and offers them help as needed. In this way, employees gain the confidence to take ownership of their goals and actions. When employees set their goals, they know how their goals contribute to the branch's over-arching goals. When employees know how their actions influence the branch's performance, they develop a sense of ownership that increases their loyalty to the bank. Furthermore, this creates team spirit and an attitude of belonging -- employees say they are all in it together. As such, employees state they are not competitors of other employees. Therefore, they are more willing to help one another. Individual follow-ups with their branch managers assure employees that they are supported in their jobs. As the performance evaluation process is dynamic and personalized with each employee, employees can evaluate their own performance from the feedback (a form of Sanction) they receive during the process. Thus the Salary dialogue is perceived as fair and unsurprising.

9.2.2 Rewards and Punishment

The common understanding is that rewards support desired behavior and punishment discourages undesired behavior. The assumption is that rewards and punishment are used to control behaviors. At SHB, the only short-term financial reward based on individual performance is the annual salary increment. Although the salary increment is rather modest (capped at 3 %), employees say their salaries are crucial aspects of their jobs. In this respect, employees are prudent in order to sustain a reasonable lifestyle. However, they argue that their salaries and their salary increments are not the main motivators of their performance. Several participants said that the capped salary increment may seem unfair to employees who have performed exceptionally well. Branch managers who want to reward their exceptional employees financially are unable to

do so because of this limitation on the increment. They argue the bank has yet to find a way to reward exceptional performance.

SHB has two long-term profit sharing plans: the *Oktogonen* and the convertible bonds program. However, the amount that an employee can receive from these two plans depends on the financial performance of the bank as a whole. In view of this, employees claim their individual efforts alone do not directly influence the bank's long-term outcome. Neither the *Oktogonen* nor the convertible bonds program has much influence on employees' daily work. The plans do not serve a motivational purpose. They state the *Oktogonen*, at most, encourages loyalty to the bank. Most employees see the *Oktogonen* as a true "bonus" in the sense that it is the pot of gold for their many years of service with the bank. As for the convertible bonds, employees expressed little about the program. Possibly the reason is that the program was just introduced when this study was conducted. These long-term rewards are consistent with the bank's culture of encouraging long-term employment. Rules govern both plans (and as noted above, the annual salary increment).

However, SHB's employees seem more interested in the bank's informal rewards. These rewards include compliments, other words of appreciation, and recognition. These rewards are mostly verbal statements by customers, colleagues, or branch managers related to performance in the short term. Typically, these rewards are statements such as "Thank you" or "Well done!" Informal rewards may also be customer thank-you notes or an appreciative mention in the bank's newsletter. Employees said being appreciated motivates them. They know they have made a positive impression at the bank. Superiors try to take an interest in their employees' hobbies and lives. For example, a branch manager gave theater tickets to an employee (a theater fan) as thanks for good work. Other branch managers organize celebratory meals or outings. In many cases, the branch managers pay for all or part of the expenses themselves.

Informal rewards are also given to teams or groups (e.g., specific project groups) at the bank who have worked towards a goal. Employees state that a branch's achievement as a whole is based on comparisons of its financial performance with that of similar branches or on comparisons of its financial performance with its prior performance. These rewards are internal, within the branches. Employees say they are being rewarded when they see they have outperformed similar branches. They agree it is natural to want to outperform your peers. In this case, a friendly competitive environment is created among the branches, benefitting the bank as a whole. This stems from a practical and general understanding of how the bank operates. From this, a Manipulation of action is created when branches are indirectly encouraged to be better than their peer branches.

Similarly, a branch also compares its current financial performance with its performance in prior years. The branches that want to improve year-to-year pride themselves on financial improvements. The branches also argue that self-improvement is a reward. A positive rating by internal auditors for the quality of its documentation is a reward for a branch. These rewards are described as a sense of achievement and creates teamwork, and social responsibility for the whole branch. Over time, the team's cohesiveness, loyalty, and optimism are strengthened. Many employees also said they experience great satisfaction when they know they have done a good

job (e.g., satisfying a customer or completing a task successfully) even when no one thanks them or expresses appreciation. These employees are satisfied to do their duty.

The participants reported no instances of harsh punishment even in situations when they admit they have made mistakes either from poor judgment or carelessness. In such situations, they claim to have been treated respectfully. However, punishment can take other forms. For example, not receiving a salary increment is a kind of punishment. The most severe form of informal punishment described was a verbal reprimand. However, usually employees are guided, coached, or directed to correct their mistakes. Humor is even used to point out mistakes. When mistakes are made, employees say they are forgiven and given a second chance. If an employee consistently makes the same mistake or does not perform up to expectations, her immediate superior assesses the situation to see if the employee lacks some skill. In other words, the employee's competence for the job is questioned. If there is a lack, branch managers coach them to learn and improve so that the employee can do her job. This is closely linked to the bank's culture of supporting their employees' development so they can perform their jobs.

When an employee shows a severe lack of skills for a particular job, branch managers state the bank rarely dismisses the employee. Instead, the employee will be asked to try a different position at the bank that might be more suitable. In this way, SHB demonstrates compassion and kindness towards their employees. Again, this stems from the bank's culture of concern for the well-being of its employees. However, employees know that if they commit severe infringements of rules (e.g., violations of banking regulations or ethical standards) they will lose their jobs. This comes from their practical and general understanding of how the banking industry works. These informal rewards and punishment are not governed by rules. Rather they appear to arise out of teleoaffectivity and understanding.

The performance evaluation and rewards/punishment both make up the Sanction component of an action. Rewards and punishment per se are the response to employees' action. I found some Sanctions were Manipulations, particularly in relationship to punishment. When employees have acted unacceptably, they are often asked questions or told to reconsider their action. For example, a branch manager may say to her employee: "Would you like to think again?" or "Perhaps you would like to reconsider." Such questions and comments send two implicit messages to the employee — (1) that her action is not acceptable or she has done something wrong and (2) that she is responsible and has to re-do what she has done. In essence, the employees must correct her mistake. The question or comment posed to the employee is a Sanction on the action performed, and a Manipulation because it requires the employee to take another action which begins a new narrative of action. Hence, a Sanction can function as a Manipulation since it creates a having-to-do. Thus the narrative of action is cyclical although it does not necessarily mean that the same action will be performed.

A Sanction as Manipulation, such as the above example, characterizes punishment with kindness and provides an opportunity for the employee to correct her mistake. A Sanction of this sort sustains the employee's self-regulation in that the employee learns what not-to-do while figuring out what is acceptable to do. This type of Sanction can also be explained with rewards. When participants receive compliments, other words of appreciation, and recognition, it signifies that they have acted appropriately. Hence they should continue to act similarly in the future although rewards do not explicitly force them to do so. As studies in psychology show, rewards function as a positive reinforcement for behavior or action. However, rewards alone do not guarantee action and they certainly do not ensure that one acts virtuously.

It can be concluded SHB has several ways to reward employees and to soften punishment (in normal circumstances). This is consistent with Wallander's (2003) view that the workplace should reward employees more for correct behavior and punish less for incorrect behavior. SHB's practice of rewards and punishments can be considered teleoaffective in nature. The different ways of rewarding and punishing are intended to achieve the same end (i.e., behavior control). Furthermore, the means are virtuous.

9.2.3 Recruitment and Personal Development

SHB in Great Britain and SHB in Singapore recruit new employees differently. In Great Britain, employees are mainly recruited through recommendations while in Singapore employees are recruited using job advertisements or headhunters. In spite of this difference, both sites have many similarities relating to finding, interviewing, and hiring employees.

At both sites, internal recruitment is always the first avenue used to fill an open position. This follows from SHB's practice of hiring people they know. Recruiting internally also lets employees know there are open positions at the bank. This ties closely to the bank's emphasis on personal development for employees. If no one currently employed at the bank is moved to the open position, the bank looks outside. The recruitment process involves getting to know the potential recruit personally via formal interviews or informal meetings. The aim is to assess the job candidate's personal values and aspirations and whether she is a good fit with the bank culture. This is important at the bank because branch managers always try, though not always successfully, to hire the right person. Since hiring the right person is crucial to the success of the bank, the recruitment process takes time. Branch managers state this is not done hastily. Moreover, more than one person will assess the potential recruit. It is also not necessary that the bank recruits only experienced bankers as branch managers are willing to develop them. This is currently more applicable to SHB in Singapore than to SHB in Great Britain.

Interviewers ask job candidates questions and also describe the bank's culture and operations. The bank prefers to be honest and upfront with potential recruits so that they have a clear idea of the bank's values and goals. Candidates are also encouraged to talk to people they know who currently work at the bank so that the right person is hired. The bank markets its jobs as life-long positions. At the end of this hiring process, the interviewer asks the following question: "Do you think this is a place for you?" Usually salary and other compensation arrangements are not discussed at this point. These are issues for discussion after the candidate has been offered and accepted a position at the bank (this is more true at the UK bank). Employees state that they

choose to take a position (or reject it). They further claim that the bank does not exert any pressure on them. Candidates are encouraged to consider the offer very carefully before they make a decision. The person who accepts employment at the bank must be comfortable with the bank's values, culture, and practices. If the new employee is hired as a new branch manager, she must assume ownership as far as establishing the new branch. However, despite these careful hiring procedures, some employees have left SHB after a brief period of employment. Not everyone is comfortable with working at SHB.

Personal development of employees is a serious issue for SHB. In fact, personal development is a compulsory topic at the annual discussion between an employee and her superior during *The Wheel* process. In this discussion, an employee is expected to state if she requires development to help her perform her job. The bank views an employee's personal development as linked to her competence for her job. Without competence, she will probably lack the confidence to do her job. By stressing on-going personal development, the bank cultivates the love of learning in their employees in the expectation that they will become more well-rounded persons. Personal development complements the employees' practical and general understanding of banking that they have acquired in the years at their previous jobs. The participants frequently expressed their gratitude and appreciation to the bank for the opportunities for development. They are supported in performing their jobs. By supporting their employees through development and competence building, the bank is using teleoaffectivity to help employees do their jobs well.

9.2.4 Personal Responsibility and Autonomy

Personal responsibility and autonomy are linked at SHB. Employees argue they have the autonomy to do their jobs generally as they see fit. Branch managers can decide, among many things, whom to recruit for their team, where to establish their offices, which furniture to buy, and how operations are to be conducted. Employees, in general, can decide which customers to accept, whom to loan money to, and how to perform their daily tasks. Employees state that the amount of autonomy given to them means that they must take personal responsibility for their actions and decisions. Employees are encouraged and allowed to use their judgment in making these decisions. They are also encouraged to use common sense.

Taking responsibility for decisions and actions means owning them, regardless of whether these decisions and actions are right or wrong. Employees must be able to justify their decisions and actions. Doing things for the right reason is important. Employees claim they should think prudently before they act. However, exercising prudence does not mean taking advantage of someone else. In addition to practicing prudence, employees exhibit kindness, fairness, teamwork, social intelligence, and integrity. Responsibility at the bank includes responsibility towards colleagues, customers, and society at large. Employees say they are often reminded, however, that they should not take a decision if they have doubts about a situation - "If you are not sure, don't do it."

The participants appreciate the personal responsibility and autonomy that derives from the bank's trust in them. SHB trusts its employees because of the care taken in hiring new employees. This is why employees attribute much of the bank's success to its lengthy recruitment process. It is vital that the bank gets to know an employee before she is employed.

Personal responsibility and autonomy are very much part of the bank's teleoaffective structure. When employees see this trust as they perform their everyday tasks, they are more willing to act. They do not wait to be told what to do; instead they act independently.

9.2.5 Leadership and Culture

Leadership at SHB is found at many levels. The CEO or top management positions are one leadership level. The branch manager is also a leader for her branch or team. Employees can also take leadership roles. A leader must be capable of guiding, directing, and influencing others toward a common goal. Irrespective of whether the top management level or the branch level is referred to, employees influence each other towards the achievement of the branch's or bank's goals. This is known as "shared leadership", which is a "dynamic interactive influence process among individuals in groups for which the objective is to lead one another to the achievement of group or organizational goals or both" (Pearce and Conger, 2003, p. 1, in Hernandez, 2012, p. 178). For example, established branches help new branches to set up and begin operations. Branches recommend customers to other branches (in part, because the branches may only serve customers within their patches). Although there is competition among the branches, they still support each other.

The excellence of top management of the bank is vital to the success of SHB. The bank's former CEOs and top managers are revered for their contributions to the bank. Employees at SHB say they still admire these people. With reference to the current CEO of the bank, employees speak about him with much awe. A participant even described the current CEO (in the UK) as a "sort of Messiah" of banking. The CEO visits the branches and meets the employees. The CEO and top management set the tone for the entire bank by exemplifying how practices at the bank should be conducted. In other words, they are known to walk their talk. The employees claim to have some of the same rewards that the CEO and top managers have. Other than salary, the CEO does not have more perks than the employees. Thus employees conclude the CEO and top managers are on the same team that they are. The way the CEO and top management act shows that teleoaffectivity is used to support employees as well as to gain support from them.

Branch managers, on the other hand, are described by employees as mentors and coaches. They are said to set behavioral examples and act as ambassadors for the bank's culture. When employees observe their branch managers, they see what it is like to be a branch manager. This is useful for employees who aspire to become branch managers in the future. When branch managers exemplify positive and inspiring practices, employees want to imitate them. However, not all branch managers provide such inspiration. For example, some branch managers have been unable to improve branch performance after a period of time. Eventually they had to give up their positions and take different roles at the bank where they could be more effective. Essentially, branch managers also use teleoaffectivity to inspire their employees.

One leadership function is to encourage support of the SHB culture, which is detailed in the bank's statement of philosophy described in *Our Way*. This booklet, which is often discussed, gives employees a comprehensive understanding of the bank. Another way leaders support the SHB culture is to demonstrate approved behavior. Employees observe this behavior. This manner of learning is more experiential (Kolb, 1983) because employees learn through experience. Employees imitate what they have seen provided it makes sense to them. This is how SHB sustains its culture. If the majority of employees at the bank act in a certain way, that behavior is sustained. This aligns with Schatzki's (1997) claim that in order for a practice to be sustained, the relevant actions have to be executed and observed repeatedly. In sum, employees at the bank sustain its culture from understanding, teleoaffectivity, and experiencing.

9.2.6 Communication

At SHB, communication is discussed as an indispensable and fundamental aspect of its operations. In fact, in all the aforementioned practices, communication is the facilitator that enables them to be enacted. Communication refers to how people disseminate information. At the bank, material arrangements (Schatzki, 1996, 1997) play a part in influencing communication.

One example of communication concerns the layout of the branch offices. With an open office plan, the branch managers sit with the employees in an open space. This arrangement influences how everyone at the branch communicates with each other. People are mindful of what they do and say because their conversations are easily overheard and their actions are easily observed. At some branches, a white board (an artefact) is used to record the daily or weekly activities of each manager. With such a public display (e.g., appointments, loan applications), information is communicated openly. This display is also an indirect source of comparison of employee performance. Under-performers may feel the need to improve since the result of their work is shown publicly.

These examples show that material arrangements have an effect on actions. They present some elements of teleoaffectivity as well. The teleoaffectivity feature is seen from how material arrangements affect employees' feelings and thinking. Consequently, it propels them to act. Material arrangement is not limited to one branch. To cast the net wider, relationships between branches are indications of how they communicate and interact. This can also be extended to the relationship between the branches and the Head Office, to the bank and banking authorities, to the branches globally, and to SHB and other banks.

Other ways of communicating at the bank include observation of how others act. By observing, one can learn how to say or do something in a more direct manner. Receiving feedback is also another form of communication. Feedback is usually given as a form of Sanction whereby action is either approved or disapproved. Such feedback can be written or verbal. Compliments are also feedback. The participants explain that there is a lot of conversation at the bank, much of it in face-to-face interactions. Employees describe these conversations as respectful and polite. Because harsh, humiliating, or degrading conversation is avoided, employees admit they can be open and honest. Overall, communication at the bank seems influenced by both teleoaffectivity and material arrangements.

9.3 Conclusion

This study examines the state of current stewardship research. Using a bank as a case study, I explore stewardship from a different ontological perspective. My findings suggest that the methodology used to study stewardship is crucial. Furthermore, the study offers new insights about the vocabulary, the model of man, the meaning of interest, and the principal.

To this end, I offer the definition of stewardship as *the practice of virtuous actions for the interest of selected others in a long-term context*. This definition incorporates my finding that stewardship involves actions that are virtuous. These actions are enacted towards “others” who are selected as principals by the doer. I use the plural term “others” to indicate that there could be more than one principal. Consequently, the meaning of interest here depends on who the principal is in the context. Stewardship requires a repertoire of legitimate arguments for actions within a certain context. This context is bound by understandings, rules and teleoaffectivity. In addition, judgment, reason, and common sense also play a role.

9.4 Contributions

Few studies build on the construct of stewardship. The ontology of stewardship has not been explicitly questioned, although its epistemology has been suggested in different ways. In these studies, the discussion on stewardship is presented at a theoretical and conceptual level. There are few empirical studies of stewardship from the field. In addition, stewardship studies have been conducted from an individualist ontological perspective.

This study contributes to the development of stewardship theory by questioning the ontology of stewardship using a case study from the field. Using Schatzki’s (2003) concept of site ontology, I explore the practices at the bank Svenska Handelsbanken. Using narratives from the interviews with employees, I examine stewardship actions. My conclusion is that these actions are virtuous. Virtues are evident as well in the catalyzing and sanctioning of actions. This suggests that virtues are significant elements of stewardship. Virtues have not been discussed in stewardship research previously. Thus, this finding opens a new perspective for the study of stewardship.

A site ontological review of SHB allowed me to use its banking practices as the site for exploration. With actions embedded in practice (Schatzki, 2006), it was apparent that virtues are pervasive in the bank’s practices. Stewardship is developed and sustained through understandings (practical and general), rules, and mostly a teleoaffective structure. These elements permeate the bank’s culture and its various practices (i.e., communication, performance evaluation, rewards and punishment, leadership, personal responsibility, recruitment, and personal development).

In terms of theoretical contributions, this study offers a different ontology of stewardship as well as a different view of stewardship (see the stewardship discussion in Chapter 6). The study looks at stewardship research vocabulary, model of man, interest, and the principal. Stewardship researchers may wish to explore other vocabulary as they examine virtues in stewardship. This study also demonstrates that man is not static as assumed in previous stewardship research. The

finding in my initial research question points to man as a malleable person who can be inspired to act in an ideal manner.

When stewardship researchers discuss “interest”, they may wish to acknowledge that “interest” has different meanings. This study shows that “interest” has other meanings than only material gain or wealth.

The study also shows that there may be more than one principal in stewardship context. This context is much more complex and can involve a web of several principals. In relation to this, organizational actors choose their principals. This is rarely discussed in stewardship research.

The study offers practitioners a view of how stewardship may work at their organizations. However, because this study is a case study of a particular entity in a particular industry, specific findings may not be generalized to all types of organizations and industries. The study of stewardship at other organizations requires specific examination of their settings and cultures. Moreover, this study suggests that leadership and organizational culture are crucial elements for effective stewardship. Leading by example (i.e., walk the talk) is important to sustain stewardship actions. In SHB’s case, its leaders have been consistent in their practices across departments, employees, branches, and cultural environments. An understanding of stewardship is necessary if top managers want to be effective principals. They can then influence other organizational actors to take stewardship actions.

Finally, this study offers a definition for stewardship. Stewardship is the practice of virtuous actions for the interest of selected others in a long-term context. This definition should be considered preliminary because studies on stewardship are still rare. With more studies, this definition may change.

9.5 Future Research

The study of stewardship requires a good understanding of its complexity. Because the stewardship construct is not well defined, stewardship studies have not produced a coherent, generalizable framework. As such, stewardship research has been slow. Perhaps one way of enriching the study of stewardship is through inter-disciplinary studies. In this study, the framework of virtues from Positive Psychology facilitated the understanding of stewardship.

Studies on stewardship to date have taken an individualist ontological view. As such, the focus is on the individual who can and will act as a steward only when she is influenced by individualist factors. This study offers a different ontological view for the study of stewardship. It showcases stewardship from a site ontological view, thus bridging the societist and individualist ontological views. However, this is only an initial study. Researchers may want to consider using this ontological view in future studies about stewardship in different contexts. Although studying stewardship in different contexts may elicit different ontologies for stewardship, it could lead to a more generalized framework. Furthermore, this could lead to a more comprehensive and coherent framework that would replace the current mix of different frameworks (see Contrafatto, 2014). A general framework that can offer a more effective epistemology of stewardship is needed.

Future stewardship studies may also benefit from the progress in stewardship research. There are few empirical studies that explore or develop stewardship theory per se. Field studies may complement the theoretical literature by showing that stewardship practices cannot be identified using conceptual studies alone. This will enrich the construct of stewardship and also highlight practices that can be useful for practitioners. Constructs and theories are not necessarily formed from conceptual studies alone. They can be formed from evidence from the field as well. In relation to this, researchers may consider studying organizations that are different from the norm. Organizations that thrive on practices that are untraditional may offer insights that are unique to stewardship.

There are a few limitations to this study. Although interviews are a good way to study a phenomenon, some interviewees are not inclined to make negative comments, especially when the questions deal with their work environments and their employers. Future researchers may want to supplement interviews with other anonymous methods of inquiry in which participants can be more forthright. Another limitation is that some of the branches in Great Britain volunteered for the interviews, suggesting that there may be a self-selection bias. In future studies, researchers should try other methods of selection that reduce self-selection bias.

In conclusion, the development of stewardship is still in its infancy. Stewardship researchers have much more to explore.

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APPENDIX

Interview Guide

Questions for a Manager:

Tell me about your career so far.

How did you get started in the banking industry?

How long have you worked in SHB?

What do you do?

How is SHB different from other organizations you have worked for?

What do you enjoy about your work? What do you least enjoy about your work?

Do you have specific goals? How do you set them?

How is your performance evaluated? What is considered good or poor performance?

How are you rewarded for good performance? How are you punished for poor performance?

Can you describe your relationship with your superior/manager?

Can you describe your relationship with your co-workers?

How do you feel about the *Oktogonen*?

Additional Questions for a Branch Manager/Management:

How do you evaluate a subordinate's performance?

What criteria are used to evaluate performance?

What is good or poor performance?

How is good performance rewarded? How is poor performance dealt with?

How do you recruit?

What type of person would fit into this organization?

How do you deal with ineffective employees?

