Perspectives on Corporate, Social, and Employee Purpose among Investment Bankers: A Qualitative Research Study

Short Title: Purpose among Investment Bankers: A Qualitative Research Study

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ABSTRACT

There are increasing calls to re-establish the role and responsibility of banks towards society to repair trust and enhance financial stability. Through in-depth interviews with senior investment bankers, this study asks what bankers themselves think about the corporate (i.e. the industry's core business), social (i.e. its moral responsibilities to wider society), and employee (i.e. bankers' own feelings of purposefulness) purposes of the investment banking industry. Existing research tells us that there are significant reciprocal benefits to organisations, employees, and society at large when the three are aligned. The study's findings suggest that while there have been important shifts in corporate and social purposes over time, bankers remain sceptical about their banks' underlying

motives and this has resulted in multiple disconnects. Perhaps surprising, the study finds that meaningful work that is also socially focused is something that investment bankers are seeking in some way. These insights should prompt banks to ensure that social purposes reflect and align with their corporate purposes; to move beyond rhetoric and virtue-signalling to action; and to help employees identify their contribution to it all.

INTRODUCTION

The actions of investment banks have widespread ramifications on society, as demonstrated by the ongoing effects of the Global Financial Crisis 2007-2008 (“GFC” or “the Crisis”) (Jacobs and Mazzucato, 2016; Stiglitz, 2010). The final report from the US government’s Financial Crisis Inquiry Commission (FCIC) concluded that the risky practices of large investment banks were a key cause of the Crisis (FCIC, 2011). Subsequently, central banks and regulators globally sought to implement a raft of regulatory reforms to strengthen and de-risk the financial system. In 2018, it was asserted that the global financial system had been made “safer, simpler and fairer”, although problems remained and governments should not be complacent (Carney, 2018: 2). While many agree that regulation is necessary to ensure a stable and resilient financial system (e.g. Goodhart, Hartman, Llewellyn, Rojas-Suarez & Weisbrod, 2013; Krugman, 2012), there is growing recognition among regulators and academics alike that it is insufficient in itself (FCA, 2018; Khan, 2018), vulnerable as it is to the problems of asymmetric information and regulatory capture (Admati & Hellwig, 2014), and regulatory arbitrage or “gaming the rules” (Nouy, 2017).

More recently, those in charge of regulating banks and setting standards, such as the Financial Conduct Authority (FCA) and Banking Standards Board (BSB) in the UK, the Federal

Reserve Bank in the US and the G30 Working Group representing several countries, have been waking up to the significance of corporate culture and re-establishing clear corporate purposes to restore public trust in the system and further enhance financial stability (BSB, 2019; Dudley, 2014; FCA, 2018, 2020; G30 Working Group, 2015). Such efforts also look to explore banking's potential for contribution to the "greater good" and for banks to ask "is this right?" rather than "is this within the rules[?]" (FCA, 2020: 4). This is couched within the wider call and, many say, growing societal expectation for a more inclusive form of capitalism beyond the singular pursuit of profit maximisation for shareholders, seeing the role of corporations as creating *social* value as well as *long-term financial* value (Edmans, 2020; Mayer, 2018a). In the immediate aftermath of the Crisis, this was recognised by bank leaders themselves. In a letter published in the Financial Times in 2010, leaders of 17 financial institutions, including eight global banks, observed that law and profit "cannot create or sustain the imperatives that motivate financial institutions and those that work in them. That can only come from the culture of organisations, and what they see themselves as existing to do, and how they ensure this culture is promoted and strengthened. In all this, it is essential to restate and affirm the social purpose of financial institutions as well as affirming the personal vocation of those who work in the industry" (Agius, 2010: p.14). As such, it is also important to consider the motivations of those who work in banks and what they see themselves as working for, i.e. the experience of purpose and meaning making from work as a banker.

Through a review of existing literature and in-depth interviews, this study seeks to understand the current state of purpose in investment banking from the perspective of six senior banking "insiders". Three types of purpose are investigated: corporate purpose, i.e. the industry's core business; social purpose, i.e. its moral responsibilities to wider society; and employee

purpose, i.e. bankers' own feelings of purposefulness. In doing so, the study seeks to explore whether there is indeed potential for investment banks and bankers to make a positive and meaningful contribution to society.

BACKGROUND

Why Purpose?

Purpose is a powerful concept. At its most basic, it is a fundamental and universal question of existence and motivation (Frankl, 1984) that extends to diverse life domains such as work, faith, civic duty and family. It can be applied to an individual and a body (e.g. organisation, industry). Research shows that purpose is key to human flourishing (Seligman, 2012), contributes to resilience (Masten & Reed, 2002), is associated with higher levels of self-esteem (Bigler, Neimeyer & Brown, 2001) and even plays a part in promoting physical health (Ryff & Singer, 1998) and longevity (Krause, 2009). Whilst work is only one mode through which individuals experience purpose, it is generally the largest use of adults' waking time and therefore one of the primary modes through which people pursue life goals and aspirations (Bronk, 2014). Evidence further shows that organisations themselves benefit from having employees who are engaged, motivated and find their work meaningful (Dik, Byrne & Steger, 2013; Lysova, Allan, Dik, Duffy & Steger, 2019).

Although much of this research refers to human wellbeing, the idea has been transferred to corporations with the assertion that, with a greater sense of purpose, they would also grow and flourish. Indeed, there is a growing body of empirical evidence which finds that more purposeful companies and specifically those whose primary goal is to serve society (i.e. are purpose-driven) rather than generate profits (i.e. are profit-driven) tend to be more profitable in the long-run

(Blackrock, 2020; Malnight, Buche & Dhanaraj, 2019; Quinn & Thakor, 2019). Edmans (2020) found this to be true across multiple timelines. Crucially, “purpose” is not the same as “corporate social responsibility”, which has largely been viewed as an add-on for organisations, primarily consisting of altruistic activities that hurt profit. In contrast, the question of purpose is a *basic* question of corporate existence and fundamental to business strategy (Edmans, 2020). A study by consultancy Ernst & Young found that companies that have a clearly articulated and understood purpose have more engaged employees and loyal customers, and are more innovative, productive and resilient (EY, 2015).

For Colin Mayer, ex-Dean of Oxford Saïd Business School and academic lead to the British Academy’s Purpose of the Corporation programme, there are two parts to pursuing purpose: 1. Profiting from solving the problems of people and planet, and 2. Not profiting from creating problems (British Academy, 2019). Thus, proponents of purposeful corporations would say that pursuing purpose does not negate the need for a business to be profitable but rather that there is a clear business case for corporate and social purposes to align, giving rise as it does to reciprocal benefits companies and society (Edmans, 2020; Roche & Jakub, 2017).

Corporate and Social Purpose: A Growing Call-to-action

To ask what the purpose of a corporation is, is to ask *why* it was created, continues to exist and what it aspires to be (Mayer, 2018b). One could also ask *for whom* it exists (Edmans, 2020). Although corporate and social purpose are two terms that are often conflated, it would be prudent to make a distinction given they are often not aligned. In this study, corporate purpose is defined as the core purposes of the investment banking industry, whilst social purpose is the industry’s

moral responsibilities to society or else “the purpose that society might wish of the corporation” (Mayer, 2018b: p.2).

Currently, it is not universally accepted that corporations should serve a social purpose (Hsieh, Meyer, Rodin & van ‘t Klooster, 2018) and there is no legal obligation placed on them to do so (Yosifon, 2012). Indeed, there is plenty of criticism and scepticism at the underlying motives behind corporations’ so-called displays of corporate social consciousness (Banerjee, 2008), also popularly known as ‘purpose-washing’ (Mackenzie, 2019). Whilst social purpose can and does sometimes form part of the firm’s corporate purpose, for the last 50 years or so, capitalism has largely followed Milton Friedman’s doctrine of profit maximisation and shareholder primacy where “there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game” (Friedman, 1970). Others raise concerns of legitimacy (see Scherer & Palazzo, 2011) and accountability (Bebchuk & Tallarita, 2020).

Regardless, it is no longer a theoretical or hypothetical debate. In recent years, pressure from industry outsiders and insiders has been building for corporations, including financial institutions, to take account of the social and environmental impact of their actions (see British Academy, 2019; Zappulla, 2019). Larry Fink, founder and CEO of BlackRock, the world’s largest asset manager, made headlines by making “a sense of purpose” the theme of his 2018 letter to CEOs, followed with “purpose and profit” in 2019 and a call-to-action in 2020 for finance specifically to confront the risks from climate change (Fink, 2018, 2019, 2020). In August 2019, Business Roundtable, an association of CEOs from 181 of the leading US companies, including some of the world’s largest banks, released a public statement pledging that their firms’ purpose was no longer to serve their owners alone but to a broader range of stakeholders (Business

Roundtable, 2019). In 2019, the Financial Times launched a campaign titled “The New Agenda – Capitalism: Time for a Reset” that calls for a more responsible corporate capitalism with companies adopting a wider purpose beyond the bottom line, balancing profit and purpose, and a long-term perspective (Financial Times, 2019). It seems purposeful business has become mainstream.

Purpose in Investment Banking

How does purpose apply to investment banking? Given the scale and interconnectedness of the banking sector to nearly all parts of the economic system, many would contend that a well-functioning, safe and resilient banking system is critical to a flourishing society (e.g. Goodhart et al., 2013; Stiglitz, 2010). Investment banks, a sub-set of the banking sector, help companies (corporations, institutional investors, governments and high net worth individuals) raise finance from investors, buy and sell businesses, manage financial risks, and create and facilitate the trading of other financial products (Chang, 2014). According to the Bank of England, they play a key role in contributing to the efficient functioning of financial markets, facilitating economic growth and are systemically important (Balluck, 2015). However, they have also been criticised for their excessive risk-taking, ruthless greed, role in creating and mispricing complex securities and involvement in numerous scandals involving fraud during the GFC (Luyendijk, 2016; Smith, 2012). The reputation of banks and bankers suffered badly and, over a decade on, trust levels remain low (Hurley, Gong & Waqar, 2014).

In an attempt to repair trust and enhance financial stability, there are increasing calls to re-establish the role and responsibility of banks to society – what Bank of England’s Paul Tucker called “redrawing the banking Social Contract” (Tucker, 2009). While some say making money *is*

the business of banks, others would argue that the imperative for them to consider their non-shareholder stakeholders is greater precisely because of their strong public function and economic significance (British Academy, 2019). Carney (2015) agrees, stating that banks have a social license to operate precisely because their corporate and social purposes are so deeply linked. Ten years on from the GFC, there is some evidence that banks are at least acknowledging their social purposes, with increasing attention on so-called environment, social, and governance (ESG) matters (EY & Institute of International Finance (IIF), 2019). By March 2020, six months after its launch, 171 banks had signed up to the UN's Principles of Responsible Banking, each making a commitment to align their businesses with the goals of the Paris Agreement on Climate Change and the Sustainable Development Goals (UN, 2020). Although various reports concede that this drive by banks is primarily due to commercial, reputational and risk management concerns (Bank of England, 2018; CISL, 2020; EY & IIF, 2019), it represents a step change for the industry and is expected to grow (FCA, 2020).

Academic research on the topic of purposeful corporations is at its early stages, with research on purposeful finance even more limited (Mann & Pitt-Watson, 2019). The British Academy's Purpose of the Corporation project (British Academy, 2019) and Professor Alex Edmans' book "Grow the Pie" (Edmans, 2020) impressively attempt to consolidate research and suggest a path forward, but are limited in their specific application and insights into the banking sector. A Bank of England paper (Balluck, 2015) looks at the fundamental purposes of investment banking but does not include any social purposes. Some academics have theorised on what the purposes of banking *could* or *should* be (e.g. Thakor, 2019), but there are very few empirical studies on the topic. Where non-academic interested parties have collected data, their reports lack transparency in research methodology and seek to cover the whole banking sector (e.g. Bank of

England, 2018; EY & IIF, 2019). In the FCA's 2020 paper on the topic of "driving purposeful cultures", there is an essay specifically covering wholesale markets but it is more expert opinion-piece than empirical research. As an emerging field of research from both academics and practitioners, theoretical and empirical evidence will take time to build.

Employee Purpose: Reciprocal Benefits

The benefits of purpose to the individual are well documented. As has already been covered, the experience of purpose consistently contributes to psychological wellbeing and many other positive outcomes, and this is the same for the experience of meaningful work (Ryff & Singer, 1998; Steger, Dik & Duffy, 2012). Meaningful work is defined as work that is personally significant and worthwhile (Pratt & Ashworth, 2003; Lysova et al., 2019), but that also includes a desire to serve the greater good (Steger et al., 2012). In fact, Allan, Duffy & Collisson (2018) found that serving others or contributing to some greater good was the principal driver behind people perceiving their work to be meaningful.

Erikson (1968) posits that generativity (i.e. a desire to help future generations) and leaving a positive legacy are primary concerns for those in midlife, with the pursuit of purpose being an important route to this. However, rates of purpose have been found to decline in midlife (Pinquart, 2002; Ryff & Singer, 2008). Bronk (2014) conjectures that some midlife adults may already have achieved ambitions that previously provided meaning to their lives and question what is next, and yet others may be convinced that certain meaningful goals are no longer realistic to attain. Either way, this is troubling not only because midlife adults who do not discover ways to leave behind a positive legacy are likely to stagnate and experience a sense of disconnect from their communities

and societies (Erikson, 1968), but also because such adults are likely to be at the peak of their professional careers and potential for generative activities that benefit future generations.

Researchers have also found that fostering employee purpose confers multiple benefits to the organisation as well as employees, as employee purpose is associated with increased engagement, job satisfaction, motivation and performance (Dik et al., 2013; Lysova et al., 2019; Rosso, Dekas & Wrzesniewski, 2010). Kristof-Brown, Zimmerman & Johnson (2005) found this especially to be the case when employee purposes are aligned with the organisation's purposes (i.e. the fit).

Research investigating the factors that support the development of and results from the experience of purposeful work has expanded in the last decade. However, more empirical work is needed to investigate the lived experience of purpose in diverse occupational contexts (Bronk, 2014). As with research on organisational purpose in banking, research on employee purpose in banking has also been very limited, perhaps in favour of the idea that bankers work for money not meaning. The UK BSB's annual survey asks bank employees whether they have a shared sense of purpose and values with their organisation. Of the 2,954 investment bankers that responded, 75% stated that they did (BSB, 2019). However, this does not shed any light on what those purposes are - just that there is a fit. As part of a one-off exercise, the 2019 survey also asked whether bankers felt their work made a positive or negative difference to others. Out of the 79,204 of bankers who responded, 23% felt their work made a positive difference to society and 1% felt their work had a negative impact. However, retail bankers accounted for over half of the respondents and investment bankers only represented 4% of the sample. Furthermore, these figures are of little use without understanding what those impacts are, why bankers responded in such a way and whether there is a desire for that to change. Statistics can only tell you so much.

Research Objectives

By conducting interviews with senior bank employees, the study seeks to better understand perceptions of corporate, social, and employee purpose from the point of view of key industry ‘insiders’. Employees are clearly best placed to talk about their own sense of purpose at work, but they are also key in understanding organisational purpose (Quinn & Thakor, 2018), being the ones on the ground enacting those purposes. Furthermore, the study seeks to explore social purpose within the industry to assess whether there is potential for investment bankers and the banking industry more generally to make a meaningful contribution to the greater good. In an under-researched yet evolving area, this study seeks to better understand the current landscape in order to advance the conversation and pave the way for future research.

The research questions are as follows:

1. How are the *corporate* purposes of the investment banking industry understood and perceived by bankers?
2. How are the *social* purposes of the investment banking industry understood and perceived by bankers? What roles, if any, do bankers believe investment banking has within broader society and to serve the needs of society?
3. What role, if any, do bankers believe they have *personally* in bringing about these or other social purposes through their work? How do bankers experience purpose in the work that they do and is there a desire for more purposeful work?

METHODS

Qualitative Research Approach

This study is best suited to a qualitative research design as it seeks to understand individuals' subjective meanings and experiences (Brinkmann, 2013). Given the novelty of the research, the lack of definitional clarity of the purpose construct (Martela & Steger, 2016) and its multiple dimensional and subjective nature (Melton & Schulenberg, 2008), semi-structured interviews were deemed most appropriate. While surveys are the most common tool used to assess the presence or absence of purpose in individuals, interviews have been found to be more effective at gaining in-depth insights (Bronk, 2014). Semi-structured interviews allow participants the flexibility to raise topics they feel are most relevant and allow the interviewer to clarify understanding, probe for more details, and pursue new lines of enquiry.

Sample and Recruitment

Drawing on the primary author's network of contacts from ten years working with and in large global investment banks, participants were carefully recruited by convenience sampling. Whilst there are valid objections of selection and other biases to this type of non-random sampling technique, senior investment bankers are a hard-to-reach population and randomisation was not possible given this limitation. Furthermore, given the purpose of the work was to generate a deep and richly textured understanding of the issues rather than to generalise or claim that the findings would be representative in any way, the small size and purposive nature of the sample was deemed entirely appropriate (Vasileiou, Barnett, Thorpe & Young, 2018).

Amongst the potential pool, bankers were purposively selected based on three characteristics:

1. role in the bank (front-office),

2. level of seniority (minimum Director-level), and
3. number of years working in the industry (minimum ten years).

Front-office (i.e. client-facing) bankers are gatekeepers to the capital markets and key revenue-generators for banks. The second and third criteria reflect depth of experience, commitment to the industry and scope of influence within their fields. For the purposes of the study, “senior” includes Directors (D), Managing Directors (MD) and Heads of Departments (HOD). Finally, considerations were made towards recruiting bankers with diverse demographic characteristics, e.g. gender and race, and from a range of banks, e.g. American, British, European. Although data on age was collected, it was not a primary consideration given its association with seniority.

Potential interviewees were contacted by email to garner initial interest. It was stressed that participation was voluntary. Given the primary author was no longer working with the industry, there was no perceived conflict of interest. Those who expressed interest were sent an information sheet and consent form, which was returned prior to the interview. In total, eight bankers were approached and six agreed to participate. Whilst more participants could have been approached, greater numbers may have hindered the depth of analysis. Although there is no clear agreement amongst researchers on how many interviews is appropriate in qualitative research, Arksey and Knight (1999) suggest you keep increasing the sample until no new viewpoints emerge from the data, i.e. you reach saturation point. Saturation was deemed more likely given the narrowing of the pool based on the three selection criteria, but further research will be needed to assess generalisability of findings.

All participants were assured of their and their organisation’s anonymity. Bankers are thus identified by alpha-numerical indicators only, e.g. B1. Although the topic of organisational or personal purpose is not considered especially controversial, several bankers highlighted the

scrutiny of their compliance departments over external communications. Indeed, one banker declined to participate for this reason. It was not only key to ensure anonymity and confidentiality, but also to reassure bankers of this.

Data Collection

A draft interview schedule was piloted with an ex-banker and subsequently adapted to be simpler, more open and more conversational. Some questions were considered too ‘big’, requiring a helicopter view, so more time was given to building up to certain questions. The interview schedule (see **APPENDIX** for an excerpt) was used as a guide. To strengthen validity (Arksey & Knight, 1999), participants were encouraged to expand on and illustrate their initial responses.

The six main interviews were conducted by the first author via video-calls (Skype or Whatsapp) across a five-week period over April and May 2020. Interviews lasted between 60-90 minutes (78 minutes on average). As consented, each interview was audio-recorded. Given the UK government’s recommendations around social-distancing and reducing non-essential travel in response to the COVID-19 pandemic, face-to-face interviews, which were originally planned, were not possible. Whilst face-to-face is generally perceived to be more effective at obtaining insights into individuals’ subjective experiences and allowing for additional observations (e.g. body language), alternative modes such as video-calling, phone, email and instant-messaging have been growing in usage (Opdenakker, 2006), with video-calling arguably the closest widely available technology to recreate the in-person experience (Krouwel, Jolly & Greenfield, 2019).

Given participants were personally known to the interviewer, great care had to be taken when collecting the data to reduce the risk of social desirability bias, whereby interviewees may be tempted to give answers that show themselves in a more positive light (Grimm, 2010). The

subject matter itself could invite the bias. Several mitigating actions were taken, e.g. use of open questions (Bradburn et al., 1979), neutral questions and long introductions (Nederhof, 1985). Armacost, Hosseini, Morris & Rehbein (1991) found that “other-based” questioning was also helpful in reducing the bias, so interviews were designed to take each participant through a schedule of questions with increasing personal directiveness, starting with seeking their more general views on the corporate and social purposes of the industry as a whole, before moving onto the individual’s own bank and finally, their own role.

Data Analysis

An inductive thematic analysis of the data was conducted following Braun and Clarke’s (2006) six-phase thematic analysis procedure. All interviews were transcribed verbatim (44,100 words in total), reviewed and systematically coded line-by-line. Initial codes were created, weighed and, looking for “repeated patterns of meaning” (p.15), grouped into higher order descriptive themes. Codes and emergent themes were discussed and refined with the second author. Following further literal and interpretive readings of the transcripts, descriptive themes were developed into the main analytical themes presented in the **FINDINGS** section. Participant quotes that would typify the themes were identified. Final themes and quotes were agreed with the second author. This was a highly iterative process which involved moving back and forward between the dataset, coded extracts, codes and themes.

FINDINGS

A summary of participant profiles, collated to preserve anonymity, is contained in **TABLE 1**.

TABLE 1. Participant profiles

Number of organisations	Number of participants	Seniority	Years of experience	Age	Gender
4	6	HOD = 1	13-22 range	34-47 range	M = 3
		MD = 1	(17 average)	(39 average)	F = 3
		D = 4			

Key

HOD = Head of Department

MD = Managing Director

D = Director

M = Male

F = Female

Cumulatively, the six bankers had 99 years of investment banking experience across 15 different investment banks. All were currently London-based. One banker (B5) had recently left the industry of their own accord. This was not known at the time of initial approach, but the decision was taken to include them given the potential for franker or divergent perspectives.

The following findings are structured around the three different types of purpose investigated: corporate purpose (i.e. the industry's core business), social purpose (i.e. its moral responsibilities to wider society) and employee purpose (i.e. bankers' own feelings of purposefulness at work).

Corporate Purpose in Investment Banking: An Evolution Over Time

All the participants reported that the corporate purposes of the banking industry have changed over time, with the key pivot event being the GFC. The original purposes of investment banking were, at its core, facilitating the efficient functioning of financial markets and key economic processes, and serving the needs of its clients. However, the era leading up to the GFC was described as one where banks deviated from these purposes and worked primarily “*to suit their own purposes and needs*” (B4). Excessive risks were taken and bankers were rewarded for doing so. Making money was prioritised over following the rules: “*if you were a superstar and making a lot of money for the bank, people would have probably let it go*” (B2). Bankers were frank in their acknowledgement of “*various fines, corruption, everything else that was going on*” (B5). The current state, however, is very different: “*Banking has gone through an evolution of how to change its spots.*” (B4). Whilst “*not everything is perfect*” (B2), all bankers acknowledged that times had changed. For example, where previously banks turned a blind eye to bad behaviour, now there is “*zero tolerance for anything remotely on that scale*” (B1) and “*you might be out immediately*” (B2).

“*Having seen that and come through the other side, it’s a very, very different world [...] almost like a push back to the way that the original purpose of these institutions was set up (for).*” (B4)

Shareholder Primacy and Client-Focus: A Dual Focus. There was a clear and consistent answer to the question: for *whose* benefit would you say the bank works primarily for? “*It’s all about the shareholder*” (B4), “*your shareholders are your most important stakeholder in the bank*”

(B5), “*we’re there to make money and drive returns*” (B1). Although all the bankers affirmed that shareholder primacy still stands, they all also emphasised the importance of clients: “*if you ask our CEO, all big banks’ CEOs, they would say everything we do is for clients. [They are...] the backbone of the financial industry*” (B2). For B4, it is simultaneously “*all about the shareholder*” and “*it’s all about the client*” (B4). For several of the bankers, taking care of clients is their primary concern even if the bank’s priority is the shareholder. Although this gives rise to “*huge, huge tension between the stakeholders*” (B6) and it was felt that “*at certain times, it’s questionable as to which one takes priority*” (B3), the conflict is manageable. There is “*a line*” (B3,B6) that should not be crossed, although there can be internal pressures to do so. For both bankers, “*doing the right thing*” (B3,B6) is usually for the client.

Interestingly, the client-focus is not necessarily seen as being at odds with shareholder primacy. As three bankers pointed out, the bank has no viable business without clients. In fact, the focus on clients is in place *to* make sustained returns for banks and their shareholders. Although by far the most cynical view expressed, B3 stated:

“Ultimately most banks will say to you obviously the focus always has to be the client and there’s that famous maxima at the moment which is ‘we want to be long-term greedy’. You don’t do that by not doing what’s in the best interest of clients.” (B3)

Growing Recognition of Society. There is growing recognition that the world is changing and that the purpose of companies, including banks, needs to change with it. Of the six bankers, all but B2 agreed that this involves considering, to some degree, the needs of a broader range of stakeholders, including communities and society at large. Despite responding to the question “what

are your opinions on this?” with *“my brother would tell you that I am a total capitalist”*, B1 felt that banks have a *“a duty of care to ensure that benefits trickle down through to society”* and to *“proactively do good”* for society. Although B2 was not opposed to the growing focus on social impact, he struggled to see it as banks’ *responsibility* to do so, seeing it as *“a very nice-to-have”* but going *“beyond”* what is expected. B3 also shared:

“There are people in the bank who are interested in it, equally there are a lot of people who don't give a shit. You know for them, it's a job – they want to make money, they don't want to think too much about this kind of stuff.” (B3)

Regardless of the personal views held, all the bankers shared that their organisations were increasingly focusing on such issues, accepting that *“every business has to play its part”* (B6) and that matters of environmental sustainability in particular are *“becoming hugely more important”* (B6). B4 noted just how times have changed:

“You couldn't have envisaged these questions being asked 15 years ago. They weren't being asked. It was all about the top-line, just making profit.” (B4)

Social Purpose in Investment Banking: Is it Authentic?

Bankers mentioned four distinct channels through which banks have sought to address their social responsibilities in recent years. However, an underlying theme was of scepticism around the motives of banks and doubts as to the genuine willingness of their leaders to move social purposes forward: *“there are some very good words but we haven't really done enough”* (B5). These themes are now discussed in turn.

Growing Prominence of ESG in Client Discussions. Within the banking industry, considerations around ESG topics were “*at the periphery [...] 18-months ago [...but is] now definitely one of those fast-moving topics*” (B5). It is described as “*very very important these days*” (B2) and “*a massive issue for banks*” (B4). Although not quite to the point of being core to the business (“*core is the wrong word*” (B1)). Whilst this is broadly welcomed by the bankers interviewed, questions were asked about its application and implementation. Several bankers expressed doubts about its usage by companies who are “*issuing green bonds that are not green whatsoever*” (B3), seeing the bank as complicit by facilitating such transactions.

“I mean there are some ridiculous examples of ESG [...] they say yes, the proceeds of this bond are going to be utilised for this particular green project, which is going to help us marginally offset some of the environmental damage that we’re currently doing. I mean, what a joke! [...] It’s a bit of a, it’s almost like a sham...” (B3)

Getting its Own House in Order. Bankers also talked about how banks have been taking steps to address the ESG impact of their own business operations. The greatest progress seems to have been made in governance structures, with several bankers citing heavy monitoring by expanding compliance departments, to the point of having “*gone the other extreme now*” (B1). On social issues, four bankers commented on a diversity and inclusion drive in their banks, although these were largely seen as paying lip-service to the topic: “*you are expected to be on a panel about diversity*” (B4). Finally, on environmental issues:

“You will not get any disposable packaging in our entire company.

You cannot find a paper cup anywhere.” (B1)

A Flurry of Philanthropic Activities. Five bankers spoke about the increased focus on philanthropy from the early 2010s. This was both from what the bank does on a corporate basis via charitable donations, as well as its *“active encouragement”* (B6) of teams and individuals to volunteer. Whilst in some banks, involvement is something that is strongly encouraged, for others, the activity seems to have taken on a more formal nature:

“It becomes a scorecard metric, so at the end of the year, how much charitable work have you done? Well, you haven't done enough.

You're not getting paid your bonus.” (B4)

All but one welcomed the greater focus. B4 was conflicted, questioning whether charity work should be an organised, institution-led activity or a personal venture *“done quietly”*. They saw it as *“almost like the bank's charm offensive to pay for its sins from the past”*, with B2 and B6 also conceding that it was, in part, *“to get your bad reputation away”* (B2).

Reconsidering the Client Base. The question of who banks lend to appears to be coming to the forefront, with five bankers raising the topic of their own accord. Banks are considering ceasing funding and support to companies that pollute, fail to take account of their negative externalities, or lack sufficient progress or will to reform or reinvent. Whilst acknowledging that such questions have always been asked, with many banks historically choosing not to support entire industries (e.g. arms, pornography, gaming), bankers representing three of the four banks highlighted this as a key time for revisiting the debate.

“Who we lend to and things like that, that’s all absolutely coming to the forefront now. [...] It’s not done with a big ‘Ta-da! Here’s what we’re doing!’ Maybe in a few years’ time, once you’ve got a clean slate, they’ll say that. But right now, it’s a very sensitive time.” (B5)

“There’s a big debate as to whether or not the companies that you cover today will be the ones that even exist in 20 years’ time” (B4)

Banks are at different stages – B3 said they “*were definitely debating*” rather than making concrete decisions, while B5 was frustrated that other banks had been quicker to act. Decisions around some sectors are clearer than others (e.g. “*we don’t, for example, deal with military equipment style companies. Our CEO thought we didn’t deal with tobacco companies for a while until we told them we did*” (B1). Even within sectors, the considerations are not straightforward. B4 mentioned the debate being had within their bank around which companies will be able to transition, e.g. large oil companies who may be able to diversify into other technologies versus small companies with a single oil field.

Authenticity of Purpose and Motives Matter. Issues of authenticity and credibility came up repeatedly and underscored several of the themes already discussed. Banks’ actions were seen, in part, to be “*a marketing tool*” (B2), with “*things [being] done... usually only if there are benefits from being seen to be done*” (B5). Progress is slow, with banks being described as “*more reactive than proactive*” (B5) and “*pushed*” to act (B4).

“But again, you know, why is it coming now? It’s largely because of pressure groups and reputation than because the bank necessarily thinks it’s the right or wrong thing to do.” (B5)

There was recognition that banks had to build back their reputation following the GFC, but over a decade on, this has translated into an acute awareness and even preoccupation of their external image so as not to “trip [them]selves up in the way that there obviously have been problems in the past” (B6). B3 put it more directly:

“I think inevitably with a lot of these things... ESG, diversity... invariably they end up being a whole load of bullshit. Because it just turns into a corporate box-ticking exercise. To some degree. I mean that’s a very cynical view. There are some good things that come out of it, of course. But I do get the sense at times, that it’s a way effectively for a bank to launder, or any organisation, to launder its reputation. Because you just say we’re adhering to this, this and this ESG initiative, and as a result, you can just turn a blind eye to all these other fucked up things that we’ve been doing.” (B3)

While three bankers posited that the social actions of the bank are good even if their motives are questionable, there was a sense of dissatisfaction to this (i.e. it is better than nothing).

“So, are we doing it for the right reasons? Well, in the end, we’re doing it.” (B5)

Employee Purpose in Investment Banking: Multiple Disconnects

Whilst bankers affirmed that the industry serves important social purposes, they struggled to see this play out in their own work. They did not feel connected to their banks’ social purposes or even conceive how they could meaningfully contribute to society directly through their work. Many of the bankers expressed similar sentiments but it was best encapsulated by B2:

“The purpose part where I feel like the bank is doing good for society overall and it clearly has a purpose in what we are doing in the big scheme of things. I am totally behind that [... but] I don’t have that feeling that I’m personally contributing a lot to society.” (B2)

Moreover, a general lack of purpose at work was something many of the bankers expressed to differing degrees, although it was often hard for them to articulate exactly what they felt was missing or wanted to do about it. When asked directly whether they found purpose in their work:

“I need to think that I’m doing something that is at least moderately useful. Yeah, you do struggle at times with that in banking.” (B3)

“I really struggle with that one. I kind of like what I’m doing. Sometimes I don’t, but then I’m asking myself ‘well, what’s the alternatives?’” (B2)

“Do I find all my purpose in my day job? ...Sometimes. Sometimes I think it’s a shallow world. [...] Could I have chosen things which are more of a calling? Yes. Would I maybe have chosen in hindsight? Yeah, I probably would.” (B4)

B5 left the industry in part due to a lack of purpose and a desire to “giv[e] more of [their] time to bigger projects and wider causes that aren’t necessarily just narrow and self-centred”. Indeed, bankers described the social impact of other types of work as being more obvious and immediately felt, whereas banking “inevitably ends up being a little bit more nebulous” (B3). Several of the bankers pitted being a banker against being a doctor, teacher, charity worker or engineer. In contrast to banking, such occupations are perceived and assumed to be inherently meaningful, serving clear societal purposes and, to borrow religious language, representing a

“calling” (B1,B2,B4). Banking, on the other hand, “*is certainly not my purpose – I don’t feel like I was called to do it.*” (B2).

Bankers indicated several factors that they felt could be contributing to a lack of perceived purpose in their work, which are now discussed in turn.

A Lack of Connection to Society. Whilst there are activities within banks that bankers feel serve broader societal purposes, these occur very infrequently. Bankers drew a distinction between “*genuine corporate activities [that have] real value and real impact*” (B3) versus activities that simply “*help big corporations get wealthier*” (B1). It was articulated by several bankers that they feel far from “*the man on the street*” (B2). Two bankers expressed a desire to experience “*greater tangibility*” (B3,B6) from their work and to literally go out and see the results of their work, which they both felt would make it “*easier to feel like you’re making a difference*” (B6). Interestingly, it was noted that it was “*the bit of the business that is much less glamorous, much smaller numbers*” (B6) that felt more satisfying and enjoyable than working on large, lucrative and high-profile transactions. As B3 put it:

“I mean you might earn a lot of money on it and you’ll do it because you’ll get good revenues out of that deal, but that won’t necessarily be as satisfying as working on a transaction where you believe there’s actual legitimate corporate impact. [...] I’ll do it because I’ll make a lot of money and I can get paid off it, but it’s not necessarily the type of work you wake up feeling really good about.” (B3)

A Lack of Personal Influence or Impact. Even if bankers recognised the organisation had great reach and influence (“when [Bank D] puts its full backing behind something, it can get things going in a big bang kind of way” (B5)), several bankers expressed that they felt they lacked the ability to personally influence or change anything, whether this be within the organisation or with clients. Within the organisation:

“The individuals’ role within a company is kind of more a function, in that a robotic thing that’s done.” (B1)

“You can raise things to people but actually, if they're not of the mindset to really take those comments on board, it doesn't really change anything.” (B5)

With clients:

“Clients in my specific area... they don’t need me, my bank alone. They have a wealth of banks to choose from. Banks are clamouring to give business to them.” (B1)

It’s Not Just About the Money.

“Money is probably the major motivation but equally it’s one of those things which, for me, would be necessary but not sufficient” (B3)

“I work 12-hours-plus per day... why would you spend more than 50% of your awake time doing something and then you say... ‘I just get the money out of it’, then you’re kind of wasting your life” (B2)

Whilst it was expressed by most of the participants that money was an important motivating factor when entering and staying in the banking sector, even *the* motivating factor, many also

expressed other motivating factors. The work is interesting, intellectually stimulating and challenging, and gives a sense of fulfilment through being good at it. All the bankers talked about how much they enjoyed their work: “*I love my job, I love what I do*” (B1), “*I really enjoy it. I mean, it’s a very interesting job!*” (B4). Even B5, who had left the industry, expressed that, had it not been for the negative culture and “*narrow and self-centred*” focus of the institution, “*it would have been an ideal job*”. Despite leaving, they still believe that “*actually... it’s a great job*”.

Paradoxically, whilst money is seen as an enabler, it is also seen as “*a shackle*” (B5). The financial rewards make it very hard to leave banking or consider doing something else. For B5, the well-paid nature of the work meant they left the industry later than they would have and for B4, it makes it difficult to do something different, although they have considered it. Similarly, whilst bankers generally welcomed the industry’s shifts to more societal purposes, recognising that this may improve their own sense of meaning at work, they do not want to do so if it impacts their compensation. As one banker put it:

“I don't think there's anybody in my immediate area that objects to the big focus on ESG, for example. So actually, I just think everybody is embracing it. You know, I think it's... you know, I think we all want to earn more money, you know? This is the sort of perverse nature of this is that we all want to do the right thing but I'm sure we would all say 'yeah, yeah, but don't let it impact my salary'.” (B4)

This is a paradox that does not go unnoticed, although it seems to be a compromise that has been settled on.

DISCUSSION

In this section, we draw out the main findings, discuss the implications and reflect on the study's strengths and limitations.

Corporate Purpose

This study finds that bankers believe there are fundamental purposes to investment banking that go beyond making money. These (e.g. to serve its clients, facilitate key economic processes and financial markets) were the *original* purposes of the sector. However, these were somewhat lost in the period leading up to the GFC. Now, more than a decade on from the GFC and in-line with the findings of the banking-wide joint-study by EY and IIF (2019), there is even growing recognition within the industry of its responsibilities to another non-shareholder stakeholder – society at large. Contrary to common perception, the bankers in this study broadly welcomed this shift and several even wanted banks to go further.

Social Purpose

Bankers highlighted four distinct areas where the industry has been seeking to progress its social purposes. However, such activities are largely seen by bankers as nice-to-have add-ons rather than core to banks' main strategy or operations. Pressures seem to come from external parties (e.g. investor demand, pressure from lobbyists, client demand, regulators, public pressure) rather than from inside the industry. In-line with other recent studies on a broader banking population (e.g. CISL, 2020; EY & IIF, 2019), there was also plenty of evidence of reputation and virtue-signalling. Whilst purpose-washing is a common criticism lobbed at companies from external parties, this study shows that those same concerns are shared internally by employees.

Such findings should prompt banks to reflect on how their social purposes can align with their corporate purposes, i.e. be realised through their *core* business activities. This is arguably where they have the greatest potential for impact. Whilst giving generously to charity is commendable, with benefits to culture-building, employee motivation and wellbeing (Rodell, 2013), it is a tiny proportion of total giving (Pharoah & Walker, 2019) and the purpose of for-profit business is not charity (Edmans, 2020). Van 't Klooster and Meyer (2015) share this view, arguing that “being ethical is not about doing charity on the side, but in the first place about selling products that make sense and actually benefit customers and society”. Likewise, the bank getting its own house in order is a must but using paper cups and converting to renewable energy are easy wins that are not going to make a dent in solving the climate problem. As one banker put it, “*it must be more than that*” (B4). In short, all this is great, but the *real* power is through the *core* business.

Banks also need to demonstrate that they have sincere motives, if indeed they do, and are willing to move beyond rhetoric to action. Being *seen* to do the right thing was not sufficient for the bankers interviewed and, as EY (2015) found, if it is not sufficient for employees, it is even less likely that it will be accepted by consumers and the general public. This will limit banks' abilities to rebuild trust. If bank leaders do not intrinsically want to pursue social goals, then they would do well to consider the growing evidence that finds that companies serving social purposes experience superior commercial returns the *most* successful companies do not target profit directly but are driven by *social* purpose and this holds true, empirically, across multiple timescales (Edmans, 2020). When corporate and social incentives align in this way, the authenticity problem falls away because it is in the company's own interests to take their role in society seriously. Of course, this is not always going to be the case but previous research has found a *tendency* that some

argue will only grow as pressure from society, especially younger generations of consumers and employees, increases (EY, 2015).

The development bankers highlight around this being a key time for reconsidering who they fund and support is therefore interesting and significant. It suggests that banks *are* waking up to the potential of social impact through their core activities as this goes beyond reputation management. In fact, such discussions are precisely *not* being publicised given their great sensitivity given this likely involves turning down potentially lucrative business. Regardless of the underlying drivers, this represents a significant step-change for an industry that typifies the prioritisation of short-term shareholder returns. As part of its commitment to becoming “a purpose-led bank”, RBS has committed to “at least halve the climate impact of [its] financing activity by 2030”, which involves progressively withdrawing support from non-net-zero aligned companies in the coal, oil and gas sectors (RBS, 2021). In doing so, the bank recognises that it is insufficient just to commit to being net-zero or even positive in its own operations but sees the leverage it has as a lender to the energy sector. Although the considerations are not straightforward (e.g. whether to withdraw or support through a transition), it seems momentum in the industry is building.

There may be other ways in which the industry can positively impact society through its core business. Future empirical and theoretical research should investigate what these could be, working alongside banks themselves to establish corporate and social purposes that are aligned. For RBS, discovery and definition of its three-part purpose took a year-long project involving 200 hours of qualitative interviews, team events, focus groups and surveys (RBS, 2020). There is indeed much work to be done.

Employee Purpose

Perhaps contrary to popular belief, this study finds that bankers are not purely motivated by money, which is described as necessary but not sufficient. This matches with previous research which finds that both extrinsic (e.g. pay) and intrinsic factors play a part in employee motivation amongst bankers (Franceschini, 2020). Those in the study see work as playing a part in their identity, bringing a sense of fulfilment from competence and stimulation, and enabling them to support their families. However, each of the bankers, to differing degrees, also described grappling with a sense of purposelessness to their work, with B5 leaving in part because of this. Others expressed wanting to feel like they were making a difference in a tangible way and to do work that they felt had “real value”. It is crucial for bank leaders to address this gap and seek to meet the intrinsic as well as extrinsic needs of its employees. Separately, it also prompts the question: if an activity does not contribute to real value, why is it done?

As highlighted in the **BACKGROUND** section, previous research has found that the *fit* between organisational and employee purpose is important in cultivating purpose (Kristof-Brown et al., 2005). It is therefore notable that bankers in this study seem to experience multiple disconnects whereby they believe their banks fundamentally serve important societal purposes yet they do not perceive their own work to be purposeful, see their own role in bringing about the social purposes that their banks pursue or feel personally connected to them. At first glance, this is at odds with the BSB’s finding that 75% of investment bankers feel a shared sense of purpose with their organisations (BSB, 2019), as already discussed, the BSB survey did not ask what those purposes were. It could be that, while corporate and employee purposes are aligned, social purposes are not. Furthermore, bankers found it difficult to know exactly how they *could* have a positive impact on society through their work. These findings should be troubling to bank leaders. Evidence clearly shows that fostering employee purpose confers multiple benefits to the

organisation as well as employees (Dik et al., 2013; Lysova et al., 2019; Rosso et al., 2010). As social purpose is a central driver of employee purpose (Allan et al., 2018), fostering the social element could be an important action. As bankers all affirmed that investment banks can and do sometimes serve important social purposes, this should not be too great a leap.

Whilst it is not solely down to organisations to foster employee purpose, research finds they can proactively facilitate it (Bailey & Madden, 2016; Pratt, Pradies & Lepisto, 2013). This is not the same as banks *prescribing* purpose but rather providing opportunities or “fertile conditions” for *cultivating* purpose (Steger, 2017: 61). For example, Cable & Vermeulen (2018) and Grant (2007) found that connecting people’s work to a grander goal and helping employees to appreciate the effect of their work on the end beneficiary, directly or indirectly, can be a helpful way to embed a sense of purpose. As several bankers expressed a desire for greater tangibility and connection to “the man on the street”, this would seem to be a wise way through which banks could cultivate employee purpose and in doing so, also connect them to the social purposes the bank is pursuing. Unsurprisingly, top-down “meaning management”, which has already been discussed extensively, has been found to hinder the experience of meaningful work (Lips-Wiersma & Morris, 2009).

Whilst bankers found it hard to believe that being a banker could be as meaningful as being a doctor or charity worker, research finds that the experience of purpose is not exclusive to specific occupations (Ashforth & Kreiner, 2013; Berg, Dutton & Wrzesniewski, 2013; Schwartz, 2015). This may require a recrafting (Berg et al., 2013) of the role of the investment banker, perhaps towards recognising the broad reach and potential for impact of the industry. For example, whilst retail banks may be able to reach “the man on the street” more directly, investment banks service large clients and many sectors of the economy. One would have thought their reach was therefore greater, although bankers do not perceive it.

Further research is needed to explore in greater depth the disconnects that bankers feel and the ways in which banks can cultivate purpose. Further work also needs to be done by banks on ascertaining what those purposes could and should be and, crucially, helping employees to feel connected to them. More purposive qualitative research with bankers would be helpful, as would larger scale quantitative research to understand how prevalent these views are.

Strengths and Limitations of Study

Whilst the limited sample size could have been a problem – it was in fact a strength given the richness and depth of the interviews. A greater number would have precluded sufficient depth of analysis. As such, by the final interview, there was evidence of some saturation of insights and six interviews was sufficient to draw out similarities and divergences to draw preliminary conclusions from. It may have helped that the sample set was already a subset (e.g. front-office and senior) of the larger pool of investment banking professionals. Furthermore, the purposive sampling technique was entirely appropriate given the goal of the study was not to reach conclusions over the broader population. The next phase of research could be to verify whether or not such views are more widely shared and to do so would require a much larger study with random sampling.

One of the key strengths of the study was the openness of participants. Although we cannot say for certain that social desirability bias did not exist, given the interviewer's knowledge of the participants, it did not appear to have been an issue. In fact, our experience was that the participants answered openly and frankly, voluntarily bringing up topics such as money (*"you know, I think we all want to earn money"* (B5)) or questions of integrity (*"I sometimes wonder whether our industry attracts a higher proportion of bad eggs"* (B1)). Socially desirable and undesirable viewpoints were shared. We would further posit that such insights would not have been possible with a random

sample of bankers not previously known to the interviewer. Rapport and trust had already been established over time prior to commencement of the study. Furthermore, the fact that the interviewer had worked in and with the industry before may have alleviated concerns of interviewer bias or judgment.

CONCLUSION

Purpose is not a simple topic. At its basic, it is the reason for which something or someone exists (Frankl, 1968), but the discovery of what that is and the outworking of it is much more complicated. While many would say that making money is the business of banks and bankers, we would posit that money is the *product* of investment banks, like buildings are the product of architects and trainers the product of Nike. This does not mean that money is the *purpose* of investment banks. That would be like saying the purpose of Toyota is to make as many cars as possible. As bankers in this study attest, this is just not inspiring.

This study sought to answer the question of how the corporate and social purposes of investment banks are understood and perceived by senior investment bank employees, and what role they feel they personally have in bringing about those purposes. While findings show that there have been important shifts in corporate and social purposes over time, banks face the challenge of moving beyond rhetoric and corporate displays of social consciousness to genuine commitment and action. For corporate, social, and employee purposes to truly align, banks will need to grapple with the fundamental question of *why* and *for whom* they exist (Edmans, 2020), and to help their employees identify their contribution to it all. This is what employees themselves are seeking. Whether this includes social purposes or not depends on whether banks believe in the significant reciprocal benefits to the organisation and industry for doing so. Whilst there is great

potential for investment banks to make a positive contribution to the greater good, they appear to be at the start of this journey and moving tentatively forward. Either way, mounting pressures from regulators and society means these questions are unlikely to remain hypothetical nice-to-haves and so the call is for banks to take the lead in this rather than wait to be pushed, as they are prone to do. In an under-researched yet evolving area, this study has advanced the conversation and paved the way for future research and action.

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APPENDIX

Interview Schedule (Excerpt)

Corporate Purpose

- What do you understand by the term “corporate purpose”?
- If we were to define it, at its basic, as “the reasons for which something was created, why it continues to exist or what it aspires to be”, how would you apply this to the investment banking industry?
- For whose benefit would you say the bank works primarily for? Who are its key stakeholders?

Social Purpose

- There is the proposal that companies include into their corporate purposes the needs of broader society. Are you aware of these debates?
- Where do you stand on this?
- How do you think these discussions impact or apply to your industry?
- What role do you think investment banking has to play in broader society?
- In what ways does your bank or the industry have an impact on broader society currently?

Employee Purpose

- How did you come to work in investment banking?
- What would you say you work for?
- How would you describe your general sense of purpose in the work that you do?
- How does what we’ve talked about (i.e. the purposes of investment banking) affect your work and role in the bank?