FROM ESTEEM TO STIGMA: THE EFFECT OF THE FINANCIAL CRISIS ON BANKER ENGAGEMENT

Weaver, Glen
Case Western Reserve University

Perilli, Sheri
Case Western Reserve University

Lingham, Tony
Case Western Reserve University

ABSTRACT
Absent from a quickly accumulating literature on job engagement is a focus on professionals in the financial industry. There is, in particular, little research on the organization or industry identity of bankers as a discrete group. Nor has the literature explored the relationship of these identities with job engagement or environmental duress. We seized an opportunity to study the effects of the 2007-2009 financial crisis on bankers' identities and passion for their jobs. Semi-structured interviews with 28 mid-level bankers at five prominent US banks that accepted Toxic Asset Relief Program funding (TARP) captured insights about "normal state" (pre-crisis) versus mid-crisis engagement that appear to be associated with comparative institutional performance. The difference suggests a shift in engagement and identity linked to relative performance and, more specifically, to management practices. Our findings suggest mindful leadership can mitigate the deleterious effects of crisis generated stigma on professional identity. *Key Words:* *banks; crisis; engagement; identity; leadership; stigma*

INTRODUCTION

In the midst of the U.S. financial crisis of 2007-2009, worker loyalty, engagement, and trust plummeted across sectors (Center for Work-Life Policy, 2008). More than sixty percent of U.S. employees, several studies revealed, experienced diminished involvement with their jobs and companies (Edelman Trust Barometer, 2008; Modern Survey National Study, 2008; Quantum Workplace, 2009). In a meta-analysis of engagement research (Harter, Schmidt, & Hayes, 2002), employee engagement was positively correlated with business-unit outcomes such as productivity and profitability. One study found unengaged workers produce 23% less revenue (The Gallup Organization, 2003); another revealed a 52% difference in operating income between companies with highly engaged versus less engaged employees (ISR Research, 2006); and a third showed companies with high levels of employee engagement experienced a 19% increase in operating income and almost 28% growth in earnings per share while companies with low engagement suffered operating income drops exceeding 32% and earnings per share declines over 11% (Towers Perrin, 2008). There is good reason, then, to better our understanding about how employee engagement responds to industry crisis and reciprocally affects it.

Little of the substantial extant literature on employee engagement focuses specifically on the financial industry and seemingly none on employee engagement at financial institutions during times of national economic duress. We conducted a qualitative inquiry involving semi-structured interviews with mid-level managers at five TARP-accepting US banks to understand the effects of the financial crisis on their "lived worlds" of work – most specifically the degree to which it affected their personal engagement with their organizations, the industry in general and the actual conduct of their jobs. The literature has suggested that both individual and organizational factors may influence employee engagement. Our project sought to determine if, how and to what extent these factors are moderated by conditions of duress and with what impact on job, organization and industry engagement.

BACKGROUND

Kahn (1990), credited as the first to use the terms personal engagement and disengagement, described them as pertaining to the degree to which individuals "give" themselves to a job – i.e., are psychologically present or absent when acting out an organizational role. Engagement thus represents the immersion by an employee in his/her work, whereas disengagement is the detachment from it. "Burnout," studied extensively beginning in the 1970's (French & Kaplan, 1973; Cooper & Marshall, 1976; Pines & Maslach, 1978; Pines & Kafry, 1978), is often measured using the Maslach Burnout Index (MBI), an instrument developed in 1981 for specific use in the human services industry. The MBI was later refined (Maslach, Schaufeli, & Leiter, 2001) to accommodate all industries and extrapolated to cover three "burnout" components: exhaustion, cynicism, and inefficacy. Maslach & Leiter (1997), specifically defined burnout as the polar opposite of engagement which they characterized as associated with high energy, strong involvement, and sense of efficacy. Building on the Maslach et al. studies, Schaufeli, Salanova, Gonzalez-Roma, & Bakker (2002) conceived of engagement as vigor, dedication and absorption where vigor represented the high levels of energy and mental fortitude required to remain persistent in the fulfillment of job duties in the face of adversity; dedication addressed the worker's sense of enthusiasm and pride in the performance of the job, and absorption characterized the deep sense of concentration required to be fully engrossed in the job. While vigor and dedication appear synonymous with the Maslach terms of high energy and strong involvement, absorption represents a different idea than sense of efficacy (Schaufeli et al., 2002). We considered the components of employee engagement articulated by both Maslach and Schaufeli et al. − vigor and dedication as well as absorption and self-efficacy – as potentially salient features of bankers' engagement.

Macey & Schneider (2008) attributed confusion about what constitutes employee engagement to the conflicting desire of employers to measure organizational actions that improve performance and academics' desire to define individual psychological states or organizational behavior. Vance (2006) reviewed the numerous employer approaches to assessing employee engagement and identified ten common themes: pride in employer, satisfaction with employer, job satisfaction, opportunity to perform well at challenging work, recognition and positive feedback for one's contributions, personal support from one's supervisor, effort above and beyond the minimum, understanding the link between one's job and the organization's mission, prospects for future growth with one's employer, and intention to stay with one's employer. While these themes seem well represented by our characterization of engagement as vigor, dedication and efficacy, they do not appear to address absorption.

The global financial crisis of 2007-2009 had profound impact on business and industry. The financial services industry in particular was hard hit. Banks staggered under huge earnings losses; government bailouts and whispers of nationalization kept investors and workers on edge; and massive layoffs sidelined thousands of banking professionals. To better understand how this crisis impacted the attitudes and behaviors of banking industry survivors, we looked for previous studies linking stress or duress with job performance and satisfaction. A pre-crisis study by Britt Castro, & Adler (2005), for example, suggested that high levels of engagement in a work domain might protect individuals from stress levels that undermine performance, but might exacerbate the impact of stress on health. Pfeffer (2007) identified four causes of negative workplace attitudes ─ job layoffs, work-family conflict, distrust of management and harassment, all of which we recognized as potentially associated with the financial crisis. Rounds of downsizings and restucturings make employees at nearly all levels feel insecure. Pfeffer concluded few workers will willingly work harder or provide creativity if job loss is likely. In addition, as higher work demands and longer hours compete with workers' discretionary time, personal commitments to important others are affected. Pfeffer noted employee uncertainty about the commitment of managers compelled to drastically cut costs affects trust.

The most common psychological state caused by change is uncertainty (Bordia, Hunt, Paulsen, Tourish, & DiFonzo, 2004; Rafferty & Griffin, 2006). In addition to uncertainty, employees may experience threats to job security, career paths, and financial well-being. Worker participation in decision-making, communication, and leadership affect stress levels and the success of coping by employees (Terry & Jimmieson, (2003). Organizational change may create several worker problems. Grunberg et al. (Grunberg, Moore, Greenberg, & Sikora, 2008) found that mass layoffs and mergers or acquisitions produce negative psychological responses in surviving workers. Survivors tend to be more insecure, less creative, less committed, and less trusting of leadership. Research by Baruch & Hind (1999) found downsizing survivors may become demotivated, cynical, and insecure due to stress, anxiety, fear of further layoffs, and reduced trust between management and peers.

Knippenberg, Knippenberg, Monden, & de Lima (2002) used Social Identity Theory (SIT), which explains how individuals define themselves as members of social categories, to describe the impact on employees of mergers/acquisitions. The merger of two groups into one affects identification. Employees, sensing the organization has changed profoundly, may experience a sense of discontinuity with their prior organizational identity with detrimental affect on individual identification. Fischer et al. (Fischer, Greitemeyer, Ilkay, & Frey, 2007), also found low identification with merged entities, dissatisfaction, and poor group cohesion by low status workers in the aftermath of mergers.

The literature informed the conceptual framework that guided our qualitative research. There is little scholarly research on the industry, occupation and personal identity of bankers as a discrete group. Nor has the literature explored the relationship of these identities with job engagement or environmental duress. We designed a project to discover, from the perspectives of banking professionals themselves, if and how individual and organizational factors may have affected banker engagement with their work in an environment under duress.

METHODOLOGY

We conducted a qualitative study utilizing grounded theory, a method of comparative analysis used in the social sciences that applies techniques that invite theory to “emerge” from data via rigorous analytic practices. This differs from the more positivist approach of attempting to verify a theory with data. Researchers can easily conceive ideas that serve as theories, but since the ideas were not determined from the data, they may not accurately represent the circumstances (Corbin & Strauss, 2008).

SAMPLE

Interviews were conducted with employees of five major US financial institutions that accepted TARP funds in 2008. Although the allocation of these finds suggested recipient banks were in poor financial health, they demonstrated substantial differences in performance based on stock price. The one and two year combined average stock price performance for two of the five banks (starting 7/02/2007) was 0% and-32% respectively. Similarly, the one and two year combined average stock price performance of the three remaining banks was -59% and -84% respectively. We called the first two institutions “higher performing banks” and the latter “lower performing banks.” The average profile of the higher performing banks for total assets, quarterly revenues and total employees as of 2Q 2009 was around $1.5 trillion, $27 billion, and 250,000 while the lower performing banks averaged about $1.4 trillion, $26 billion, and 200,000 respectively.

Twenty-eight interviews were conducted; ten at higher performing banks and eighteen at lower performing institutions. Specific decisions about who to interview reflected knowledge gained throughout the interview process. Interviews were conducted with mid-level employees designated with a rank of assistant vice president, vice president, or senior vice president. In banking, these ranks are associated with moderate to high scopes of responsibility and impact on results. All interviewees had at least five years experience in banking. Respondents were selected from non-headquarters offices in the US and sourced, directly or indirectly, from the researcher’s professional network developed as a banking executive for more than 30 years. Respondent criteria were communicated to colleagues associated with the five targeted organizations who were asked to nominate and facilitate introductions to potential interviewees. The sample was relatively gender representative with twelve females and sixteen males. Seven respondents were under 40, fourteen were 40 to 50, and seven were over 50 years of age.

DATA COLLECTION AND ANALYSIS

Semi-structured interviews using an interview protocol that featured open-ended questions was the primary tool for data collection. Selected respondents were contacted by telephone, email, or in-person to ascertain their willingness to participate in a one hour interview. Respondents were asked to sign an agreement form and apprised of the confidentiality of the interview. All but one of the twenty-eight interviews were conducted in-person at a location selected by the respondent. One interview was conducted by telephone. Locations provided comfort, safety, and confidentiality for the respondents. At the beginning of each interview, the interviewee was reminded that data collected was confidential and s/he could stop the interview at any time for any reason. No respondents stopped the interviews. At the conclusion of the interview, a paper survey was administered to collect demographic data which included age, gender, marital status, residential ownership, level of education, number of dependents, number of professional positions held, years with current organization, and years in current position. Interviews were recorded via a digital voice recorder and subsequently transcribed by a professional service. In addition, notes were taken by the primary researcher during the interview to document non-verbal data and to capture immediate ideas and insights.

Interview questions were designed to gain deep understanding about how employees construe engagement with their jobs and organizations. Respondent stories regarding specific events and instances provided rich insight into work lives. Consistent with a grounded theory approach, interview questions concentrated on the actual experiences of the respondents. Probes were used to clarify and amplify responses. Several pilot interviews were conducted initially to test the interview protocol. Early insight gained was used to construct more meaningful questions for subsequent interviews. The base questions explored the best and worst periods of the respondent's banking career, as well as, their current work conditions (if they differed from the best or worst periods). The interview concluded with inquiry into the recession's impact on respondents' work lives.

Consistent with recommendations of Corbin & Strauss (2008), a line by line open coding of each page of every transcript was conducted to identify "codable" moments." In total, 650 codable moments were manually captured. By using an open coding technique, all possible meanings of the data remained available until conceptual labels were applied. Throughout the coding process data were continually contrasted and compared. In grounded theory, axial coding is a process of relating the emerging concepts to each other through a systemic and reasoned approach (Strauss & Corbin, 1998). The first pass at aggregation assembled approximately 75 codes relating to cognitive, physical, emotional factors of engagement. From these categories, further refinement in a series of subsequent steps culminated in a set of thirty-seven core codes.

As a final pass, a selective process of choosing a code to be a core category, and relating all other codes to that category was followed to construct the themes. The key themes noted were the primary engagement and disengagement factors, the impact to employee health and work-life balance from the crisis, coping through supportive co-workers, the intense defense of the banking industry, strong pre-crisis identification with the industry and organization, influence of management actions, and the impact of identity to engagement levels.

FINDINGS

Our analysis generated four key findings relating to pre- and mid-crisis experiences of mid-level bankers. We captured insights about "normal state" (i.e., pre-crisis) engagement of bankers with their jobs, organizations and industry ─ undifferentiated by organizational characteristics. We also identified specific and salient mid-crisis distinctions in engagement -- both with one's job and one's organization – that appear to be associated with comparative institutional performance. The difference suggests a shift in engagement and identity linked to relative performance and, more specifically, to management practices.

Finding #1: Normal state (pre-crisis) employee engagement, as well as strong senses of personal identity with the banking profession and lifestyle among mid-level bankers, was uniformly strong and undifferentiated regardless of individual bank characteristics.
Our respondents revealed strong, normal state (pre-crisis) engagement with their individual banks as well as with the banking industry in general. Narratives indicated very high pre-crisis pride in the sector and personal prestige associated with respondents' banking careers. The data did not reveal differences in the intensity of these sentiments on the basis of relative bank size or pre-crisis institutional performance. Social recognition and respect were cited as rewards of the profession with references to power and influence commonly evoked. Respondents from all five banks included in the study concurred that their personal identities as bankers were strongly and positively felt.

"I felt empowered, I felt important, I felt that what I was doing was cutting edge for the bank. So, I was pretty jazzed about it. (A3-1)

"… back when things were good, a lot of accountability, pride in their work, really understood the business, and basically, leaders, I would say, in the industry in what we did, the job I was in and still am today." (B2-2)

"We were having fun doing it. And when you're working to create something new, something that hadn't been done before, it was pretty exciting to do." (C5-3)

"I was going on yachts. I was going on very nice vacations and parties in Manhattan, and flying up to Madison Avenue." (D2-10)

"We gave away Waterford crystal clocks … and we would give awards every single month, and we'd bring people up in front of their peers. We had an officers' meeting (every) month. .. (chairman would) fly in, … go over the numbers … at 7:00pm on a Friday." (E1-3)

Finding #2: Historically strong pre-crisis industry identity insulated bankers from the early turn of public opinion against the financial industry.
Our respondents remained protective – and defensive – of their industry and their specific firms in the early wake of the financial crisis. Irrespective of individual institution circumstances, mid-level banking professionals stalwartly professed their continued support of and belief in the industry and unabated strong personal identity with it.

"I try not to get too caught up in it to where I'm in a position of defending, but I'll definitely give my opinion according to whatever statement they've read…" (C2-15)

"I am quick to point the blame, at least half the blame, on borrowers who make 40K buying a $500,000 house. I think there's a joint blame. I (am) very defensive of the banks." (D6-13)

"And I blame the news media for a lot of it. The news back then was things are terrible, things are terrible, things are terrible. And that's how they would lead all their stories." (E1-17)

"… very distracting when you feel like there's Barney Frank out there saying, 'You can't make over a certain amount of money.' If you feel like it's some political outside influence telling you how to manage your company and how to pay your employees, that's very disruptive." (D4-18)

Finding #3: Distinct differences in crisis-management practices affected bankers' attitudes, identity and performance.

Employees of higher performing institutions reported frequent communication from management to staff during the crisis and interpreted leaders as striving to provide transparency and personal support. Communication frequency, content, and channel, they suggested, helped to buoy spirits and bolster engagement. Staff at these banks expressed appreciation for the consistent and honest communication they received from management and admiration for the leaders who provided it. Most felt confident that leadership was making the right decisions. In contrast, respondents of the lower performing banks described a void in leadership, voiced negative comments about leaders personally and interpreted lack of stewardship as exacerbating mid-crisis chaos. Communication was criticized as weak and lacking in integrity. Although decision-making capability on the job was reduced at all respondent institutions, it was especially curtailed at lower performing banks. To bank employees, decreased autonomy created a sense of distrust in leadership. In the following comment from a respondent at a higher performing bank, the negative circumstances of reduced compensation are offset by continued trust in leadership. "I'm under a salary freeze. I had a limited bonus, but I also trust that our CEO is making good financial decisions with our bank… I've seen the success of my team and what we can do, and I accept the salary freeze… I think I'm underpaid, but I'm not paid poorly. So I can live a couple years (like) this and survive. But I also trust that when the economy turns back around, I'll be appropriately compensated in the future, retrospectively, for the accomplishments over the last few years. I don't think I'll be forgotten about." (B1-19) Other comments from higher performing institutions include:

"But what I found interesting is (leadership) took out a whole page in (various newspapers), and it was full page to thank employees of the company. Because (leadership) couldn't recognize them any other way. They really, I think, value the team members, truly, truly value. It made me feel great. I have it sitting in my office, the page. I think they value the contributions, your contributions you make, and they recognize you." (D1-9)

"I've been fortunate in this role where I'm at today to have very good leadership. I feel good because the words spoken have been the actions that have actually been unfolding." (B3-12)

In contrast, bankers at lower performing institutions communicated flagging confidence in, breaches of trust by and personal separation from management:

"So the leadership advocated to have transparent communications, and (the leaders) still don't do it, we're doing reorganizations without anything on paper. I mean, you don't know who's leaving and you're embarrassed to call somebody – "Sorry, I'm not going to be there. I've just been laid-off." You didn't know how to even act because you were bumping into people who were being let go but you didn't know it because there's no communication in the process." (A7-7)

"…as a (manager) in [the] organization, my job is to make my leaders look even better. I'm here to make them look better than they even are… I'm here to help them look good. And so the [management] messaging that I would hear, I would share with my team. And now my name is attached to their messages, so now my credibility is attached. And I'm okay with that because I've always believed that that was part of my job. But I feel let down. I feel that they've not been honest with me, and therefore they've made me a liar to the people that work for me." (C4-9)

"You just wish somebody were in charge and would take charge and say here's what we're going to do." (E3-10)

Finding #4: Effects of crisis generated industry stigma on the attitudes and job-related behaviors of bankers at higher versus lower performing banks differed starkly.
According to our respondents, an eventual "360 degree" turn in public opinion about the financial industry, influenced by extensive news media coverage of the unfolding crisis, resulted in the stigmatization of bankers and their trade. The stigma was reported to profoundly affect both the professional and personal identities of bankers ─ but how individuals responded to it differed at higher versus lower performing institutions. The narratives of all of the bankers in our sample addressed the professional and personal impact of diminished public regard for the industry and the loss of professional prestige, admiration and approval. Employees at higher performing banks, however, expressed more hope and optimism about the long term effects of the stigma, characterizing it as "unfortunate," but "circumstantial" and "impermanent." For these bankers, identification with the industry was reduced, but not severed. Bankers within higher performing institutions sustained a sense of pride and association with their job, their bank, and the banking industry. One respondent, demonstrating persistently strong identity, said that despite the industry stigma, "I wear my branding all the time (D2-12)." Another respondent from a higher performing institution noted, "Oh, I'm always proud to say I work for (bank name). I think (bank name) is one of the best, if not the best financial institutions in the world. I never hesitate. I love working here. It's a great place to work, it's a great company, but it's been a tough business cycle, to say the least." (D5-7)

In contrast, among employees at lower performing banks, disidentification and internal conflict was strong as evidenced by numerous comments regarding significant stress and frustration leading to the diminishment of personal health and shifting work/life balances. Employees described feelings of disengagement with their jobs and increased prioritization of other aspects of their lives. Respondents, for example, reported reducing the hours previously spend on the job and redeploying them to other pursuits including family and personal interests.

"I'm refocusing my life and saying what are real priorities for me, where do I feel like a sense of accomplishment." (A2-22)

"I'm exhausted. I went back to school. Is this what I want with my life? Is this what I signed up for? Can I make a more positive impact on society doing something else? Yeah." (C5-7)

"When you [used to] say you worked here, [at] family reunions or whatever, "Oh, wow." Now when you say it, it's like, "How does it feel to be a government employee?" That type of thing. It's a joke." (A6-13)

"… I hired a personal trainer, and I work out twice a week. And I go to the gym probably five days a week, four of them work days. I never would have done that before. I'll go in the middle of the day, and I'll go to the gym, and I'll work out, and I'll shower, and I take that time, which I never would have otherwise." (C4-11)

The data clearly revealed that as the crisis worsened, banker engagement waned at all banks in our sample – but, importantly, it dissipated more dramatically at some banks than others. At higher performing institutions, employee engagement was not radically impaired; respondents continued to rally in support and defense of their individual organizations. Despite layoff fears and reductions in compensation and recognition, bankers at better performing institutions rationalized their organizations' responses to the crisis as fair and business-like. In some cases, the crisis provided career-building opportunities. However, organizational disruptions that resulted from the economic crisis negatively severely impacted employee engagement at lower performing banks. Bankers at the lower performing banks revealed growing confusion, disillusion and lack of faith in their organizations and leaders. The contrast in verbiage between the two groups is striking. Bankers at higher performing banks used vibrant, positive, appreciative language to describe their organizations and its leaders — as opposed to dark and brooding language used by bankers associated with lower performing banks. The following analogy from a lower performing bank employee provides a clear description:

"When I was the happiest, it was like running down the interstate at 150 miles an hour. You were getting exposed to a lot of different things. You got to be involved in a lot of different things. You were getting to impact a lot of different things. You were going full throttle. Now it feels like you're stuck in the mud. You're doing a lot of spinning of the tires. You're still trying to work real hard, but you're not getting anywhere and getting to move forward. Not because you don't necessarily want to, but because of the situation that you're in." (A6-12)

It was difficult for employees at lower performing banks to concentrate, generate enthusiasm and energy, and become absorbed in work responsibilities. Passion for the job, they reported, was difficult to muster.

"…(employees) are going to remember how they were treated (in the financial services industry). I know I'm going to remember it. Anybody that's worth a plug nickel (will) be working somewhere else tomorrow. We're not going to be staying around here." (C5-13)

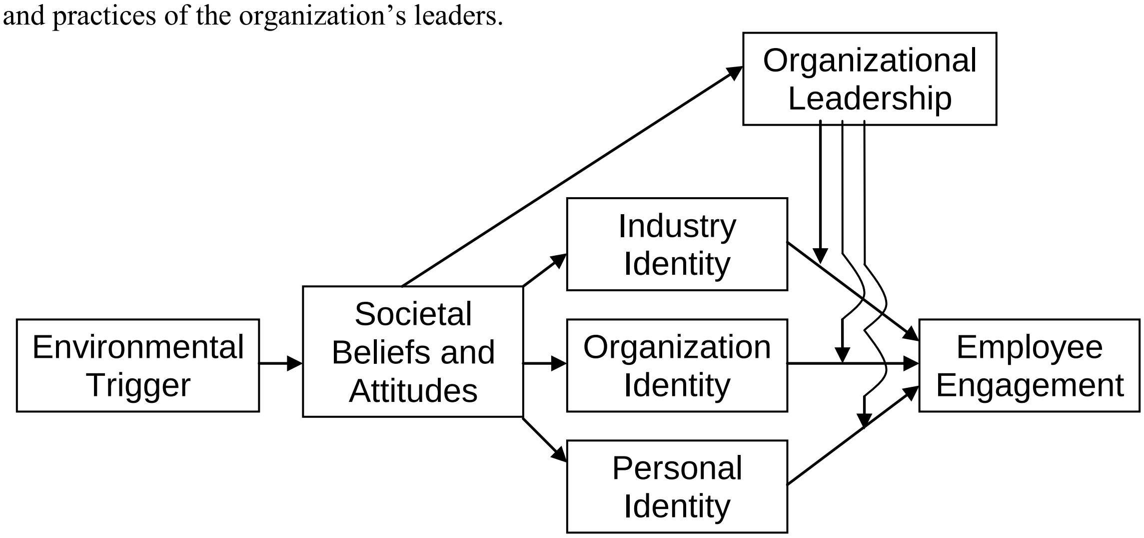
"But the perpetual shuffling, shuffling, shuffling internally gets a little nauseating. It's like … being a drunk on a merry-go-round. After a while … I just want off." (E2-9)

"Dysfunctional. Fragmented. Breaking. It's almost like a non-culture ..." (A6-13)

DISCUSSION

We conducted our inquiry during the global financial crisis of 2007−2009 prior to which little research on employee engagement in the financial services industry had been undertaken ─ and certainly none in such an extreme environment. The opportunity to study managers under duress provided rich insight about engagement and how it can be influenced by mindful leadership.

Our data suggest that banking employee engagement is strongly influenced by both industry and organizational identity. In the context of the financial crisis, both identities were influenced by a turn in public opinion that resulted in the stigmatization of a once celebrated industry. As depicted in the conceptual model presented below, the findings of our study indicate, importantly, the effect of thwarted identity on job engagement may be moderated by the sensitivities, skills and practices of the organization's leaders.



To date, identity has not been extensively studied in relation to employee engagement, although some scholars have linked identity and higher involvement in other contexts. Britt (2003), for example, studied soldiers and determined that those identifying with the trait "warriorism" (versus "peacekeeper") heightened engagement under adverse conditions. Some educators (Ferrari, McCarthy, & Milner, 2009; Pohl, 2002; Ehrlich, 2000) have shown that student engagement is positively related to identification with a school's mission statement. And civic participation and identification with local communities and governments have been shown to be positively related by public administration scholars (Campbell, 2005; Wagle, 2000; King & Strivers, 1998; Teske, 1997). Our findings suggest identity may also be instrumental in the engagement of managers with their jobs.

Our bankers professed very strong personal and professional identity with the financial services industry. Early discourse on identity by Mead (1934) and Goffman (1959) established the foundation for it as a social construct. Later, Tajfel (1974) introduced the concept of social identity, defining it as "the individual's knowledge that he belongs to certain social groups together with some emotional and value significance to him of this group membership." In our research, mid-level bankers displayed three interrelated identities. Employees expressed an association with their jobs and organizations, as well as with the banking industry. Wrzesniewski, McCauley, Rozin, & Schwartz, (1997) suggested that professionals mark their achievements through monetary gain and career advancement bringing higher social status and prestige. Walsh & Gordon (2008) assert employees with a career-orientation (including those in the financial services profession) have a deep personal relationship to their work. To a professional, career (occupation) is an important identity. As noted by Ashforth, Harrison, & Corley (2008), occupations serve as the foremost identity symbols for professionals**.** According to Bartels, Pruyn, & Joustra (2007), existing research shows the greater the status and prestige of the organization, the more strongly workers identify with it. Absent from the research is mention of the importance of industry identity.

We were not surprised about the strong, pre-crisis identification our respondents reported with respect to job, organization, and industry. At the onset of the financial crisis, with the industry under fire, bankers initially took a protective and defensive stance against mounting public concern and sharpening media criticism. Drawing from symbolic interactionist research (Kaufman & Johnson, 2004), the concept of reflected appraisals was relevant as employees loudly rejected external evaluations that were deemed valueless or subjective. Our respondents resented attacks on their industry by "outsiders" such as the news media or politicians.

Our bankers felt that news media coverage of the financial services industry in crisis negatively influenced public attitudes and stigmatized them and their industry. The collapse in capital market valuations and its affect on consumers (including devastated retirement accounts and diminished housing prices), they reasoned, fueled public anger. Respondents felt the media fed this anger while politicians seized voter angst as an opportunity to blame the banking industry for their economic woes. Hughes (1951) coined the term "dirty work" in reference to occupations that are perceived to be degrading, later (1958) differentiating between physically, socially, and morally tainted work. In 1962, Hughes noted the performance of dirty work stigmatizes individuals and groups. In an ironic twist, society assigns others to perform unbecoming but essential tasks for the benefit of the public and then renounces those performing the tasks. Our findings support the work of Hughes. While banking plays an important social role in a free market economy, shifting public opinion stigmatized and tainted the industry. Moral taint refers to work that most believe to be evil or misleading. This taint significantly influenced banker identification with industry, organization, and role.

Social Identity Theory (SIT) suggests that outside threats to a group's identity may trigger attempts to protect the positive and unique nature of the group (Tajfel & Turner, 1986). One attempt is social weighting, the attempt to re-evaluate the credibility of the stigma creators (Ashforth & Kreiner, 1999). In our study, respondents often criticized what they described to be exaggerated news coverage of the banking industry and political criticism by congressional members. From another perspective, Social Justification Theory (SJT) asserts that stigmatized groups will admit and rationalize their reduced status to minimize the inconsistency between what they believe they deserve and what they receive (Jost, Pelham, Sheldon, & Sullivan, 2003). Jost & Elsbach (2001) noted that SJT rationalization results in negative group identity perceptions, low group self-esteem, and group disidentification. Among our bankers, disidentification and internal conflict by employees in lower performing institutions was especially strong as evidenced by numerous comments regarding significant stress and frustration. In addition, negative health reactions and shifting work/life balances were noted.

Importantly, our data revealed that enlightened leadership can moderate the negative effects of diminished identity on employee engagement. While recognizing or evaluating disengagement by employees with their work responsibilities is difficult in crisis situations (Kleinberg, 2005), in our study, certain leadership tactics were shown to be instrumental in bolstering employee engagement — maintaining regular and consistent communications with employees, providing clear direction, demonstrating honest and candid dialogue, and motivating employees to take co-ownership of the situation.

Not surprisingly, many respondents conveyed feelings of job insecurity. While the leadership of all institutions reduced staffing in response to the economic crisis, reaction to job insecurity was most accentuated in the lower performing banks. Some research states that mass layoffs and mergers/acquisitions produce negative psychological responses in surviving workers (Grunberg, Moore, Greenberg, & Sikora, 2008). Hopkins & Weathington (2006) argue that perceptions of organization justice (perceived fairness in workplace outcomes) influence employee satisfaction, commitment, trust, and turnover intentions after downsizing. Probst, Stewart, Gruys, & Tierney, (2007) showed that a rational response to job insecurity is to increase work effort to reduce the risk of job loss. In our study, respondents at the weaker institutions claimed that many high performers were terminated and layoffs did not appear to be consistent with work efforts, resulting in the unwillingness to expend discretionary effort to protect their jobs. Management at our better performing institutions clearly communicated expectations of imminent layoffs and strived to reduce staffing through termination of poorer performing employees. While emotionally unsettling to surviving workers, this was understandable, acceptable, and consistent with their perception of organizational justice. Cheese (2004) underscored the requirement for clear and direct communication with workers during periods of change. Respondents from the weaker institutions indicated that bank leaders failed to make the case that layoffs were fair and just. The communications were inconsistent and not credible. Employees perceived job layoffs were almost random with no clear link to performance. This resulted in reduced trust of leadership. As James & Wooten (2006) observed, workers are more forgiving of a leader if they think that the leader's actions in response to the crisis are consistent with the initial communication about the crisis.

Respondents of the weaker institutions expressed dismay with changes in their organization that developed during the financial crisis and considered leadership incapable of instituting positive change. Management "pulled in the reins" on employee decision-making independence. This limited decision-making authority was perceived as reduced trust by leadership. Effective leadership during a crisis requires values, purpose, and vision be communicated in order for employees to take ownership (Braden, Cooper, Klingele, Powell, & Robbins, 2005). Conversely, respondents of the better performing institutions expressed confidence that the leadership would steer the company through the financial crisis. Although all institutions in this study reduced employee compensation as a reaction to the global financial crisis, employees at higher performing banks felt that leadership clearly communicated the need for salary and benefit reductions. These employees felt that senior leadership would take care of them once the economy recovered. Consequently, despite the severe nature of the downturn, these respondents did not characterize this time period as a particularly bad.

In summary, our findings support the salience of identity as a factor in employee engagement and underscore the importance of nurturing strong employee membership in both industry as well as organization. Our results demonstrate that purposeful efforts by management to grow and protect employee identity can minimize disengagement, particularly in periods of duress or when an industry or firm suffers social stigma.

Mindful concern about the affects of industry stigma on employee identity can go a long way in preserving individual and organizational performance when an industry or firm falters. Our study revealed, for example, the distinctive benefits resulting from frequent and credible communication with employees to buoy flagging spirits and engender confidence.

LIMITATIONS

Several limitations of the study are noteworthy. Respondents were associated with only five major US banks. All five banks were TARP-accepting institutions. Only middle managers were interviewed. Consequently, our results may not be generalizable to smaller US banks not included in the sample including banks that did not accept TARP or to employees in higher or lower ranking positions within the banks included in the sample.

We relied on the principal researcher's personal and professional network to source respondents. As a result, sample selection was not random. In addition, there was only minor consideration of personal characteristics such as gender or age or other demographic variables in the selection of respondents that could bias findings. While women were fairly represented, the sample included only one African American and one Asian whose participation may have altered results. Although conscious effort was expended to minimize bias in the research design and conduct and in data analysis and interpretation, we concede that the principle researcher's long experience in banking, which included working through the 2007-09 economic downturn addressed by the study, may have influenced the work.

IMPLICATIONS FOR PRACTICE AND FUTURE RESEARCH

Our findings have several implications for practice. Our data revealed that mindful management of employees during the banking crisis was critical in maintaining employee engagement and productivity. Specifically, our data demonstrated that during periods of heightened job insecurity, management can minimize employee disengagement from work, organization and industry. Frequent, candid communication with employees and recognition of the effects of duress on employees, both personal and professional, can significantly impact how they respond to crisis. Additional research about the relationships between employee identity, engagement and organizational performance is recommended -- including inquiries that contrast the relationship of identity and engagement during normal versus crisis conditions and explore the relevance of the relationships at all employee levels. Additional research about the role of identity and its affect on engagement in prestigious industries (such as the one we studied) and less prestigious fields is also called for.

Our study suggested the role of the news media as an environmental trigger in stigmatizing the financial services industry and consequent implications on employee behavior. Accordingly, we see opportunity for research on the specific role media (and other external) influences and banking professionals' personal and professional identities.

Finally, empirical research on the specific management techniques and tactics that influenced bankers' attitudes and behaviors during the financial crisis could provide best practice guidance to organizations facing similar crises in the future.

We determined certain leadership tactics during periods of duress are critical in maintaining employee productivity. As leadership skills are tested during difficult circumstances, it is important to understand the specifics and timing of leadership actions. We offered that frequent and credible communications were of critical importance to maintaining employee trust and productivity during stressful periods. Quantitative studies testing the validity of these factors and others under crisis conditions would be of great value to management practice.

REFERENCES

Ashforth, B., Harrison, S., & Corley, K. 2008. Identification in organizations: An examination of four fundamental questions. ***Journal of Management***, 34(3): 325-374.

Ashforth, B., & Kreiner, G. 1999. "How can you do it?": Dirty work and the challenge of constructing a positive identity. ***Academy of Management Review***, 24: 413-434.

Bartels, J., Pruyn, M., & Joustra, I. 2007. Multiple organizational identification levels and the impact of perceived external prestige and communication climate. ***Journal of Organizational Behavior***, 28: 173-190.

Baruch, Y., & Hind, P. 1999. "Survivor syndrome" – a management myth? ***Journal of Managerial Psychology***, 15(1): 29-45.

Bordia, P., Hunt, E., Paulsen, N., Tourish, D., & DiFonzo, N. 2004. Uncertainty during change: Is it all about control? ***European Journal of Work and Organizational Psychology***, 12(3): 345-365.

Braden, V., Cooper, J., Klingele, M., Powell, J., & Robbins, M. 2005. ***Crisis - A leadership opportunity***. Harvard University, John F. Kennedy School of Government, National Security Program.

Britt, T. 2003. Aspects of identity predict engagement in work under adverse conditions. ***Self and Identity***, 2: 31-45.

Britt, T., Castro, C., & Adler, A. 2005. Self-engagement, stressors, and health: A longitudinal study. ***Personality and Social Psychology Bulletin***, 31: 1475-1486.

Bureau of Economic Analysis. 2009. Gross Domestic Product: Fourth Quarter 2008 (Advance). January 30. Washington, DC.

Campbell, K. 2005. Theorizing the authentic; Identity, engagement, and public space. ***Administration & Society***, 36(6): 688-705.

Center for Work-Life Policy. 2008. How to keep morale high when business is down. ***Forbes***. October 16.

Cheese, P. 2004. Disturbing the system. ***Outlook***, 2: 33-39.

Cooper, C., & Marshall, J. 1976. Occupational sources of stress: A review of the literature relating to coronary heart disease and mental ill health, ***Journal of Occupational Psychology***, 49:11-28.

Corbin, J., & Strauss, A. 2008. ***Basics of qualitative research***. Thousand Oaks, CA: Sage Publications.

Edelman Trust Barometer. 2008. Global trust in business plummeted in 2008. ***Reuters***. January 27.

Ehrlich, T. 2000. The impact of higher education on moral and civic responsibility. ***Journal of College and Character***, 2: 1-11.

Fischer, P., Greitemeyer, S., Ilkay, O., & Frey, D. 2007. Mergers and group status: The impact of high, low, and equal group status on identification and satisfaction with a company merger, experienced controllability, group identity and group cohesion. ***Journal of community & Applied Social Psychology***, 17: 203-217.

Ferrari, J., McCarthy, B., & Milner, L. 2009. Involved and focused? Students' perceptions of institutional identity, personal goal orientation and levels of campus engagement. ***College Student Journal***, 43(3): 886-896.

French, J., & Kaplan, R. 1973. Organizational stress and individual strain, ***The Failure of Success***, New York: American Management Association, Inc.

The Gallup Organization. 2003. Engagement drives results at New Century. ***Gallup Management Journal***. Princeton, NJ.

Goffman, E. 1959. ***The presentation of self in everyday life***. Garden City, NY: Doubleday.

Global Crisis News. April 29, 2009. U.S. GDP contracts 6.1 percent 1Q.

Greenspan, A. 2008. US in once-in-a-century financial crisis. ***Breitbart.com***. September 14.

Grunberg, L., Moore, S., Greenberg, E., & Sikora, P. 2008. The changing workplace and its effects. ***Journal of Applied Behavioral Science***, 44(2): 215-236.

Harter, J., Schmidt, F., & Hayes, T. 2002. Business-Unit-Level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. ***Journal of Applied Psychology***, 87(2): 268-279.

Hopkins, S., & Weathington, B. 2006. The relationship between justice perceptions, trust, and employee attitudes in a downsized organization. ***Journal of Psychology***, 140(5): 477-498.

Hughes, E. 1951. Work and the self. In J. H. Roher & M. Sherif (Eds.), ***Social psychology at the crossroads***: 313-323. New York: Harper & Brothers.

Hughes, E. 1958. ***Men and their work***. Glencoe, IL: Free Press.

Hughes, E. 1962. Good people and dirty work**.** ***Social Problems***, 10: 3-11.

International Monetary Fund. 2008. IMF says US crisis is largest financial shock since Great Depression. ***Guardian News***. April 9. UK.

ISR Research. 2006. Engaged employees help boost the bottom line. ***SHRM Conference***, Washington, DC, June 2006.

Jahawar, I., & Carr, D. 2007. Conscientiousness and contextual performance. ***Journal of Managerial Psychology***, 22(4): 330-349.

James, E., & Wooten, L. 2006. Diversity crises: How firms manage discrimination lawsuits. ***Academy of Management Journal***, 49(6): 1103-1118.

Jost, J., Pelham, B., Sheldon, O., & Sullivan, B. 2003. Social inequality and the reduction of ideological dissonance on behalf of the system: evidence of enhanced system justification among the disadvantaged. ***European Journal of Social Psychology***, 33: 13-36.

Jost, J., & Elsbach, K. 2001. How status and power differences erode personal and social identities at work: A system justification critique of organizational applications of social identity theory. In: M.A. Hogg & D.J. Terry (eds.), ***Social Identity Processes in Organizational Contexts:*** 181–196. Philadelphia: Psychology Press.

Kahn, W.A. 1990. Psychological conditions of personal engagement and disengagement at work. ***Academy of Management Journal***, 33(4): 692-724.

Kaufman, J., & Johnson, C. 2004. Stigmatized individuals and the process of identity. ***Sociological Quarterly***, 45(4): 807-833.

King, C., & Stivers, C. 1998. ***Government is us: Public administration in an anti-government era***. Thousand Oaks, CA: Sage.

Kleinberg, J. 2005. On the job after 9/11: Looking at worker's block through a group lens. ***Group Analysis***, 38(2): 203-218.

Knippenberg, D., Knippenberg, B., Monden, L., & de Lima, F. 2002. Organizational identification after a merger: A social identity perspective. ***British Journal of Social Psychology***, 41: 233-252.

Macey, W., & Schneider, B. 2008. The meaning of employee engagement. ***Industrial and Organizational Psychology***, 1: 3-30.

Maslach, C., & Leiter, M. 1997. ***The truth about burnout: How organizations cause personal stress and what to do about it.*** San Francisco: Jossey-Bass.

Maslach, C., & Jackson, S. 1981. The measurement of experienced burnout. ***Journal of Occupational Behavior***, 2: 99-113.

Maslach, C., Schaufeli, W., & Leiter, M. 2001. Job burnout. ***Annual Review of Psychology***, 52: 397-422.

Mead, G. 1934. ***Mind, self, and society: From the standpoint of a social behaviorist***. Chicago: University of Chicago Press.

Modern Survey National Study. 2008. US employee engagement deteriorates as financial crisis worsens. ***Modern Survey***. November 12.

Pfeffer, J. 2007. Human resources from an organizational behavior perspective: Some paradoxes explained. ***Journal of Economic Perspectives***, 21(4): 115-134.

Pines, A., & Kafry, D. 1978. Occupational tedium in the social services. ***Social Work***, November: 499-507.

Pines, A., & Maslach, C. 1978. Characteristics of staff burnout in mental health settings. ***Hospital Community Psychiatry***, 29: 233-237.

Pohl, S. 2002. Personal values: Variables moderating the relationship between organizational practices and affective commitment to the organization. ***European Review of Applied Psychology***, 52: 13-23.

Probst, T., Stewart, S., Gruys, M., & Tierney, B. 2007. Productivity, counterproductivity and creativity: The ups and downs of job insecurity. ***Journal of Occupational and Organizational Psychology***, 80: 479-497.

Quantum Workplace. 2009. Economic crisis impacts employee engagement. ***Quantum Market Research***. New York, NY. January 15.

Rafferty, A., & Griffin, M. 2006. Perceptions of organizational change: A stress and coping perspective. ***Journal of Applied Psychology***, 91(5): 1154-1162.

Reuters. January 16, 2009. Factbox – US banks' market capitalization shrinks.

Reuters. January 27, 2009. Global trust in business plummeted in 2008: survey.

Schaufeli, W., Salanova, M., Gonzalez-Roma, V., & Bakker, A. 2002. The measurement of engagement and burnout: A two sample confirmatory factor analytic approach. ***Journal of Happiness Studies***, 3:71-92.

Strauss, A., & Corbin, J. 1998. ***Basics of qualitative research: Grounded theory procedures and techniques***. Thousand Oaks, CA: Sage.

Tajfel, H. 1974. Social identity and intergroup behavior. ***Social Science Information***, 13:65-93.

Tajfel, H., & Turner, J. 1986. The social identity theory of intergroup behavior. In S. Worchel & W. G. Austin (Eds.), ***Psychology of intergroup relations*** (2nd ed.): 7-24. Chicago: Nelson-Hall Publishers.

Terry, D., & Jimmieson, N. 2003. A stress and coping approach to organizational change: Evidence from three field studies. ***Australian Psychologist***, 38(2): 92-101.

Teske, N. 1997. ***Political activists in America. The identity construction model of political participation.*** Cambridge, UK: Cambridge University Press.

Towers Perrin. 2008. Closing the engagement gap: A road map for driving superior business performance. ***The 2007-2008 Towers Perrin Global Workforce Study***.

US Labor Department. 2009. Worst year for jobs since 1945. ***CNN Money***. January 9.

US Labor Department: Bureau of Labor Statistics. 2009. Employment, hours, and earnings from current employment statistics survey. Washington, DC.

Vance, R. 2006. ***Employee engagement and commitment: A guide to understanding, measuring, and increasing engagement in your organization.*** Alexandria, VA: SHRM Foundation.

Wagle, U. 2000. The policy science of democracy: The issues of methodology and citizen participation. ***Policy Sciences***, 33: 207-223.

Walsh, K., & Gordon, J., 2008. Creating an individual work identity. ***Human Resource Management Review***, 18: 46-61.

Wrzesniewski, A., McCauley, C., Rozin, P., & Schwartz, B. 1997. Jobs, careers and callings: People's relations to their work. ***Journal of Research in Personality***, 31: 21-33.