SELL-SIDE EQUITY ANALYSTS AND EQUITY SALES:

A STUDY OF INTERACTION

January 2021

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Abstract
The extensive literature on sell-side analysts makes little reference to equity sales as a significant economic actor in the field. Drawing on a recent field study, our empirical evidence identified equity sales teams within brokers, who promote research to external clients, as a powerful agent cluster in close time-space proximity to analysts. This paper sheds light on analyst-sales interactions, which we contend represent an important field condition. The study employs concepts from strong structuration theory, in particular position-practice relations, to develop a narrative about sell-side analysts' and sales team positional obligations, privileges, power relations and matters of trust. Our study makes three contributions. Firstly, we identify the symbiosis embedded in the relationship between sales and research - analysts need equity sales to market their product, to positively influence client perceptions of analysts and to provide access to prized fund managers. In turn, sales need analysts to provide content for them to market. Secondly, integral to sales-analyst interactions is the provision of feedback, which causes difficulties in the relationship, leaving analysts vulnerable to sales influence. Thirdly, regulatory tension has changed sales-analyst interactions, and this can enrich our understanding of why analysts continue to publish commoditised research into highly competitive markets.

Keywords – Sell-side analysts; Strong structuration; Context analysis; Sociology of finance; Equity sales
Paper type - Research paper

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1. Introduction

'Because they (analysts) can become too cerebral in their thinking; that they're the brains, and forget that brains are useless without distribution.' (Sales 4)

Despite not being directly involved in investing or trading, sell-side analysts occupy the 'centre court' in the field of investment advice to institutional investors (Abhayawansa, Aleksanyan and Cuganesan, 2018 p.951). Given this prominent position, understanding analysts' practices provides insights into how equity capital markets function (Chen, Danbolt and Holland, 2018). Predicated on the assertion that exploring the economic activities of analysts requires a thorough appreciation of social networks and relationships, there is an increasing body of sell-side analyst literature that engages with social theory to investigate analysts' social context (for example, Abhayawansa, Aleksanyan, Imam, Millo and Spence, 2019a; Chen et al., 2018; Imam and Spence, 2016; Tan, 2014; Fogarty and Roberts, 2005). Despite the strong contribution from this body of work, prior studies have not undertaken detailed research on equity sales[2] and their interactions with analysts. We argue that this is a significant omission which we address in our study.

The paucity of coverage of equity sales in sell-side research is particularly surprising given that most analysts work in the 'sales, trading *and* research' divisions of investment banks. Whereas we might argue that traders have a distinct market-facing function in buying and selling shares, the sales role entails 'developing investment ideas from research' (Stowell, 2018, p.122) and so is directly proximate to the work of analysts. The apparent prominence of equity sales, coupled with the relative neglect of their role in the literature, suggests a clear and significant gap in our understanding of the analyst field and is central to the motivation for this investigation.

Additionally, this study responds directly to the call from Abhayawansa et al. (2019a, p. 25) for research studies that yield new insights into the networks of social relations in the sell-side field, "looking notably at the ways in which these actors interact with company management, brokers, and sales teams in investment banks." Consequently, our study sheds light on the equity sales role, how salespeople interact with analysts and, ultimately, the

2 Referred to as 'distribution' in the opening interview extract above. To avoid repetition in the paper we use 'equity sales', 'sales' and 'sales team' interchangeably.

way in which such interactions shape the practices of the sell-side as reflected in our research question:

How do analyst interactions with equity sales teams influence their information gathering, processing and client servicing activities?

2. Overview

Sell-side analysts represent a cluster of economic actors typically employed in investment banks and brokerage houses (Cascino, et al., 2014), covering companies in a specific industry (Boni and Womack, 2006). The literature supports the view that analysts hold influential positions, providing investment research services to a diverse range of market participants (Bradley, Gokkaya and Liu, 2017; Brown, Call and Clement, 2015). Such services encompass, amongst other things, information filtering, earnings forecasting and stock rating[3] (Leins, 2018; Groysberg and Healy, 2013; Barker, 1998). The external clients of sell-side analysts, who consume their research, are buy-side analysts and fund managers at institutional investment firms (Imam & Spence, 2016).

The client-facing (front office) elements of investment banks are typically structured into two distinct parts. One part is the investment banking division which handles corporate advisory on major events such as mergers and acquisitions and public offerings. The second part consists of 'sales, trading and research' divisions bifurcated along asset class lines such as equities and fixed income, with the focus in this paper on equity analysts and equity sales. The latter are responsible for filtering, summarising and marketing analyst research to buy-side clients (Groysberg and Healy, 2011, p.32). Each buy-side client will be allocated an equity sales contact who will be responsible for understanding the specific goals and objectives of the client (Stowell, 2018, p.122) and managing the broader relationship with the bank. Equity sales occupy a position as a 'gatekeeper' to the client given their intelligence about the specific client needs, as well as relationships with individuals therein, such as fund managers (Graaf, 2018).

The research is theoretically informed by the position-practices conceptual framework drawn from strong structuration theory (Cohen, 1989; Stones, 2005; Stones, 2015; Feeney and Pierce, 2016; Conrad, 2014; Coad and Glyptis, 2014). A position-practice perspective

[3] The terms 'stock rating' and 'stock recommendation' are used interchangeably.

views agents as being embroiled in a 'social web of direct and indirect influences and buffetings' (Stones, 2005, p.84). Within these networks, we distinguish 'agents in focus' from 'agents in context'. The former represents the key central actors in an empirical study, while the latter refers to those actors with whom agents in focus interact and who influence, to a greater or lesser degree, the practices of those agents in focus. Stones (2005) views knowledge of this network as essential to investigating the context facing agents in focus and, ultimately, to understand why they do what they do. We propose that the 'horizon of action', the specific external structures of most significance to analysts (Stones, 2005, p.101), can be usefully interpreted as a field of position-practice relations. This involves investigating, among other things, analysts' positional obligations, privileges, power influences and matters of trust as shaped through relations with other agents, and in practices formed in specific situations (Coad and Glyptis, 2014; Cohen 1989; Stones 2005 and 2015).

The principal contribution of the study to current literature is across three key areas. Firstly, we provide evidence on the importance of equity sales as a key, and an underexamined, cluster of related agents, that permeates the daily experiences of analysts with a profound impact on their structures and practices. The time-space proximity of equity sales, typically physically adjacent to the research department, leads to interactions that are frequent and impactful. The relationship is one of mutual interdependency; analysts need equity sales to promote their work, and in turn, equity sales require research to distribute. In this way, our evidence reveals that equity sales can contribute significantly to, or inhibit, an analyst's impact and success. If equity sales support for a research report is forthcoming, the research is likely to have a more profound impact on clients. In many ways, we can see that the quality of an analyst's relationship with sales will feed into relations between analysts and clients. This 'derivative relationship', where the quality of one relationship (analyst-client) is derived at least in part from the quality of another relation (analyst-equity sales) in the position practice network, has been largely neglected in the current literature.

Secondly, the interactions with equity sales can have both enabling (as described above) and constraining features, a critical element of structures (Giddens, 1984). Analysts want to produce research that appeals to equity sales, and equity sales can influence and effectively 'constrain' the content of analysts' reports. This influence is effectuated through feedback mechanisms such as routine public questioning of analysts at the morning meeting or periodic feedback provided as part of more formal analyst appraisals.

The final area of context identified in the study is that regulatory tension exists at the level of analyst-sales interaction. Equity sales want prompt and responsive service from their analyst teams. However, regulatory developments and implementation policies within brokers mean that analysts often have to publish before any substantive interaction with the sales team can take place. As explored in the study, this often results in analysts using research to articulate what would have previously been included in a routine conversation, and so their output becomes more commoditised and less value added.

In this paper, we first review and position our work against the mainstream analyst literature overall and then move on to locate it within sociologically informed work on the sell-side. Following on from this, we synthesise the theoretical framework exploring methodological bracketing and position-practices within strong structuration theory. Methods of empirical evidence collection are set out in section 5, with findings and discussion points thereafter. Finally, we consider the new insights revealed by our work on analyst-sales interactions and possible avenues for future research.

3. Literature

The analyst literature, introduced in section 2 above, affirms the importance of the sell-side. However, there is also substantial evidence that raises doubts regarding the quality of analyst work. Scholars have found analyst outputs are overly optimistic and that asset managers routinely ignore their advice, driven in part by the multitude of conflicts of interest they face (for example, Chen et al., 2018; Green, Markov and Subasi, 2014; Cliff 2007). Such is the level of concern about the activities of analysts, numerous pieces of regulation have been introduced to control aspects of their work such as Regulation Fair Disclosure ('REG FD') and the Markets Abuse Directive ('MAD'). As is evidenced in our field study, these regulatory developments have a significant impact on the day-to-day practices of analysts, including their interactions with equity sales.

Analyst earnings forecasts and stock ratings continue to be the subject of forensic study resulting in a substantial, predominantly quantitative, literature, which can be categorised in many different ways. We follow an approach similar to that in Abhayawansa, Elijido-Ten and Dumay (2019b, p.1630), separating activities into information gathering, information processing and client servicing, although this is not to suggest an overly deterministic linear process.

3.1 Information gathering

The first aspect, termed ‘information gathering’ by Michaely and Womack (1999), entails the analyst taking a diverse range of information inputs, applying appropriate filters and then choosing which data points to give particular weight to. Historically, analysts leveraged this ‘information brokerage’ role (Abhayawansa et al., 2019a, p.16), and that proved a valuable service to clients. However, the ubiquity of financial data, predominantly through online sources, has weakened data provision as a significant value-added service to clients.

The dominant information sources analysts use are sourced from the companies they cover, including private communications with management, earnings conference calls and earnings guidance, in conjunction with the analyst’s own industry expertise (Brown et al, 2015). In light of the value of this access, analysts act to sustain strong communication channels with corporates by, for example, producing more frequent forecasts (Soltes, 2014) or publishing positive equity research recommendations (Das, Levine and Sivaramakrishnan, 1998).

There is evidence that these corporate and industry information flows allow analysts to gain an advantage. For example, many brokers host investor conferences which aim to provide clients and analysts with access to corporate management presentations and discussion. Analysts with higher level ‘hosting relationships’ produce more valuable stock recommendations particularly after the event takes place (Green et al., 2014, p.253). Extending this theme, superior industry knowledge, in the form of ‘pre-analyst' industry expertise, produces more accurate earnings forecasts, better-performing stock recommendations and a higher likelihood of leading analyst recognition in external surveys (Bradley et al., 2017).

If we accept the criticality of company information channels, and efforts to preserve and nurture these assets, this inevitably leaves analysts susceptible to corporate influence (Francis and Philbrick, 1993). This vulnerability raises questions about whether reliance can be placed on their stock recommendations given the conflicts of interest intrinsic in their work and concerns about their independence (Groysberg and Healy, 2013). Analysts are aware of these issues and also apply their own filters on information collected from companies. For example, analysts do not appear to use 'integrated' reports by companies on matters such as human, intellectual, social and relational capitals in part due to their concerns about potential bias (Abhayawansa et al, 2019b, p.1632).

3.2 Information processing

Information gathered needs to be embedded into the financial analysis technologies that analysts use, such as integrated financial statement models, valuation spreadsheets and broker house databases. It is in this phase that the outputs from these tools are combined with the analyst's thinking to produce a range of outputs often in the form of industry reports, earnings forecasts, valuations (target prices) and ultimately, ratings (Schipper, 1991). This work would typically be distributed in the form of a written research report sent to clients, a very important facet of their practices (Barker, 1998). The extent of processing effort will vary with the difficulty of the analytical task in hand. For instance, faced with the difficulty of analysing foreign listed stocks, analysts will collate more non-accounting information and also undertake more re-statements to bring the financials closer to accounting standards with which they are familiar (Clatworthy and Jones, 2008).

Many perceive rating decisions as the central task of the analyst 'processing' role, including Kecskes, Michaely and Womack (2017, p.1855): "The job of sell-side equity research analysts is to provide their investor clients with profitable investment advice." Womack (1996) argues that earnings forecasting is "secondary to the analysts' main objective of making timely stock recommendations" (Womack, 1996 p.138). The importance of ratings can also be explored by observing client investment activity, and evidence shows that trades initiated on the buy-side follow sell-side recommendations, but this does not happen in reverse (Busse, Green and Jegadeesh, 2012). Indeed, in Brown, Wei and Wermers (2014) it was shown there is an overreaction to analyst recommendation revisions which impacts the profitability of investment funds.

There is no unanimity about the importance of stock recommendations or other analyst outputs in the literature. For example, analysts' compensation has been found to be more directly tied to client-broker vote recognition than it was to the performance of analysts' recommendations (Brown et al., 2015). Others argue that the substance of an analyst report is the discussion and the analysis included therein, rather than merely the earnings forecast, or the specific recommendation (Twedt and Rees, 2012).

3.3 Client servicing

The third dimension of the analyst role relates to clients. Sell-side analysts 'compete intensely for investor attention' (Baum, Bowers and Mohanram 2016, p.1611) and will typically service these clients with a combination of face-to-face meetings, phone conversations, emails and online chat (for example, Bloomberg chat forums) in order to draw attention to their work and to explain reports, calculations and conclusions further. Each broker will put together a list of what Groysberg and Healy (2013) described as 'leading clients', who will be prioritised for access to the analyst and other related services.

In the context of the mainstream literature, we explore equity sales across these three functions of analysts. Client servicing is most naturally positioned close to equity sales. As account managers, sales operate as effective 'gatekeepers' for clients. In other words, equity sales have the capacity to modulate the access that analysts enjoy especially for analysts without established relationships. The shape of analyst information gathering and processing activities could also be moulded by equity sales through their interaction, questioning and feedback. For example, equity sales might expect to see certain types of information or analytics underpinning the views expressed in research reports which, if absent, might undermine their support for the analyst's work.

3.4 A social lens on the analyst role

The presupposition of much of the mainstream research is that exploring the outputs of analysts, such as forecasts and research reports, is the most effective way to understand their practices. In this study, we pivot the research lens to focus on the social environment in which analysts operate to explore how an analyst's knowledge of their context, including their relations with others, shapes their actions and decisions. The study is situated in the sociology of finance literature, an emergent and interdisciplinary field, based on the premise that research is required on the orientation and attitudes of participants embedded in the financial system (Knorr-Cetina and Preda, 2012, p.3). Within this, there is a growing body of literature that engages with various theoretical lenses sourced in contemporary sociology and qualitative methodologies to investigate analysts (for example, Abhayawansa et al., 2019a; Chen et al., 2018; Imam and Spence, 2016; Tan, 2014; Fogarty and Roberts, 2005). Employing these approaches can be characterised as a shift from inferring behaviour and influence from analysts' outputs, to a focus on investigating their interactions and behaviours directly (Imam and Spence, 2016).

One strand of this literature explores the outputs of analysts to reveal the social processes that were manifest in its production, such as the pro-management tendency on the sell-side (Fogarty and Rogers, 2005) or how analysts had developed a domain of expertise in corporate governance and related research (Tan, 2014). Although these studies engaged with theory at a sophisticated level, neither engaged directly with analysts (or other agents) to explore their experiences and reflections as human agents. Fortunately, there are scholars who have interacted with, and gathered evidence from, agents in the field and this has revealed fascinating insights into the context of analyst work. For example, Imam and Spence (2016), using pre-financial crisis interview data, identified the importance of social capital in the analyst field, in contrast to the hegemony given to technical capital in the mainstream literature. Emerging qualitative work by Aleksanyan and Abhayawansa (2018, p.6) evidences that, faced with a diverse and often conflicting set of demands, analysts resort to 'satisficing behaviour' through their adoption of 'decision-making heuristics and compromises'.

In considering the social networks in which analysts are embedded, Chen et al (2018) developed an analyst intermediation model which substantiates the important information filtering task performed by sell-side analysts. The behaviour of analysts was viewed through a 'Bourdesian capital' lens, whereby relative information power determined the actions of analysts, but this is "counterbalanced by analysts' technical capital and symbolic capital, such as ranking among key fund management clients" (Chen et al., 2018, p.275). The political and positional struggles facing analysts in the field was explored by Abhayawansa et al. (2019a) who argue that the 'information advantage' of analysts has been eroded to a great degree by technology. Analysts now focus on using social skills to supplement their information gathering and processing activities, thereby facilitating a positional shift to 'trusted advisor'. This emphasis on the interactional nature of the analyst field was also identified by Abhayawansa et al. (2018) in a qualitative study on the use of intellectual capital information by the sell-side, which identified interactions with clients as a critical forum of exchange.

Our study builds on the 'positional and political struggle' explored by Abhayawansa et al. (2019a) to investigate analysts' interactions with equity sales. It also reflects the idea of compromise and satisficing, central to the work of Aleksanyan et al. (2018), as analysts grapple with the reality of field conditions.

Following on from this clear lineage, our work has three distinguishing features. Firstly, the focus is specifically on equity sales, who are rarely mentioned in the literature. Abhayawansa et al. (2019a) refer to equity sales in terms of the potential for future research but do not materially address it in the body of their study. There is an indication of the importance of equity sales in Groysberg and Healy (2013) where they identify that the results of internal surveys of equity sales form an important component of a typical analyst 'report card', however, the theme was not pursued further. Graaf (2018) provides the most detailed reference to equity sales, considering sales as an audience for the analyst product around earnings announcements. Although no salespeople were interviewed as part of that study, the analysts clearly felt the importance of this economic actor referring to equity sales as the analyst's 'first customers' and documenting that the discussions between analysts and fund managers are often mediated by equity sales. Overall, equity sales receives, at best, sporadic attention in the literature, a deficit we resolve in this study.

Our second point relates to evidence collection. Consistent with studies such as Imam and Spence (2016) and Abhayawansa et al. (2019a), we undertook a qualitative interview based research study as quantitative methodologies were unsuitable for exploring the nuance of interactions between analysts and equity sales. However, rather than restricting our evidence to interviews with analysts about their relationship with sales, we additionally draw from semi-structured interviews with equity sales themselves to understand their unique perspective. This is further complemented by interviews with corporate investor relations officers and investing clients. Thirdly, we employ social theory in the form of strong structuration theory. In particular, we utilise the methodological bracket of context analysis to explore the interactions between sales and research. This structural perspective directs us to look for the 'enabling and constraining' features of the social context as it pertains to the analyst field.

4. Theoretical framework

In this section, we elaborate on the nature of the work of analysts, drawing upon the ideas of Stones (see 2015, 2005) on strong structuration theory. We view the work of analysts as being shaped within a web of position-practices relations (Stones, 2005, p.81). Embedded inside a social web, analysts gain an understanding of their role in relation to others and the impact of context on their work. At the same time, they influence others as they are actively mapping out and navigating through their context, forming relations and practices. Our attention on the relationship between sell-side analysts and equity sales within the network of position practices offers an insight into the ways strong structuration theory provides a meaningful framework for the analysis of empirical research (Conrad, 2014; Coad and Glyptis, 2014; Feeney and Pierce, 2016).

4.1 Strong structuration theory – methodological underpinnings.

We view the world of sell-side analysts as a social setting where situated relations and interactions make up the rules and resources of communication, social influence and legitimation that are constitutive to each society (Giddens, 1984). One of Anthony Giddens' (1984) key contributions to contemporary sociology was his proposal that interactions between knowledgeable and intentional humans, both inform their understanding of context as well as shape it. He offered structuration theory as an ontological framework to research human social activity (Giddens, 1991, p.201). Structuration emerged from a range of concepts, assumptions and principles in social theory in a process that Kilminster (1991, p.74) likened to 'theoretical synthesis' and in Giddens' view, combined 'elements in such a way that the recombination produced a novel fusion'. Central to the theory is the notion of the 'duality of structure' which implies that 'all social action involves structure and all structure involves social action' such that they are 'mutually constitutive' (Coad, Jack and Kholief, 2015, p.156). The essence of structuration is that while rules, routines, norms and resources shape human activity, this activity itself either alters or reproduces these structures. And so, the social world is shaped by the ongoing interplay of agency and structure.

A number of scholars voiced concerns about a range of aspects of structuration theory including whether the duality is plausible (Stones, 2005; Parker, 2006), that rules represent an oversimplification of structures (Thompson, 1989), that there is inadequate consideration of external structures (Archer, 1995) and that the duality of structure and agency are seen to only exist for routine matters (Mouzelis, 1991 and 2008). Other critiques developed around the very nature of agency and structure, such as Roberts (2014) who suggested that the notion of 'active agency' should be further studied to explore potential impacts on structures within the web of position practices, where both human and/ or nonhuman agents play a role, and to address the issue of ethics underlying the outcomes of social change and inclusion (see also Stones and Jack, 2016).

Stones (2005 and 2015) wrote extensively about the potential of Giddens' (1984) structuration theory for substantive empirical research, culminating in what is commonly referred to as 'strong structuration theory'. Stones' (2005) focus was on the in-situ understanding of social actors' relationships with other actors and their knowledge of their context. He proposed to study the 'quadripartite nature' of the interplay of social agency and structure in four interrelated dimensions that encompass active agency, external structures, internal structures and outcomes (Stones, 2005, p.84). In placing the agent (or cluster of agents) at the focal point of the research (i.e. the agent in focus) he proposed that researchers should look at an agents' (or cluster of agents) analysis of their own context and their own conduct i.e. the agent's context analysis and the agent's conduct analysis (see Warren and Jack, 2018; Englund and Gerdin, 2016). In doing so, one can analyse how agents understand themselves, their situation, the structures and other agents around them. It is then possible to study the agent in focus's understanding of other agents' contexts and conduct, and how it might affect their own actions in return. To be in a position to understand how social agents choose to reproduce current practices, patterns and structures or alter their course of action, with implications for structures and practices, is the great potential of strong structuration theory (Stones and Jack, 2016). The potential to analyse the notion of active agency from an agent's knowledge of their context as well as their conduct, is the 'strong' in strong structuration theory and as such it provides new directions for empirical data collection and theorisation (Stones, 2005).

Stones continues to provide detailed guidance on the application of strong structuration theory in empirical settings, (see, for example, Stones and Tangsupvattana 2012; Stones 2014; Stones, 2015; Stones and Jack, 2016; Stones, Botterill, Lee and O'Reilly, 2018). In particular, Stones (2005) has explored the potential of methodological bracketing as 'blinkering out' certain aspects of a phenomenon under investigation to allow the researcher to focus more sharply on a particular component of the research problem. In his interpretation of agent's context analysis, Stones described it as going "from the actor outwards into the field" (Stones and Jack, 2016, p.1148) maintaining respect for the importance of the phenomenology of agents. In this study, we are concerned with a social contextual analysis of analyst practices and so we 'bracket out' the examination of the analysts' internal structures.

In terms of the suitability of strong structuration for empirical research, the theory is particularly appropriate for dealing with questions such as ‘what routines are in place, how people interact with each other, the distances between them and the nature of the institutions in place’ (Jack, 2017, p.51). All of these factors are important to our study of analyst-sales interactions. The use of structuration theory also reflects a deliberate focus on, and interest in, structures, on patterns of social conditioning and broader external factors that constrain the agency of analysts. Other theoretical lenses, especially those of ‘practice’ theories, build on the premise of social action being crucial in shaping the setting of social systems where they are embedded. Bourdieu, for instance, examines praxis as influenced by the actions of social agents to accumulate capital (economic, social and cultural), their position in a social field, and their habitus. However, the weight is placed on production and mapping of structural elements, such as their position at the field, rather than the reflexive dispositional and conjunctural knowledge that is found in active agency of each social agent, which is one of the main important assertions of strong structuration. Actor Network Theory (ANT) is also an obvious potential theory for this type of work. However, it decentres human agents and “a researcher narrative is offered at the expense of any account which the ‘natives’ might have given” (Greenhalgh and Stones 2010, p.1288). We argue that a study of interactions, such as that pursued in this paper, requires human agents to be central to that narrative and so strong structuration theory provides a more appropriate platform.

4.2 Position-practice relations

Drawing on the work of Cohen (1989), Stones proposes that a thorough investigation of position-practice relations, the term used for the contextual field in strong structuration, is critical to the exploration of structures existing outside of agents. Stones (2015) argued that, although external structures are formed by rules often objectively external to an agent, there are structural elements that are subjectively understood. An important relation between other agents, for instance, can be identified objectively in the contextual field, but how these agents conduct themselves can be subjectively interpreted by the agent in focus who observes that external other relation. As agents in focus are embedded with networked agents in context (or clusters of agents in context) they may exert influence on those with whom they have relations and interact within the ongoing fulfilment of their obligations (Greenhalgh et al., 2010, p.1288). This is an important theoretical insight that will aid our analysis of the relation of analysts with equity sales and how analysts may consider the relations formed between clients and sales teams.

The importance given to 'relations' in the position-practice relations mapping requires further attention (see, for instance, Conrad, 2014; Coad and Herbert, 2009; and Coad and Glyptis, 2014). Relationships between agents, or clusters of human agents, form a network. Feeney and Pierce (2016) examined new product development from the viewpoint of six different agents-in-focus, each occupying different roles within a medium-sized organisation. This approach facilitated the investigation of web-like interdependencies between different processes of structuration and the exploration of the relationships between the various agents and structures. Multiple relational configurations provide for concurrent and overlapping structuration processes and in effect a variety of social rules and resources can be found in different levels of analysis (Moore and McPhail, 2016). In this study, our evidence collection across a number of different agent clusters facilitates this multi-layered analysis.

4.3 Applying strong structuration in the analyst field

For this study, it is proposed that the empirical domain within which analysts work can be usefully conceptualised as a field of position-practice relations. We take the view that social actors, such as analysts, interpret features of their environment and use them to construct an understanding of, as well as a social positioning in, their contextual field. In this perspective, gathering evidence about the contextual field involves hermeneutic engagement with actors, whereby we provide our understanding of "how others understand their situation" (Coad, Jack and Kholief, 2016, p.1140). This approach will also, importantly, reflect how the specific historical context (Cohen, 1989) of previous incumbents (for example retired analysts) reproduced and transformed that position through the duality of structure and agency. Current day analysts will inherit the legacy of previous cycles of structuration, and future structuration processes will continue as the in-situ analyst reproduces or transforms their inheritance (Stones, 2005).

The investigation into the critical features of a contextual field is not undertaken in an analytical vacuum, but instead addresses specific positions, practices and relations experienced by analysts. In other words, it is necessary to embed a study of how analysts or other agents interpret their situation. Harris, Northcott, Elmassri and Huikku (2016, p.1179) suggest that strong structuration theory is especially appropriate in circumstances with complex organisational processes, agents drawing on rational, calculative tools shaped by rules and norms, certain agents being close and others more distant and, lastly, a combination of formal structures, such as regulation, and less formal structures. Almost all of these features are present in the world of the sell-side. The organisations which employ them are typically highly sophisticated and complex investment banking institutions. Tools, such as valuation models, are used extensively, and various agents in context have expectations about the form and content of these models. The agents in context are widely dispersed, with some close to the analyst in time-space and others (for example, investing clients) located across the world. Lastly, there is an extensive set of rules in the form of formal regulation, but also a wide variety of 'rules of the game' that agents can accept or reject. In the ontology of strong structuration, we look at analysts' practices by viewing them through the minds of analysts, as well as through the minds of others in their network of associations, rather than their external manifestations by way of research reports or other outputs.

Drawing on the work of Cohen (1989) and Coad & Glyptis (2014), as well as Stones (2005 and 2015), we emphasise particular features of the contextual field. The first is the social position occupied by the agent in focus, relative to several clusters of agents in context, along with the associated distinctive features of that position. The second element addresses the obligations and rights embedded in the role of the agent in focus. 'Power relations' represents an analysis of the nature of the interactions agents undertake and how parties might be influenced. Lastly, the role of trust across the field is considered.

5. Research methods

The research methodology was constructed to give voice to the analysts and other actors in the field. The research is interpretive with a hermeneutic interest in understanding the lived experiences of the participants included in the study. Such a research philosophy led to the choice of an interview-based field study. In addition to the interviews, the research also included reviewing a variety of documents such as relevant press articles, media and consultant reports, research reports, job advertisements and regulations relevant to the work of analysts.

There are three important research design issues at the heart of the study. Firstly, theory was engaged from the onset consistent with a circular research design (Makrygiannakis and

Jack, 2018). Such an approach supports the researcher "to ask the right questions, i.e. questions that secure data of both sufficient quantity and appropriate quality around certain conceptualisations and interrelations" (Makrygiannakis and Jack, 2018, p.78). Secondly, interviews were extended beyond the agent in focus (the analysts) to include interviews with a broad range of agents in context - investors, equity sales and corporate officials with exposure to analysts. Such an approach allows the construction of a holistic picture and has specific support in the literature (Stones, 2005; Harris et al., 2016). Lastly, the study employed both focus groups and semi-structured interviews. Focus groups were used for the collection of background evidence about relatively uncontroversial issues in the analyst field, such as the identification of key agents in context. The focus of the interviews was on personal experiences, challenges and difficulties which would not have been appropriate for discussion in a focus group forum. This combination enabled multi-layered evidence to be collected, from the broad consensus about the analyst field, to much deeper personal experiences of successes and failures (Lambert and Loiselle, 2008).

A pilot stage, consisting of a small series of interviews and a focus group, was undertaken. After assessment, reflection and further planning, the second stage (focus groups) and third stage (in-depth semi-structured interviews) were conducted. In total, 54 professionals were involved in the research project, 23 in the pilot stage and focus groups (all analysts) and 30 in the interviews (14 analysts, 6 salespeople, 5 investor relations officers and 5 buy-side clients). The final interview took place in December 2017.

A further 3 analysts, including one analyst who had not been involved in the core study, participated in a final validation process which sought feedback on the major empirical findings of the study. All the analyst interview participants were experienced sell-side analysts, with an age range of mid-twenties to mid-fifties, recruited purposively from work-related contacts[4].

INSERT TABLE 1

INTERVIEW PARTICIPANTS

[4] The principal researcher was a senior professional in the equity research industry during data collection.

With the formal consent of the participants, all interviews and focus groups were recorded, with one exception. Field notes were also used to document the setting and tone of the interviews and to note anything unusual.

The analytical process for interpreting the data was based broadly on thematic analysis as set out by Braun & Clark (2006) and King and Horrocks (2010). After each session, the recordings were converted into printed transcripts and were read carefully to validate that the transcription was accurate before being uploaded into NVivo 11 qualitative analysis software. A basic framework emerged from the primary areas addressed in the interviews. Clustering of codes followed which involved grouping batches of codes into broader categories, and the final stages focused on going back and forth to the data and coding extensively in order to distil critical themes and consider theoretical reference points.

6. Findings and discussion

The findings are structured as follows: 1) Position mapping of analysts and key agents in context; 2) Position-practices of analysts and equity sales; 3) Power relations and 4) Issues of trust between analysts and sales.

6.1 Position mapping of analysts and key 'agents in context.'

Stones (2015) suggested that to enrich our understanding of a contextual field we need to gather evidence on a range of factors, such as the key actors, both individual and collective, embedded within the field. This allows us to situate, or position, the primary agents relative to each other where this primacy could derive from, for example, the frequency with which interactions take place or the perceived influence of particular actors on the work of the agent in focus in the study. In Figure 1, we present a map of the analyst contextual field in a format similar to that used by Adhikarl and Jayasinghe (2017) in their work on government accounting. The circles represent agents, or more accurately, clusters of agents. The lines link clusters where there is meaningful interaction. The intensity of these interactions will vary from agent to agent (Cohen, 1989) and so the diagram indicates that, although almost all of the clusters interact, such interactions should not be considered of uniform importance. Also, macro socio-economic factors that influence the entire field are included in the top left of the diagram. The example included here is broad-based regulatory influences on the field from the FCA, the SEC and the EU, critical macro influences based on our evidence.

INSERT FIGURE 1

MAPPING OF AGENTS IN CONTEXT IN THE SELL-SIDE ANALYST FIELD

The evidence we collected demonstrated broad consensus about the importance of three groups of agents in context - investing clients, companies covered by analysts and equity sales, highlighted in bold circles in Figure 1. Since analyst work is team-based, it is no surprise that participants mentioned fellow team and department members as influential. Investment banking, on the other hand, was ranked significantly lower. One reason for this may be the inherently uneven nature of interactions with banking. Regulatory changes (such as REG FD and Sarbanes Oxley) have made investment banking-research interactions much more restrictive with material sanction for breaches. If there are, for example, several IPO mandates in a sector, then there will be frequent (compliance approved) communications between bankers and analysts. However, outside of specific mandates, there is little sense of regular 'day-to-day' interaction and this may explain why the analysts did not elevate banking to the level of, say, equity sales. The relatively low importance attached to competitor analysts may also be surprising. We found little evidence that competitor analysts were seen as critically influential agents in context:

'There's one or two that you keep an eye out for but I very rarely see competitor research and I've got no interest in it.' (Analyst, Pilot 3)

Industry experts and media were mentioned sporadically in the fieldwork but more in the sense of being useful resources rather than critically important agents in themselves.

Based on our fieldwork, both companies covered and external clients represent significant agents in context. Their relevance to the analyst field is well established in the literature (see for example, Brown et al., 2015; Graaf, 2018). However, the internal equity sales team, representing an internal client, has rarely been addressed before and is, therefore, the main focus of the investigations in this paper.

Consistent with the gatekeeper role mentioned earlier in the paper, sales see themselves as a '*commercialised link between the research team and the client base'* (Sales 1). In its most basic form, this would involve contacting investing institutions and informing them of research ideas being published with the objective of '*selling ideas to investors to help them in their decision-making process to decide how they would invest* '(Sales 4). This is also consistent with how analysts in our study judged their success with '*recognition from clients and the relationship with clients'* (Analyst 8) being central.

On days when an analyst has published a significant report, their first interaction outside the research department will be with the equity sales. Such immediacy of interaction elevates their importance - '*with your salespeople, because they are your first counterparts, you need to make sure that they understand where you're coming from'* (Analyst 12). This is consistent with Graaf (2018), where a participant described equity sales as the 'first client'. Analysts also appreciate the critical sales role of disseminating research to as broad an audience as possible:

'you want your internal distribution to be on board. Then you can call ten clients until midday, but if there are 20 people who are distributing and they do the same, you can reach 200 people'

(Analyst 4)

Although equity sales and institutional investors both constitute important clusters of clients to the research department, there are important differences. Firstly, they occupy positions with very different characteristics of time-space. Equity sales is based physically in the same location as analysts and there are frequent interactions, both informal and structured (for example, the morning meeting). Consequently, the interactions between the analyst and equity sales will be much more frequent. Secondly, access to research is very different. External clients have access to the product from across the street, whereas the sales team is restricted to the distribution of the house[5] product. Lastly, the generalist equity sales engage with analysts, and their research product, across all sectors and stocks. Therefore, they require a more straightforward message suitable for a non-specialist audience. Most external clients, on the other hand, are more specialised with a focus on a smaller subset of the market. Therefore, in broad terms, the type of research product demanded can also deviate between external clients and sales with external clients wanting a more sophisticated, targeted product in comparison with sales.

We argue that these positional differences, divergent access to product and the more generalist sales perspective, leaves the analyst with the task of adapting their practices to satisfy both audiences.

5 In this context 'house' refers to the particular employing bank or broker which will only have one research team in each sector.

6.2 Position-practices of analysts and equity sales

In his explanation of position-practices, Cohen (1989) made particular reference to gaining an understanding of critical obligations and prerogatives of social positions, a theme extended by Moore and McPhail (2016, p.1207):

"Positioning refers to the prerogatives and obligations of the position which are reconstituted by the agent in focus through praxis."

We find this focus on perceptions of obligations and prerogatives provides a useful structure for our discussion of analyst and sales team practices as it extends the discussion beyond a reductive, overly deterministic interpretation of their work as a standardised 'role'.

6.2.1 Prerogatives

Our fieldwork evidence reflects the profoundly social nature of both analysts and sales work. Both agent clusters occupy a space, embedded in the field of position-practices, surrounded by diverse agents in context and both clusters consider access to be of critical importance. Analysts cultivate their access to corporates and senior management within the companies they cover as a significant privilege. They are aware that many clients use their research because of their 'connected status' where analysts become the 'eyes and ears' of the client (Kellard, Millo, Simon and Engel, 2017):

'I love going into the results meetings, meeting the CEOs of companies. You get exposure to really brilliant people, from quite early on as well. So, I've always enjoyed that, and getting into the nitty-gritty of how they think about things, how they make their decisions, what drives them, what motivates them.' (Analyst 11)

It is striking that sales view their access resources in a similar way:

'From my perspective, I think it's super fun to talk to a lot of people and you end up talking to so many people during the day. I'd struggle to find any other job where you have more stimulating discussions and you get to know people from all over the world.' (Sales 2)

Although both agent clusters privilege their networks and access, it is the differential access that creates further complementarity. Sales have access to fund managers, who make the investment decisions, while analysts have more extensive access to companies:

*'Typically, sales will have a better relationship with the more generalist fund managers. That's where they will typically introduce those more generalist fund managers to sector-specific analysts.' (*Analyst 14)

'I think one of the big differences between my role and their role is they're in regular contact with the companies. I will have sporadic contact with the companies but not very much. I think it's quite interesting how different research analysts think of their relationship with the companies, because some of them almost think the company's an additional client, if you like.' (Sales 1)

We have already described the sales account manager role as a gatekeeper of analyst access. An account manager could make it much more difficult for an analyst to gain access to a particular client. For example, one salesperson commented that if the analyst is not good enough, then they would simply not arrange a meeting (Sales 5). Graaf (2018) argued that, because of their superior access to fund managers, the analyst-client relationship was mediated by equity sales. This is supported by our evidence, but we add two important caveats to this discussion. Firstly, clients encompass both 'buy-side analysts' and 'fund managers' as identified by Abhayawansa et al. (2019a). Analysts tend to have stronger relationships with buy-side analysts rather than fund managers and would have more opportunities for independent access to these individuals within client firms. Secondly, analysts who have a strong franchise with a client, to a large degree, can by-pass equity sales mediation and enjoy a direct relationship:

'I feel they are very important if you do not have a good relationship with a client but if you do they are of little help.' (Analyst 7)

Given that this unique access provides both clusters with the information-based resources and capabilities needed to carry out their duties, they act to sustain these privileges. They draw on sophisticated structures regarding acceptable norms of behaviour (known as legitimation structures) and tools of communication (known as structures of signification) to avoid putting this access at risk. For example, we know from the literature, and it was confirmed in our study, that analysts seek to publish research which minimises damage to their corporate information privileges. This might involve toning down or avoiding the publication of particularly critical research pieces. In the same way, equity sales need to protect their relationships with fund managers. Central to this is their role as a filtering mechanism for the external client as they seek to draw attention to what they perceive to be high-quality research and 'filter-out' low quality or what is commonly referred to as 'maintenance' research. As this quote eloquently articulates, if a salesperson does not assess and filter research (here referred to as 'step out of line'), then they will fail:

'So, there's a conflict in that what the bank wants a salesman to do, which is to sell its product, full stop. What the bank does not want that person to do is to step out of line. In order to have a good relationship with your client, you have to step out of line, otherwise you are a meaningless cog in the wheel and you are worthless, full stop. '(Sales 6)

Irrespective of the desire of a bank to prevent equity sales exercising discretion to filter research reports, it is openly practiced – '*I think it's almost impossible to have anything more than a filtering role in a generalist sales job' (Sales 1).*

The filtering process sales use is explicitly linked to their knowledge of what the client base needs. In the interviews, sales spoke at length about how they conceptualise research that will resonate with clients, often referred to as 'commercial':

- *'Hedge funds need it to be translated into actionable calls and I'd say that's the biggest part of my job'* (Sales 1)
- *'Investors are looking for structural winners – companies who have the best industry positioning'* (Sales 2)
- *'...help them in their decision-making process to decide how they would invest – whether they should buy 'X' stock or 'Y' stock or sell 'X' or 'Y' stock.'* (Sales 4)

The broad thrust of these comments is that sales ideally want research which leads to a very clear outcome as the underlined text highlights. On this basis, an analyst presenting a piece of research with no clear outcome, for example, a stock recommendation of 'hold', is unlikely to receive enthusiastic sales support as observed by Analyst 12 '*they will never be an advocate on holds.'*

These interactional dynamics represent crucial facets of the conditions of action facing analysts and salespeople and have structuring properties in that they help to pattern behaviour. Analysts realise that equity sales will protect their access to fund managers, and so therefore, only research that 'fits' with the sales team's view of what is high quality and commercial will gain them access to fund managers. This will then become a self-reinforcing structuration cycle as analysts adjust their work, and the relevant internal stocks of knowledge, based on what will appeal to equity sales. It also exposes the analyst to having a proportion of their client relationships shaped by another agent. Given that our fieldwork identified client votes and impact as the most important barometers of success, this is an important field condition facing analysts.

6.2.2 Obligations

It was apparent from an early stage in our data collection and analysis that analysts considered regulation, and its implementation, to be an increasing burden and source of constraint, a finding consistent with recent studies on the encroachment of regulation on analyst work (for example Abhayawansa et al. 2019a). We add to the body of evidence on regulation on two fronts. Firstly, we focus on the how the implementation of such rules has become increasingly stringent over time, rather than merely the enforcement of regulations. themselves, and secondly, our focus turns to how these rules impact on the interactions between analysts and equity sales.

From a structural perspective, regulation can be considered an 'independent causal external structure', which imposes a constraint on agents beyond their control (Stones, 2005). Rules issued by powerful regulatory bodies such as the FCA or the SEC exhibit the autonomy Stones was referring to, as agents presumably feel obligated to comply irrespective of their desire to do so. In the specific situation where action would result in a regulatory breach, there is no feasible option to 'do otherwise' if an agent is to fulfil the routine obligations of their position.

Our fieldwork evidence identified that it is the increased rigour with which such legislation is being implemented, rather than merely the existence of the rules themselves, which has impacted practices:

'Compliance-wise, there is much more restriction in place than there used to be. It's interesting when you talk to compliance people now about what they say you can't do, which is actually counter completely to what you were encouraged to do when I started.'

(Analyst 9)

This extract captures the extent of change; what was previously rewarded is now punished. A further challenge facing analysts, is the simultaneous distribution requirement, whereby analysts must not discuss unpublished research. As part of their social practices, analysts communicate with many clients (internal and external) on a daily basis. The discipline required to avoid the risk of regulatory censure, by straying into an unpublished opinion, is a very significant challenge. Arguably it is also an unrealistic expectation. This has had a direct impact on interactions between analysts and external clients, but also on their more immediate, frequent interactions with equity sales. In their fast-moving, dynamic, breakingnews environment, as these quotes make clear, regulation results in less interesting research:

'...the sell-side analysts are now forced to share information to all their clients at the same time. It's getting more and more difficult to give a tailored service to suit the client, based on news flow or company results or the market day. It's making the research product more and more commoditised.'

(Sales 2)

'Given the compliance environment we're in, it's very difficult for a sell-sider to have an opinion.' (Client 2)

Another challenge arising from the simultaneous distribution requirement is how to cope with 'out of date' views in the time interval between publishing research. Given the wide variety of tasks analysts undertake, including corporate field trips, international client marketing or investor education, it might be many weeks or longer before an up to date research report has been published. During this period, analysts need to remain committed to 'out of date' research:

'The thing that I feel has changed on the sell-side is definitely the thought about simultaneous distribution and it being difficult to say something that isn't in line with your published view. I get the point of not saying something that's not in line with your published view, but the fact is, if things have changed then your published view is wrong.'

(Analyst 3)

Given the extent of freedom and entrepreneurship historically enjoyed by analysts, the increasingly challenging compliance environment is a cause of anxiety. Sales want novel and original thinking to 'sell' to clients, but the analysts are faced with a rigorous process that must be followed to avoid a regulatory breach. The fact that the analyst will frequently meet with sales in the normal course of business creates an added dimension to this 'regulatory tension.'

6.3 Power relations

We are interested in power from the perspective of dominance or influence of agent clusters over others in the analyst field (Jack, 2017). Power can be exercised in various forms, including legitimate authority in a consensual form, manipulation, persuasion and influence as well as coercive authority (Stones, 2009, p.96). Lukes' (2005) conception of the three faces of power provides a useful framework for understanding its nature. The first face of power is the ability of one agent to control decision making in a specific situation (Dahl,

1957) and is the most explicit form of power. The second face extended power to the ability to influence or control matters that might appear on the agenda (Bacharach and Baratz, 1962). For example, if issues can be kept off the agenda, then this is a form of control as no decisions will be made relating to these matters. The third 'radical' face is where power is used to shape the perceived real interests of those being dominated (Lukes, 2005).

For analysts, in their interaction with sales, formal power enshrined in hierarchical structures, consistent with the first face of power, is of less relevance. Research cannot report to sales and vice-versa due to the required separation ('Chinese walls') enshrined in regulation. The second face of power is of more interest – could equity sales influence the content of research such that certain topics or ideas were more acceptable than others? This leads us to three important themes around power which were revealed in our empirical study; sales feedback as a structure of power; power vested in analysts as the 'house view' and, finally, the mediating effect of the common goal, shared by both clusters, to generate client votes.

6.3.1 Sales feedback as a structure of power

In a simplistic interpretation of the arrangement, researchers produce the product and equity sales distribute it. However, as we have already seen, reducing the role of sales to a 'product pusher' would be misguided. An important facet of the sales role is the assessment of the work of the analyst and a decision as to which pieces of research product to 'filter' out and which to push, as discussed in section 6.2.1 above. Unlike the case in other types of business, 'research sales' is under no obligation to sell every piece of research. They tend to be discerning and discriminatory. If a salesperson decides to de-emphasise the product of a particular analyst, then this is an exercise of a structure of dominance, using the terminology of structuration. Here, the salesperson is exercising their power of authority over resource allocation, the resource represented by the time and effort to be expended marketing the analyst's work. Analysts recognise the powerful benefaction which can flow from effective sale support and would normally want to ascertain the reasons for this. Additionally, since sales require commercial research, they would be motivated to communicate this criticism to the analysts in what is a significant facet of the sales role - providing feedback to analysts. There are a variety of forms this feedback can take. Less formal methods would include questioning the analyst to indicate areas of concern. These questions could occur at the morning meeting, during sales presentations or in one-to-one discussions. More formal feedback would be given in the annual sales survey of research, a part of the analyst scorecard (Groysberg and Healy, 2013).

The provision of feedback is a complex and sensitive matter, and also clearly an opportunity for equity sales to influence research product, consistent with the second face of power. Our evidence identified two distinct levels of this influence. One was influencing what analysts decide to research and the other is effecting specific detailed matters addressed in research reports. An example of the former is provided in the extract below. Here we observe sales using their unique network access to fund managers, and others in the market, to validate their opinions on what, for example, the analyst should write about in the future:

'I feel that you can definitely affect the thinking of the analyst. I think that's more based on sharing what our clients are saying regarding the analysts but also what the street is thinking. If you have a constant dialogue with feedback from other investors, I think that is a pretty strong way of influencing the analysts'. (Sales 2)

Ultimately, regulations require analysts to make the final decision themselves, but they would naturally be cognisant of what would stimulate the interest and support of equity sales.

Sales influence can also extend into the analytics of research at a more detailed level arising from prior analyst experience of sales questioning and feedback. For example, Analyst 5 suggests that all of the following would be included in any initiation or change of rating report in anticipation of sales interrogation:

'You versus consensus; whether there are going to be upgrades; how we are different versus X, Y and Z; what's changed since our last recommendation; what are the catalysts; what are the risks to the recommendation?' (Analyst 5)

This feedback process is unsurprisingly difficult. In a competitive environment with close time-space proximity, providing and receiving feedback is problematic:

'You might be saying that their report was too long or missed the point or should have focused on something else, but often what they're hearing is that you don't like them and you're not supporting them. That is a constant struggle. '(Sales 1)

'Sometimes the relationship can be bad. I've seen it where sometimes salespeople will maybe beat a junior analyst up and therefore demotivate them. That's clearly an example of the team not working.' (Sales 4)

As this evidence illustrates, feedback loops between analysts and sales represent complex ongoing social processes. They are also profoundly structural in that they have enabling (feedback can help analysts achieve success) and constraining (negative feedback might inhibit analysts) characteristics.

6.3.2 Power vested in analysts as the 'house view'

It is clear from our study that analysts are not without power. The dialectic of control, a central tenant of strong structuration theory, means we know analysts can never be without some power (Stones, 2005; Giddens 1984). But what are the sources of this power? Analysts have significant informational advantages over the generalist equity sales as they are much more specialised in their work. At a fundamental level, for equity sales to function effectively, it requires content to distribute, which must come from the research:

'I think in generalist sales, it's almost impossible to have genuine, value-added content that is coming from you. I don't say that lightly because I used to think it probably really was possible.' (Sales 1).

Consequently, there is a limit to how discerning a salesperson can be given the nature of the role. Additionally, there is a reluctance among the sales team to go against an analyst view:

'I would never go against the analyst. I, as a generalist salesperson, can never have better knowledge than the analyst. Then of course I can disagree, but then I probably won't push that idea.' (Sales 2)

Analysts working in complex specialised sectors, for example, pharmaceuticals or insurance, carry additional resources of power given the challenges for a salesperson servicing clients effectively without extensive analyst support. Finally, franchise analysts build up strong reputations directly with clients, and so sales want to benefit from the 'halo effect' of being associated with these high profile, successful individuals . We have also explained that such analysts are less in need of sales input and could, in theory, maintain a direct dialogue with clients, effectively by-passing the sales gatekeeper role.

6.3.3 The placatory effect of the need to win client votes

External clients provide feedback directly on analysts in the broker votes process and, by proxy, on the account managers (equity sales)[6]. Client broker votes represent interpretive devices as they help concerned parties to make sense of the relationship between the analyst, the client and also the work of the salesperson (Groysberg, Healy and Maber,

[6] Some client votes would also provide direct feedback on the account manager who will be a member of the equity sales team.

2011). There is significant power manifest in these interpretive devices, especially given that our fieldwork evidence suggests analysts and sales put great store on the results:

'Obviously, as with most jobs, rewarding, remuneration and promotion are important. I think more important in this role for me – and certainly when you get to a certain point – is recognition from clients.'

(Analyst 8)

This common objective, to generate positive client feedback and win votes, means that both agent clusters need to compromise to achieve client success. For example, it is not tenable for a sales team to withdraw support for an analyst in a particular sector and concurrently win client votes from buy-side analysts and fund managers working in those sectors.

Overall, it is clear that the relationship between sales and research analysts is challenging and complex with even those outside the organisation, here a corporate IR official, being are aware of this - *'I had direct experience of the sales force, so I can imagine how difficult it is*' (Corporate 5). It is also apparent that the outcome of these interactions can greatly impact the success of an analyst's and salesperson's work. Perhaps the tension is therefore unavoidable to some degree:

'There should be some tension, it's good to have a little bit of tension there, but not as much as there is'. (Sales 1)

6.4 Issues of trust between analysts and sales

Consistent with Giddens' (1990) ideas on trust, analysts and equity sales roles would be considered 'high trust positions' given that they are undertaken largely without the presence of management or supervisors. Giddens (1990) defined trust as reliance on other actors ('personal trust') or systems ('systems trust') in the presence of uncertainty. The reference to uncertainty is essential as, without some element of risk, there is no requirement or need for trust. Concerns or anxieties regarding systems trust were not a material feature of our fieldwork data. In contrast, references to personal trust in various forms were a clear feature of our discussions with analysts and equity sales.

Participants viewed trust as pervasive, extending in multiple directions across the field, summed up succinctly by one participant (analyst 6) who spoke of the need for trust '*within the corporate side and the industry side*' as well as '*trust you internally and they trust you* *externally*.' The latter comment relates to equity sales (internal) and investing clients (external). We also saw similar evidence of the permeating nature of trust from equity sales:

'It's all built on personal relationships, so I guess trust is a very important factor. It feels like the whole industry is based on trust in that sense, so it's important, yes.'

(Sales 2)

The fieldwork evidence identified trust, in the analyst-equity sales relationship, as bi-directional. One direction is personal trust in the analyst by equity sales which would impact their commitment to distributing an analyst's work to clients. This trust is earned by personal behaviour such as when analysts '*make mistakes and own up to them along the way*' (Analyst 6), a view substantiated by sales:

'…when an analyst has been completely wrong a number of times, they'd better admit that they were wrong or that would definitely hurt the relationship between the analyst and me. ' *(Sales 2)*

Another direction is personal trust in the salesperson by the research analyst that they will be supported and will push the product to clients. Considerations of trust were particularly relevant when participants discussed feedback - a major theme throughout this paper. From a salesperson's perspective, they are well aware that the trust given to them flows directly into how analysts react to feedback:

'They really appreciated a salesman who was interested in selling their product and penetrating it. It's a horrible thing called teamwork. Trust is really important. Having constructive criticism on a product is, I think, completely essential and is severely lacking wherever I have been.'

(Sales 6)

'Trust helps on so many levels. Trust helps as human beings; I feel comfortable, they feel comfortable. Trust helps with the fact that when I am being relentless with my questions or feedback, it's coming from a good place; it's used as an asset, rather than anything else.'

(Sales 3)

A number of matters arise with regard to trust. Firstly, analysts realise that strengthening the trust that equity sales have in their work will be a powerful catalyst for winning highly valued sales support. Consequently, they will seek to act in ways which engender trust, such as admitting when they have made errors, or treating sales feedback seriously by taking suggestions onboard. For this, and other reasons, the questions and queries posed by equity-sales take on greater importance. Contemporaneously, if the analyst does not trust the intentions behind sales feedback then it may have less impact. Analysts must balance developing positive trusting relationships with sales, such that they trust their research output, with authoring product which they believe in, but which may appeal less to sales.

Equity sales are also calibrating and recalibrating the trust they can place in analysts over time. This may relate to the personal trust in the individual analysts, the sector team or whether a specific piece of work is sufficiently original and commercial. For sales, there is a risk of sanction for any miscalibration in the form of damage to the quality of the relationship they are seeking to cultivate with asset managers.

7. Conclusions

Our contention, supported by the evidence gathered for this research, is that the interactions between equity sales and analysts represents an underexplored and important field condition which influences, constrains and enables analyst work. We extend the knowledge of analyst context in the literature, explored by, for example, Imam and Spence (2016), Abhayawansa et al (2019a) and Aleksanyan et al (2018) by introducing original, detailed empirics about equity sales and how they play a significant role in the lived experiences of sell-side analysts. Their importance, identified in Graaf (2018) in relation to earnings announcements, is multi-dimensional and arises from close physical proximity in time-space and the potential to drive analyst success through support for research and access points to clients.

We contribute three new and important findings to the sociological literature on analysts. Firstly, we identify that, as an important agent cluster, equity sales enables an analyst to increase the impact of their research. Unlike what might be expected in other industries, equity sales in a research (broker) business is discerning in choosing which pieces of research to support. The decision by equity sales to support, or choose to withdraw support, may influence client reaction, client votes and potentially the stock market price impact of a report. It also, importantly, creates what we refer to as derivative influence – equity sales influences the perception of analysts by clients. The only exception to this would be where an analyst's franchise was sufficiently strong to overwhelm sales influence. We did not explicitly explore interactions between sales and clients in this study and so future research could look to study the impact of sales support of analyst research on client votes.

Secondly, we reveal the symbiotic nature of the analyst-sales relationship. Analysts can greatly benefit from sales support, but nonetheless, there is mutual need; equity sales needs a product to sell. Power relations are interwoven within this interdependency. Equity sales will routinely exercise this power by sanctioning analysts whose product does not meet with their expectations. The sanction, in this case, could range from an explicit critique of the analyst's research, withdrawal of promotional support or the creation of barriers to client access. We can observe typical structuration cycles here which are self-perpetuating. If an analyst is unsuccessful in gaining sales support for a report, then this will impact their internal stocks of knowledge about how to gain sales backing, and therefore influence future research that they produce. In this way, equity sales has the potential to influence the content of analyst work through feedback structures and filtering activities. These feedback structures also represent a constraint on analysts. If they wish to have a more significant impact, then the content needs to appeal to equity sales. For example, our research identified that sales value research with clear actionable outcomes and analysts will be aware of this as they consider the content of their outputs. This is also consistent with the second face of power (Bacharach and Baratz, 1962) in that equity sales try to influence the agenda of analysts' research topics. Future research could look in more detail at the needs and unique features of equity sales to further our understanding of this influencing mechanism.

Finally, we addressed the regulatory tension that is embedded in the sales-analyst relationship and how this impacts analyst practices and, again, acts as a constraint on their activities. For regulatory purposes, equity sales is viewed as being equivalent to an external client of the research department. But the time-space proximity of this cluster intensifies the nature of the relationship and the pressure on the analyst to be unconstrained in their dialogue with sales colleagues. This dynamic can help us to understand why analysts act as they do. For example, why do they publish what some perceive as 'thin and valueless research' (Hull, 2019), which adds little value, into a fiercely competitive market for information? This appears an irrational practice. However, if we consider that increasingly stringent regulation requires analysts to publish before they speak to, among others, equity sales, then we can understand this as a logical response. Analysts are publishing to ensure they do not fall foul of the rules whilst still engaging in day-to-day communication with an agent cluster which is a critical part of their everyday routine. It is only with an understanding of context and interactivity that we can appreciate why they act as they do.

Taken together, we can see that these interactions have an impact across a wide range of analyst activities. At the information gathering and processing stages, analysts will be aware that sales look for certain analytical features of research. For example, our data provided evidence that this included positioning the analyst's views against consensus as well as the desire for a clear actionable outcome. Analysts would draw on these stocks of knowledge regarding what sales want and this would, in turn, encourage analysts to produce reports with, for example, a clear end-product in conformance. Sales act as gatekeepers for client access and so analysts' ability to service clients may depend on the extent of access facilitated by sales. If, based on past interactions and performance, the sales team trusts the analyst and is satisfied that the latest report is sufficiently commercial then this is likely to result in strong sales support and increased analyst-client interaction. Conversely, a lack of trust may result in barriers to access.

In terms of future research, the bracketing methodology employed in this study blinkered out agent conduct analysis to facilitate a focus on context analysis. Future research could usefully address the other dimension of this bracket, agent conduct analysis, and explore the internal structures of analysts and how this deepens our analysis of analyst-sales relations. Additionally, while the features of the analyst-sales relationship that we investigate can be applied to specific analyst tasks, we have not undertaken such an application here. Future research could extend our work to the specifics of interactions on, for example, stock recommendations, earnings forecasting, initiations of coverage or new listing 'investor education' research.

Employing strong structuration theory guided and enriched the narrative emerging from our study especially as it pertains to the relational dimension of active agency. In the position-practice relations network, the influence of one relation to another is somewhat understudied in the literature (notable exceptions being Feeney and Pierce, 2016 and Daff and Jack, 2017)). We contend that scholars employing structuration theory should explore not only the nature and quality of relationships between agent clusters, but also how these relationships impinge on relations with other clusters. The impact of one relation in the network on another informs our knowledge of the obligations and interdependencies of each involved agent and, at the same time, influences each agents' outcomes of action. We observed this empirically as analysts sustained relationships with equity sales not only for the purpose of benefitting from sales marketing of their product but also to improve their relationship with the client cluster group. This is a more intertwined network of relations where structures are produced and reproduced concurrently and from multiple positional configurations rather than in a predictable one dimensional manner. This is an interesting and novel development of the position practice relations framework within strong structuration.

We also illustrated how strong structuration theory can be embedded from the design stage consistent with a circular methodology (Makrygiannakis and Jack, 2018) to gather more penetrating evidence. Interview protocols could be designed to collect more precise data on a range of concepts critical to the application of strong structuration theory. We have further shown how the extension of data collection, gathering evidence from *both* equity sales and analysts as well as corporates and clients, facilitates a more comprehensive analysis of position-practices. Lastly, in the ontology of strong structuration theory, Stones (2005) found a place for external structures, the dialectic of control and concepts of time-space. All of these concepts, and more, acted as effective 'sensitising devices' enriching our narrative on the practices of actors and illustrating the potential of strong structuration theory in empirical research.

The findings have important practical implications for managers, regulators, and investors. Managers of research departments need to appreciate the social processes in operation as analysts produce research and the potential influence from sales. They need to be ready to support analysts who are struggling to gain sales support and who consequently might be particularly vulnerable. Regulators will be interested in the fieldwork evidence illustrating the dramatic impact that regulation, and its implementation, is having on the day-to-day practices of analysts. Undoubtedly some of this is intentional, but we also reveal that regulation has placed significant burdens on analysts as they struggle to ensure compliance. Policy makers could provide important and helpful guidance to analysts and others in the field to understand what reasonable conduct should look like in the context of these rules. Lastly, investors who consume the research output, will be interested in the influence that sales teams have on the product . The importance of the gatekeeper role means that clients need to ensure sales teams understand what they want so they are serviced in the most effective way possible.

Our study contributes to the growing sociological literature on analysts which is changing fundamental ideas about how the sell-side operates. Although very much complementary to the scholarly work of others in this area, in particular Imam and Spence (2016), Graaf (2018) and Abhayawansa et al (2019a), the study's original contribution derives from taking a narrow perspective to the interactions between equity sales and research analysts, a hitherto under-researched area. We suggest that the adoption of this focused, interaction based approach offers rich opportunities for further research.

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TABLE 1 - INTERVIEW PARTICIPANTS

Participant Reference	Organisation*	Title***	Experience (years)	Sector
Pilot analyst 1	Euro Bulge	Director	17	Retail
Pilot analyst 2	Euro Bulge	Director	15	Construction
Pilot analyst 3	Euro Bulge	MD	26	Luxury goods
Analyst 1	US Bulge	Director	19	Multi-Industry
Analyst 2	Euro Mid	Director	16	Cap Gds
Analyst 3	Euro Bulge	MD	22	Banks
Analyst 4	Euro Bulge	MD	15	Banks
Analyst 5	Euro Bulge	Director	7	TMT
Analyst 6	US Bulge**	Director	12	TMT
Analyst 7	US Bulge	Director	15	Autos
Analyst 8	Euro Bulge**	Director	7	Insurance
Analyst 9	US Bulge	MD	16	Consumer
Analyst 10	Euro Mid	Director	13	Multi-Industry
Analyst 11	US Bulge	Vice President	9	Media
Analyst 12	Euro Mid	No titles	8	Consumer
Analyst 13	US Independent	Vice President	11	Banks
Analyst 14	US Bulge	Vice President	9	TMT
Sales 1	Euro Independent	Vice President	12	Insurance
Sales 2	US Bulge**	Director	14	Generalist

Sales 3	US Bulge	Director	20	Generalist
Sales 4	Euro Bulge	Director	21	Generalist
Sales 5	Euro Mid	Director	23	Generalist
Sales 6	Euro Mid	Director	24	Generalist
Client 1	US Large AM	Director	21	Consumer
Client 2	US Large AM	Director	16	Governance
Client 3	UK Hedge Fund	Director	21	Generalist
Client 4	UK Large AM	Director	25	Generalist
Client 5	UK Hedge fund	Senior analyst	15	Generalist
Corporate 1	UK Listed – Mid cap	Head of IR	14	Insurance
Corporate 2	UK Listed – Mid cap	Head of IR	25	Construction
Corporate 3	UK Listed – Mid cap	Head of IR & FD	23	Transport
Corporate 4	UK Listed – Mid cap	Head of IR	17	Financial services
Corporate 5	UK Listed – Large cap	Head of IR	20	Oil and Gas

FIGURE 1

MAPPING OF AGENTS IN CONTEXT IN THE SELL-SIDE ANALYST FIELD