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# How do financial analysts and equity salespeople make sense and cope with uncertainty?

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**Abstract**: Financial analysts have received considerable scholarly attention regarding their forecasting process and accuracy in the company valuations for fund manager clients, which has unearthed biases and errors. The identification of these biases and errors does not explain how analysts make sense of and cope with the uncertainty that surround their long-term company value and share price forecasts. Moreover, hardly anything has been said in this line of research about the role of equity salespeople in the analysts' long-term company valuations and investment advice for fund managers. This paper demonstrates that for analysts, uncertainty happens in relation to the information and knowledge that are not directly associated with the intrinsic and comparative company valuation techniques for the long-term. This implies that there are actors in the market who do not solely base their judgements and decisions on the information related to the intrinsic and comparative valuation of companies for the long-term. Analysts are dismissive of such short-term uncertainty because of the fund manager client demand for the analyst output that is based on the intrinsic and comparative valuation of companies for the long-term. For the same reason, salespeople, whose main task is marketing the analyst output to fund managers and generating brokerage fees, do not meaningfully question the analysts' knowledge and practice in the face of short-term uncertainty surrounding the analysts' forecasts.

**Keywords: Sell-side analysts, Equity salespeople, Uncertainty, Sensemaking,**

**Performativity**

## Introduction

Sensemaking in financial markets can be broadly conceptualized as market actors making causal inferences and predictions from inherently uncertain market relations and situations. The sensemaking theory distinguishes between the information conditions of *fundamental uncertainty* and *orderly times*. Fundamental uncertainty refers to a situation where hierarchical orders of knowledge (e.g., frames, network pictures, valuation models) and their manifestations (e.g., narratives and forecasts) fail to account for situation at hand (Weick 1995; Sims 2001; Stulz 2009; Ford and Mouzas 2010; Mouzas and Ford 2011; Mouzas and Henneberg 2015). Orderly times are when these knowledge types and the situation at hand converge. This convergence also signals the transformation or formatting of a task environment in accordance with these orders of knowledge (Knight 1964; Callon 1998; MacKenzie and Millo 2003; Geiger and Finch 2010). Financial analysts and equity salespeople engage in constant sensemaking for fund manager clients (Fogarty and Rogers 2005; Cheng et al 2006; Clatworthy and Jones 2008; Orens and Lybaert 2010). Their fee-based financial valuation and trading services therefore influence fund managers' decisions (Barker 1998; Hussain 2000, Ryan and Taffler 2004; Asquith et al 2005; Kirk 2011). Their influence on financial decisions can even achieve formatting or performative effects over market outcomes (Zuckerman 1999; Imam et al 2008, Vosselman 2013). Given their importance in financial markets, analysts' forecasting accuracy has been unsurprisingly put to scrutiny many times over, with findings of forecast inaccuracies and herding tendencies as well (e.g., Beunza and Garud 2007; Ramnath et al 2008). However, these adverse findings on the analysts' forecasting processes and accuracies do not explain how analysts actually perceive and make sense of the fundamental uncertainty that surround their long-term intrinsic and comparative company valuation and share price forecasts, and reflect on their professional practice. For example, in their sensemaking work for fund managers, analysts

are shown to have routines and hierarchies in terms of the information sources and valuation models that they use (Barker, 1999; Breton and Taffler 2001, Clatworthy and Jones 2008; Imam et al 2008; Orens and Lybaert 2010; Abhayawansa et al 2015). Despite these rich insights that point to the regularities, hierarchies, and performative and counter-performative (i.e., forecasting errors) effects in the analysts' sensemaking work, there is hardly anything in the accounting research on how financial analysts perceive and cope with the fundamental uncertainty, and reflect on their professional practice. Nor does the accounting research sufficiently acknowledge the effects of the prevalent division of labour between analysts and equity salespeople (e.g.,Stowell 2012) on the ways analysts and salespeople perceive and cope with the fundamental uncertainty in their sensemaking for fund manager clients. These topics are ever more relevant for contemporary financial markets, which are characterized by ubiquity and immediacy of information across financial markets (Sassen 2005). This paper therefore explores these topics of sell-side sensemaking and investment advice in the global context of information ubiquity.

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More specifically, the paper attempts to answer a set of specific questions on analysts and equity salespeople as informed by the sensemaking theory and gaps in the accounting research on analysts. These are: 1) How do analysts perceive the fundamental uncertainty that surrounds their outputs (i.e., company valuations and share price forecasts for the long-term)? Given the ubiquity and immediacy of information across financial markets, how do analysts interact with continuous information streams that are not directly associated with the analysts' long-term intrinsic and comparative company valuations but have ostensible influence on market outcomes? Do the information availability encourage analysts to be more accommodative of the knowledge and information that do not relate to the intrinsic and comparative valuation techniques? Given the reductive nature of intrinsic valuation, do

analysts focus more on the events associated with their intrinsic valuation (e.g., company news events, accounting information) and less on the events (e.g., price and trading volatility) that relate to other orders of knowledge? More broadly, how would analysts perceive and cope with the fundamental uncertainty, and reflect on their financial valuation practices?

Moreover, the dearth of scholarly literature on the functions of equity salespeople in analysts' sensemaking work for fund managers is noted to pose the following questions. How do equity salespeople make sense of the ubiquitous information in markets, and fulfil their sales and trade execution role? More specifically, in the sell-side sensemaking, are there shared and role-specific orders of knowledge among the analysts and equity salespeople? Relatedly, are salespeople be more attentive to the information (e.g., price and trading volatility) that are ignored by analysts? In light of these, what does constitute the fundamental uncertainty for salespeople and how do they cope with it? Finally, what sorts of team dynamics (e.g., hierarchical, conflictual, indifferent) and sales outcomes do the shared and role-specific orders of knowledge generate in the sell-side profession?

The empirical evidence that helps answer these questions consists of four types of triangulated data (Denzin 2006): Direct observations, interviews, and advisory outputs from two brokers, and sector statistics and scholarly literature on the investor behaviour in the Turkish market. The study therefore provides unique *in situ* insights into the sensemaking and coping mechanisms of sell-side finance professionals that are richer than those provided by interviews and surveys in accounting research (e.g., Clatworthy and Jones 2008; Imam et al 2008). To explore the dynamics of sell-side relationships, the collected field data were subjected to a content analysis to identify the orders of knowledge analysts and salespeople have and share.

In the final section, the findings are discussed in detail. These are: Analysts are faced with an almost impossible task of accurately predicting the companies' long-term market values for their fund manager clients. This is because their role-specific orders of knowledge for this valuation task co-exist with other orders of knowledge that have significant influence on market outcomes but do not have much relevance and legitimacy in the sell-side business and among fund manager clients. Analysts are dismissive of such frequent fundamental uncertainty over their valuations, which relates to the short-term market dynamics and thus orders of knowledge that equity salespeople and markets actors other than fund managers share. In this respect, information availability about these orders of knowledge, despite their potential to generate profits for fund manager clients and fees for brokerage firm - a shared organisational aim for the sell-side professionals, do not alter the analysts' valuation practices that have a firm focus on the long-term intrinsic and comparative value of company stocks. The effects of the division of labour and hierarchical and role-specific orders of knowledge within the sell-side teams are observed in the form of analyst indifference to the short-term market dynamics and salespeople's sensemaking and advisory work. This indifference, coupled with frequent fundamental uncertainty over the analysts' valuations, has the potential to create discord within sell-side teams. The paper concludes with a discussion on these findings' significance for the accounting research on analysts.

**Sensemaking in financial markets: The power of frames**

Sensemaking in financial markets, like other realms of life, refers to perceiving connections among events and actions with a view to explaining and/or predicting an outcome (Klein et al 2006 a, b). Sensemaking under fundamental uncertainty happens via perceiving novel connections between events and actions-namely, telling new stories to account for unforeseen

outcomes (Weick 1995). In orderly times, however, observed situations and outcomes are perceived in line with the higher orders of knowledge about a task environment such as network pictures, frames, and intercognitive representations (Callon 1998; Mouzas et al 2008; Mouzas and Henneberg 2015). In such circumstances, explanations, which are not necessarily in story form re-enact the situation by invoking and reifying these higher orders of knowledge (Weick, 1995, Czarniawska 2008). Weick et al (2005) and others (e.g., Shiller 1995; Ford and Mouzas 2010; Mouzas and Ford 2011) emphasize the central role of communication and language, and that of interactions and network positions in sensemaking. They therefore describe sensemaking as an interactive cognitive process that resolves uncertainty about situations and outcomes at hand –i.e., "What is the story?", and organizes for future courses of action -i.e., "What now?" Relatedly, research on sensemaking (e.g., Weick 1995; Lux 1995; Gabriel 2000; Mouzas and Ford 2011) also points to hierarchies, conflicts, and herding outcomes in sensemaking within and across organizations.

For example, network pictures that represent plausible but subjective narratives or theories about a task environment might have high levels of heterogeneity and conflict at individual level. Via interactions among interdependent actors in the task environment, these pictures converge into more uniform organisational level pictures and intercognitive representations across organisations (e.g., shared understandings, norms and rules for intrinsic valuation), and generate manifestations (e.g., accounting information, valuation models and results) (Ford and Mouzas 2010; Mouzas and Ford 2011; Henneberg et al 2010). While these interaction-based sensemaking processes underpin shared understandings or seeming herd behaviours (Shiller 1995; Mousaz and Ford 2011), they do not necessarily eliminate fundamental uncertainty in sensemaking owing to two related factors.

The first factor relates to the fact that sensemaking is a reductive process that does not necessarily take into account all the past and future determinants of events and actions in complex networks and structures such as financial markets. (Knight 1964; Callon 1999; Sims 2001; Stulz 2009). The second factor relates to this narrow framing, and points to the importance of actors' situatedness (i.e., roles and resources) in the complex networks and structures that constitute a task environment. The complexity of task environment and a specific position in this environment imply that individual actors who share similar and related (interdependent) positions and resources (e.g., the "small world" of analysts and fund managers) tend to think and act in similar ways in their interactions with the task environment (e.g., "bigger world" of a financial market) (Shiller 1995; Mouzas et al 2008; Ford and Mouzas 2010; Mouzas and Ford 2011). These two related factors underpin information asymmetries among actors in any task environment as well as fundamental uncertainties or 'overflows' (Callon 1998) or 'spillovers' (Geiger and Finch 2010) on actors' own orders of knowledge such as network pictures. All these dimensions of sensemaking indicate that it is a continuous, interactive and dynamic process among interdependent actors who operate in a task environment that is bigger than their dyadic and network relationships. The task environment thus consists of manifold rationalities and orders of knowledge that might influence outcomes in unexpected ways, and therefore generate fundamental uncertainty.

In the case of analysts' sensemaking activity, the accounting research demonstrates the primacy of orders of knowledge associated with intrinsic valuation that is moderated by perceived uncertainties stemming from information availability and ambiguity. To cope with these, analysts are shown to rely also on less sophisticated market-based comparative ratios or so called "multiples", non-accounting information about companies and its operating

environment, and their own judgments and discretion (Barker 1999; Breton and Taffler 2001; Imam et al 2008; Barker and Imam 2011; Clatworthy and Jones 2008; Orens and Lyberth 2010; Abhayawansa et al 2015). In this vein, analysts and fund managers perceive analysts' work as that of filtering and processing 'a broad [public and private] information set' about a company and its operating environment into an informed analysis and calculation of their 'value-relevance' to company's intrinsic value (Barker 1998, 16). Analysts' work can therefore be conceptualized as two-step framing and valuation process that starts with a 'value creation story' about a company that brackets in/out of a number value drivers, including 'intangibles [such as] human capital and relational capital'. These are then calculated into a target price (investment advice) with the help of intrinsic and market (comparative) based valuation tools (Abhayawansa et al 2015, 283). The outputs of this framing-calculation process are observed to constitute new information for market participants, especially when they are not reiterating previous outputs (Barker 1998; Ryan and Taffler 2004; Asquith et al 2005).

The primacy of analyst output in sell-side advisory is reinforced by fund managers' demand for such work. In terms of their importance to decision-making, surveys and interviews with fund managers rank analyst output on companies/sectors right below direct contact with company directors and above and/or at par with information services (Barker 1999; Davis 2005; Holland 2006; Clatworthy and Jones 2008). The focus among analysts and fund managers on forecasting a company's intrinsic value components (e.g., earnings, income) implies that any orders of knowledge not directly relevant to and thus ignored by the "small world" or networks of intrinsic valuation can generate fundamental uncertainty. Analysts' share price targets, which are observed to have become an important aspect of analyst reports (Ramnath et al 2008, 68; Gleason et al 2013, 80) hence make analyst work susceptible to

uncertainties that stem from the "bigger world" of financial markets. The extant accounting and finance literature's greater focus on analysts' coping mechanisms with the intrinsic valuation related uncertainties therefore underpins the research questions introduced before. In a nutshell, how would analysts perceive and cope with fundamental uncertainties stemming from other orders of knowledge, and reflect on their intrinsic/comparative valuation practices?

As mentioned in the introduction, another significant gap in the accounting research on analyst is the role of equity salespeople in sell-side sensemaking and advisory dynamics. The research questions about equity salespeople are informed by the following literature review. To begin with, a content search in the leading journals on accounting research[1] for key words such as "equity salespeople", "sales desk" has returned less than a dozen results that acknowledge that salespeople exist (e.g., Barker 1999; Willman et al 2002; Holland 2001; Chen and Martin 2011; Orens and Lybert 2010). These studies also intimate that an important part of sell-side profession is about marketing analyst output to clients. Nevertheless, it is not systemically clear who does this marketing routinely, i.e., the analyst or the equity salesperson? Relatedly, there is very little on whether there are any shared and role-specific orders of knowledge among sell-side professionals. For example, Barker's (1998) survey of fund managers reveals that *sales desk* was ranked much lower than analyst information. However, it is not explained what information sales desk provides to their clients that is different to what is provided by analysts. For example, would salespersons embellish or challenge analyst output in routine interactions with clients?

[1] I searched for these key terms in the top twenty Accounting subject journals in the Association of Business Schools Academic Journal Guide 2015.

Beyond accounting research, scholarly and practice-based accounts on the sell-side division of labour (e.g., Hayward and Boeker 1998; Michaely and Womack 1999; Hardie and Mackenzie 2007; Stowell 2012) point to the information intermediation and trade execution role for salespeople. This role is characterized by "best execution", "timely provision of high quality information", and "information that will help clients make/stop losing money". These task-related goals imply that salespeople might have a broader knowledge and information focus than that of analysts, and thus different ways of perceiving and coping with fundamental uncertainty- something this study explores in subsequent sections. Nevertheless, given the aforementioned demand from institutional investors for company focussed intrinsic/comparative valuations, a prevalence of analyst outputs as shared knowledge and information can be expected in salespeople's services to institutional investors. If such a knowledge hierarchy of analyst over salespeople exists, who would monitor and maintain it within sales teams? More generally, how would salespeople reconcile their role specific knowledge and identity with that of analysts, especially when salespeople perceive fundamental uncertainty in relation to analyst output? How would organisational identity (mis)alignments emerge among analysts and salespeople? What would be their consequences?

Two general frameworks as to how analysts and salespeople might cope with uncertainty come from the organisational sensemaking theory. The first normatively concerns expanding one's narrower individual and collective knowledge, such as network pictures of analysts and fund managers, with knowledge of other actors and domains of a business environment such as a stock market. The resulting comprehensive knowledge, achieved by multilateral interactions and reflection, is conceptualized as 'network insights'- a holistic understanding of business environment, which would reduce uncertainties (Mouzas et al 2008; Mouzas and

Henneberg 2015). Nevertheless, even this business networks approach acknowledges the difficulties of achieving such a holistic and objectified knowledge. It therefore conceptualizes judgement and decision-making as happening in inherently dynamic and uncertain environments (Ford and Mouzas 2010). Another issue with this type of learning approach to coping with uncertainty is that new network pictures (e.g., technical analysis- 'the analysis of "patterns" in time series of prices' (MacKenzie 2005, 556), see also Roscoe 2015) and new network insights (e.g., an information inefficient market that systematically ignores companies' intrinsic value) gained through interaction and reflection might undermine specific organisational aims (e.g., providing financial advisory based on intrinsic valuation).

This aspect brings the discussion to the second general framework in the sensemaking theory. This framework approaches fundamental uncertainty from a formatting or performative perspective (Callon 1999; MacKenzie and Millo 2003; Geiger and Finch 2010; Vosselman 2013). Simply put, this approach conceptualizes uncertainty from orders of knowledge's durability or performance of fit over manifestations in a task environment such as share prices. 'Overflows' (Callon 1998) or 'spillovers' (Geiger and Finch 2010) over specific orders of knowledge can be said to constitute what Weick (1995) refers to as fundamental uncertainty. The minimization of uncertainty therefore depends on not just the extent of accurate generalization an order of knowledge achieves about a task environment but also how widely it is adopted and institutionalized as guide for action in that environment. These two factors also give any order of knowledge (e.g., a scientific/practitioner valuation model for financial derivatives) their formatting or performative effect on that very task environment such as a derivatives market (e.g., MacKenzie and Millo 2003).

For the performative effects of analysts' intrinsic/comparative valuations, Zuckerman (1999) demonstrates how the industry categories framed and upheld by analysts led to long-term price pressures on ill-fitting companies. Abhayawansa et al (2015) argue that it is the analysts' incorporation of company intangibles into value creation stories and valuations that alleviate the underpricing of such value drivers. At a broader level, Beunza and Garud (2007) point to the "New Economy Frame" as a shared value creation story that underpinned the Dot.Com bubble. Interestingly, Imam et al (2008) demonstrate that increasing demand for sophisticated intrinsic valuation techniques by fund managers coincides with the post Dot.Com bubble and criticisms of the sell-side valuation practices in that era. More recently, Vosselman (2013) discusses the international accounting standards and practices in the run up to the 2008 crisis that are argued to have bracketed out systematic connections and risks among market actors, and thus affected analysts' valuations.

These dynamic formatting effects of analysts' work over markets, which also reveal occasional but adverse frame-changing shocks are closely associated with the aforementioned demand for analyst work by institutional investors. The latter is observed to have dominated developed and developing equity markets in terms of share ownership and trading in recent decades (Davis 2005; Clatworthy and Jones 2008). In this vein, the "small world" of analysts and fund managers seems to have actually constituted a significant part of "the bigger world" of financial markets. If such dominance is (is not) the case in a given market, then fundamental uncertainties that stem from the orders of knowledge and information ignored by sell-side professionals are less (more) likely to happen. The co-existence of multiple orders of knowledge about financial judgement and decision making implies reflexive action among market actors (e.g., Smith 1998; Beunza and Stark 2012). Analysts might therefore modify or abandon their value creation stories and valuation models in the face of fundamental

uncertainty. Alternatively, such overflows might be dismissed as market noise irrelevant to intrinsic/comparative valuations. Nevertheless, certain orders of knowledge other than that of analysts can achieve critical mass and take on performative nature over time in a given market. This might undermine the usefulness of analysts' advisory output, and lead to conflict among analysts and salespeople. All these dimensions imply that fundamental uncertainty and how it is perceived and coped by sell-side professionals are functions of the 'social and economic contexts and motivations' where sell-side professionals operate- an underexplored aspect in accounting research on analysts (Imam et al 2008). In the following, I turn to the context and methods by which this study conducted such an exploration of sell-side professionals coping with uncertainty.

**Study and Methods**

As presented above, this study attempts to answer two related sets of questions on how analysts and equity salespeople perceive and cope with uncertainty. The reviewed literature underlines the importance of interactions, resources, and positions in the generation, reification and modification of orders of knowledge in a given task environment. Exploring these orders of knowledge *in situ*- namely, in analysts' and salespeople's natural task environment is therefore an essential step to answer the research questions. Direct observations of research informants in the accounting research are rare (e.g., Barker 1998; 1999). Nevertheless, these and other studies on financial sensemaking and decision-making (e.g. Zaloom 2003; Hardie and MacKenzie 2007; Beunza and Stark 2012) demonstrate that direct observations, complemented with interviews and other triangulation methods provide 'thicker descriptions' (Geertz 1973) of financial cognition and decision-making embedded in specific social and economic contexts. Triangulation here concerns collecting and analysing different types of data to increase the validity of findings (Denzin 2006).

In the specific context of organisational sensemaking, capturing and analysing orders of knowledge (e.g., network pictures) is possible by focussing on individual level interactions and 'inscriptions/manifestations' of higher orders of knowledge in these interactions (Henneberg et al 2010). As Weick (1995) puts it, narratives about a task environment told at this level have traces of higher orders of knowledge such as frames and action scripts (see also Boje 1991; Czarniawska 2008). Therefore, capturing and analysing what Zaloom (2003, 266) calls 'market chatter' can give researcher access to how sell-side professionals think and interact within their task environment, including perceptions of fundamental uncertainty and generation of new orders of knowledge. For example, at macro level, exogenous shocks to economy may create fundamental uncertainty over analysts' existing value creation stories and forecasts. These shocks can be narratively explained with reference to causes and future consequences – e.g., a new value creation story with new inputs into existing valuation models. This type of macro level stories such as "oil at $ 300", "the commodity demand from emerging countries", examples Rebonato (no date, 3) provides, might actually constitute a new order of knowledge for a great majority of market actors, including sell-side professionals.

Given the potential relevance of narratives in market chatter as inscriptions/manifestations of sell-side professionals' knowledge, the observation data, collected in two sell-side departments in the Istanbul market, were subjected to narrative analysis. This started with the identification of sensemaking narratives according to an operationalized definition of narratives (Toolan, 1988; Boje 2001; Czarniawska 2004): Narratives are discourses beyond a sentence by which narrator connects two or more clauses together for retrospective and/or prospective explanation on the states of markets. Having identified the narratives, narrators

and audiences (e.g. clients, fellow salesperson), the second step was to identify the recurring plots (i.e., causal connections) in these narratives. For this, I introduced four plot logics. These logics draw on Boje's (2001,101) narrative causality or stream analysis, and reflect the spectrum of repetitive reasonings I encountered in my interlocutors' narratives. These plot logics are cause-effect, correlation, randomness, and proto-story. The cause-effect plot established this type of relationship between market events within a temporal frame. Correlation generated such a relationship among stock market indices abroad and in Turkey, specifically when there were no news events to explain the Istanbul Stock Exchange's (ISE) movements. My interlocutors invoked the randomness plot when they failed to make sense of markets by any plot. Randomness narratives thus signalled a perception of fundamental uncertainty. Oftentimes, my interlocutors' market chatter seemed to simply sequence a number of events and actions without invoking one of these three plots. I categorized such narratives as proto-story (Gabriel 2000). Proto-stories have comparatively weak narrative construction compared to cause-effect and correlation narratives. In that sense, they are more prone to intimate a perception of fundamental uncertainty. Alternatively, like Boje's (1991) terse narratives, these narratives might actually invoke durable knowledge, including analyst output, without fully resembling a cause-effect or correlation story.

The third step in the exploration of orders of knowledge was the identification of recurring narrative elements- namely, actors, events and actions (Czarniawska 2004) and the durable ways in which they were connected to each other via 'frames' and 'interpretative [causal] templates' (Czarniawska 2008, 37-8). This was important because Zaloom (2003), despite not systematically analysing them, implies that market chatter narratives can be fickle without any durability and influence on individual and collective sensemaking. With the help of plot logics- especially cause-effect and correlation, I found recurring relationship among these

narrative elements such as the ISE, foreign markets, and commodity prices. These recurring elements and relationships pointed to the existence of various orders of knowledge or "organizing plots" within the market chatter. My informants did not merely describe what they observed on their market displays. They imposed certain recurrent knowledge orders (e.g., analyst output, technical analysis) on information streams. This also meant that they regularly ignored information that was 'inconvenient' to the invoked order of knowledge (Rebonato no date, 3)

The narrative analysis and resultant frequency data on narrative elements and plots therefore helped me to identify the orders of knowledge and their manifestations (e.g., an analyst's share price target, an explanation based on technical analysis) as organising plots in sell-side sensemaking. These identifications as well as frequency data (e.g., how many times technical analysis was used in advice to clients) were also essential for the questions about role-specific and shared orders of knowledge among analysts and equity salespeople. Another related classification therefore concerned the information sources used in market chatter along the categories of news events (e.g. company statements, macroeconomic data releases), non-news events (e.g. index volatility, price changes, trading volumes), and private information (i.e., publicly unavailable information). To triangulate the market chatter data and explore how analysts perceived and coped with uncertainty in relation to their two-step valuation process, I collected and analysed the following documents from analysts: Full analyst reports and company updates, and periodic (e.g., daily, monthly) research and strategy bulletins. These also helped me identify what analysts formally recommended to clients, and how these recommendations squared with equity salespeople's sensemaking and investment advice for the same clients.

In sum, observation data, complemented with document data revealed naturally occurring patterns about the dynamics of perceiving and coping with fundamental uncertainty in the research sites. They also allowed me to avoid the issue of idealized accounts during formal interviews (Murchison 2010). Triangulation interviews also helped me explore relatively invisible aspects of the sell-side dynamics in the observation data (e.g., exact nature of sell-side division of labour, sources of brokerage income), and enriched the findings with answers to *why* questions on observational patterns (e.g., "Why use technical analysis?", "Why follow foreign market events?", "Why get upset about analyst output?"). As explained before, the extant literature on sensemaking in business networks highlight the importance of positions and interdependent resources on processes and outcomes (Mouzas et al 2008; Hanneberg et al 2010; Geiger and Finch 2010). In this vein, the selection of research sites and the research findings did not happen in a vacuum. Below, I discuss the industry and context where the study took place between 2008 and 2009.

*Industry and context*

Opened in 1986, the ISE is the sole organized securities market in Turkey. At the end of 2009, there were 89 locally or internationally owned brokerage firms-all headquartered in Istanbul. These 89 firms are the licenced intermediaries to give fee-based brokerage services for all four types of equity investors. These are foreign institutional, Turkish retail, Turkish institutional, and foreign retail investors. During the time of study, the foreign institutional investors had 67 % share in the total stock ownership. Moreover, they had retained their portfolio of shares unchanged for an average of 276 days. The other significant investor type in the ISE is the Turkish retail investor. Their share ownership was an average of 18.6 % with an average of 32 days of share portfolio retention. In terms of trading volumes, the Turkish retail investors had provided approximately 65% of the annual trading volume in the ISE

whereas the foreign institutional investors had an average of 20 % share in the ISE trading volume in this period. [2]

Only from these industry figures preceded by similar patterns in previous years, one could conjecture the co-existence of divergent orders of knowledge on sensemaking and valuation among the investor and broker dyads in the ISE. To explore the orders of knowledge that belonged to foreign institutional investor and Turkish broker dyads, I turned my attention to brokerage firms in the Istanbul market. Multi-site research has advantages over a single site research design. This includes higher external validity or transferability of findings to other similar sites of social action (Bryman 2008, 33). At the end, I managed to secure observation access to two brokerage firms for this study on analysts and equity salespeople. The coordinates of these firms and their institutional sales departments in the ISE brokerage sector are provided in Table 1.

[2] Unless otherwise stated, all ISE-related figures in the remainder of this article have been compiled from the ISE's database (available at http://www.borsaistanbul.com/en/data/data/consolidated-data) and the annual reports of the Turkish Capital Markets Association(TCMA- available at http://www.tspb.org.tr/tr/Default.aspx?tabid=153 )-. The portfolio retention periods combine retail and institutional investors by domicile. Given that the Turkish institutional investors only owned 14 % of the shares and contributed to 17 % of the trading volume, one would expect a much shorter portfolio retention period for the Turkish retail investors. Foreign retail investors had a very negligible presence.

| | Types of clients | Average annual trading volume in 2008-9 (% of 814 bn TL) | Types of brokerage services | Institutional sales team size |
|---|---|---|---|---|
| Firm C | Turkish retail<br><br>Foreign Institutional | 13 bn TL (1.5 %) | Retail trade execution, retail investment advisory based on daily macro/micro news and price-changes in foreign and Turkish markets; technical analysis; company "multiples"<br><br>Institutional trade execution, institutional investment advisory based on in-house analysts' long-term intrinsic/comparative valuation, and macroeconomy analysis.<br><br>Number of companies covered by analysts ~ 35 | Two analysts<br><br>Two salespeople |
| Firm D | Turkish retail,<br><br>Foreign Institutional<br><br>Turkish Institutional | 28 bn TL (3.5 %) | Retail trade execution, retail investment advisory based on daily macro/micro news and price-changes in foreign and Turkish markets; technical analysis; company "multiples"<br><br>Institutional trade execution, institutional investment advisory based on in-house analysts' long-term intrinsic/comparative valuation, and macroeconomy analysis<br><br>Number of companies covered by analysts ~ 70 | Eight analysts<br><br>Seven salespeople |

Table 1 Coordinates of field sites

The two firms had served around 200 foreign institutional investors. This constituted approximately 8 % of the foreign institutional investors in the ISE. Around 40 % of the trading volume C and D generated came from their institutional sales teams.[3] This corresponded to around 10 % of the annual trading volume by foreign institutional investors.

At the time of my research, there were around 25 institutional sales teams with varying sizes that could provide brokerage and research services to approximately 2500 foreign institutional investors in the ISE. Firm D, owned by a parent European bank had around 160 institutional clients. Firm C's institutional sales department served around 40 foreign

[3] The foreign-retail investor percentages for trading volumes in C and D are estimates gathered from senior managers. Exact volumes and ranks in institutional sales are kept confidential by the TCMA.

institutional clients. Firm C was a locally-owned boutique brokerage firm. In each firm, I made my observations in the headquarters-based trading floors of institutional sales departments. I spent no less than three weeks in each site for observation and triangulation discussions. I used a notebook and a voice recorder-whenever permitted to make detailed descriptions of events and market chatter in each site.

While same methods of data collection and analysis were used to study retail investor and broker dyads in the ISE (Tarim 2016), this paper addresses the dynamics of financial sensemaking and investment advisory among sell-side teams and their institutional investor clients. Tarim (2016) demonstrates that sensemaking is situated cognition –namely, happening in a given context with historical, sociological and technical roles and factors that collectively and routinely underpin it. This paper adds onto this finding by demonstrating how foreign institutional investor and Turkish broker dyads' sensemaking in the ISE is a different case of situated cognition in terms of the underpinning roles, processes and outcomes – despite both dyads operate in the same market and look at similar information streams. In the process, this paper also reveals the dynamics of sensemaking and investment output generation among analysts and equity salespeople. More specifically, it demonstrates how two institutional sales teams coped with a specific order of knowledge or organizing plot that was widely observed among retail investor and broker dyads. According to Tarim (2016), this order of knowledge performatively positioned the ISE as a peripheral market in the global financial system.

## Findings

*Market conditions as perceived by analysts during observations*

Macro level stories that my analyst interlocutors perceived as major market drivers influenced how they perceived fundamental uncertainties and coped with them. When I started my research in Firm C, the ISE's macro stories and its downward volatility were shaped by: 1) Increasing political uncertainty in Turkey stemming from an ongoing constitutional court case against the ruling party[4]; 2) Ongoing but worsening woes in the global economy and financial markets. There was a global capital flight to commodities- especially oil with record prices, which seemed to put extra pressure on foreign equity markets. Despite these macro stories, analysts in Firm C plotted a macro story of "de-coupling" of the Turkish economy and markets from the global economic and financial woes (Daily bulletin, 1 August 2008). This macro story proposition, which analysts wished to have materialized in the Turkish market in coming months was based on narrative elements such as political reform in Turkey, fiscal discipline, and current account deficit. Their macro story plot was that some of these narrative elements would slow down the *Turkish market mimicking the global markets*- something Tarim (2016) found as a frequently used *interpretative frame* among Turkish retail investor and broker dyads. With this new macro story, the institutional sales team actually predicted a positive uncertainty or overflow on this *interpretative frame*:

> Global markets continue to be extremely volatile and record losses yesterday after US weak data flow. The question is whether Turkey could de-couple from global markets after political worries subsided. With a wide current account deficit, we do not think that is possible however Turkey could outperform its peers if government continues its reform process and maintains fiscal discipline. We are hearing good signs for that! Net-net, despite volatile global markets we believe Turkey will not perform badly in coming months.

[4] The case, opened in March 2008, was mainly based on the alleged "anti-secular" policies of the ruling party. The court decided in favour of the ruling party at the end of July 2008

Almost a year and many high profile global bankruptcies, stock market collapses, and worldwide economic contractions later, I started my observations in Firm D's institutional sales department in May 2009. Market recoveries in 2009 started with signals that the rate of global economic contraction was abating with manifestations such as recoveries in collapsed commodity prices, including oil. In fact, May 2009 was to be a month of an upbeat ISE index with an approximate 10 % rise over 30 days. Yet, this significant increase did cause fundamental uncertainty on some of the analysts' reports in Firm D - especially on the "underperform" call for the Turkish banking sector (28 April 2008) [5]. This was not surprising. As the bank shares in the ISE-100 index have significant weight, they are traded heavily by short-term investors, including Turkish retail investors during any major upward or downward index movement. Moreover, the head of research and the macroeconomy strategist were of the following neutral outlook for the ISE for coming days and weeks based on the macroeconomic circumstances (Daily bulletin 4 May 2009):

> Markets, emerging markets in particular, continue their bullish stance. Consequently, the ISE-100 [index] broke a very important resistance of 30,000 and is heading for a next and strong resistance point of 33,000…In our view, the ISE-100 will reach the 33,000 level, but from a fundamental perspective, we continue to believe that all the potential good news for the economy is priced in by the sharp rally and we are reluctant to chase the overbought banks. Looking forward, we believe fundamentally solid names with a decent growth outlook and valuation will continue to outperform and/or provide solid absolute returns. We continue to recommend our top-picks Ak Enerji [energy], Birlesik Magazalar AS [retail], Otokar and Tofas [vehicle manufacturers], Tat Konserve [producers of drinks, pickles and jam], and Turk Telekom [telecommunications].

Despite the invocation of the *interpretative frame* and technical analysis in the beginning (i.e., 'Markets…continue their bullish stance. Consequently, the ISE-100 broke …important resistance'), the head of research and the strategist perceived the ISE-100's recent surge as

[5] In Firm D, in relation to their ISE return estimate for one year, "underperform" meant "stock return is less than -10% … [in] 1 year". With same horizon, "overperform" meant "stock return is more than 20%" and "marketperform" meant "stock return ranges between -10% and 20 %". The "buy", "neutral" and "sell" were the three investment advice given by Firm C with price increase potentials of > 20 % (buy), -10 %-20 % (neutral) and > -10 % (sell) in relation to existing stock price with a maximum one-year horizon.

the pricing of 'all the potential good news'- namely, the Turkish government's stimulus package against recession in the Turkish economy, actually mentioned in earlier reports (e.g., Firm D macroeconomic report, 26 March 2009). With the phrases 'all the potential good news is priced in…. reluctant to chase overbought banks', the two analysts reiterated Firm D's negative calls on the Turkish banks (28 April 2009) and the Turkish economy- predicted to be in recession until the second half of 2010 (Firm D macroeconomic report, 26 March 2009). Under the circumstances, the analysts reiterated their share selections called "top-picks" for upcoming months. The ISE-100 actually broke the 'strong resistance point of 33,000' on the next day, the 5th of May 2009, and the equity salespeople had to watch another 3,000 point (~10 %) surge driven mainly by bank shares in the ISE-100 between 14 May and 1 June while they were mainly occupied with marketing and trading in drinks, pickles and jam- namely, Tat Konserve!

These examples from both firms neatly capture how their analysts in making sense of the considerable market volatility in Istanbul generally perceived this to be induced by the *interpretative frame* identified in Tarim (2016). They also exemplify how analysts actually relied on their own orders of knowledge (e.g., macroeconomic and intrinsic value knowledge) to impose a different sense on this volatility – a sense that was beyond the *interpretative frame* = "Foreign markets up (down), the ISE up (down)", and informed by their existing outputs. In this vein, analysts' daily bulletins and other outputs were intertextual (Kristeva 1980; Boje, 2001) -namely, being influenced by/based on different texts ("written or lived"). Moreover, analysts were reflexive. They took into consideration the *interpretative frame* or network pictures of retail investor and broker dyads, but strove to moderate/deny its performative agency with the following coda: "Look – there is another way of

understanding/predicting the Istanbul market other than looking at the daily vagaries of global markets or studying price charts!"

Given the usual audience for this type of analyst outputs – namely, fund managers, the analysts' strivings were not surprising. Analysts wished that their role specific knowledge and outputs accurately described and predicted the state of markets yet their wishes did not always come true! Nevertheless, the analysts' role in sell-side division of labour meant that their sensemaking engagement with market volatility was intermittent. More cognitively intense task of constantly observing and making sense of markets' daily vagaries to provide 'best trade execution for [their clients]' (Discussion with salesperson, Firm C, 7 August 2008) and be 'simply the ears and the eyes of [their] clients [for the Turkish markets]' (Interview with salesperson Firm C, 29 July 2008) belonged to the equity salespeople. In sum, it was the above mentioned macro stories and sell-side division of labour that shaped the ways in which my analyst and salespeople interlocutors perceived and coped with fundamental uncertainty. In the following, I discuss these in detail.

*Salespeople in the task environment*

To remind, one of the questions this study explores is how equity salespeople make sense of conspicuous information in markets, and fulfil their organisational roles. More specifically, in these tasks, would there be shared and role-specific orders of knowledge among analysts and equity salespeople? The narrative analysis of market chatter revealed the following orders of knowledge or organising plots that salespeople regularly invoked: Analyst output, the *interpretative frame* (Tarim 2016), technical analysis, and private information. Table 2 presents the frequencies of different organizing plots in the salespeople's market chatter.

| Organizing Plot | Analyst Output | *Interpretative Frame* | Technical Analysis | Private information | Total (% of the narratives) | Fundamental Uncertainty** |
|---|---|---|---|---|---|---|
| Firm C | 19 (15 %) | 10 (8 %) | 10 (8 %) | 13 (10 %) | 52 (41 %) | 3 (6 %) |
| To Clients | 17 (61%) | 3 (10%) | 3 (10%) | 5 (18 %) | 28 (66 %*) | |
| Firm D | 14 (6 %) | 52 (22 %) | 11 (5%) | 30 (12%) | 106 (46 %) | 11 (10 %) |
| To Clients | 8 (13%) | 6 (10%) | 4 (7 %) | 12 (20 %) | 25 (42 %*) | |
| * of the narratives told to clients<br>**on the narratives with an organizing plot | | | | | | |

Table 2 Salespeople's organizing plots

Among these organising plots, only analyst output and private information constituted a shared order of knowledge exclusive to the sell-side team in each firm. On the other hand, salespeople in both firms relied on the *interpretative frame* and technical analysis, which were shared across the brokerage firms in the ISE (Tarim 2016). To be more specific, in Firm C, salespeople invoked analyst output 19 times in their market chatter and almost all these instances (17) concerned marketing communication with their clients. In Firm D, salespeople invoked analyst output 14 times in their market chatter. Eight of these instances happened during marketing communication with clients. Among the remaining six instances, five were actually jokes about the rallying ISE-100 and thus bank shares, which were not on Firm D's top-picks unlike shares such as Tat Konserve - a relatively small capitalization stock in the ISE-100. These jokes also intimated a perception of fundamental uncertainty on the analyst output in Firm D, especially the Turkish banking sector report. For example, on 18 May 2009, two salespeople made the following joke after observing a rise in market indices abroad and in Turkey:

Tarik[6]: They are buying America [the USA market index], come on!
Yavuz: Here [in the ISE], the rally started, and the march to 50,000 [points] …
Tarik: Tat [Konserve] trades have recovered the market [the ISE]!
Yavuz: Yes, sure! Of course, with those buys in Tat [Konserve]!

[6] All salespeople and analyst names are pseudonyms.

As shown in Table 2, a considerable percentage of the market chatter and client communication invoked private information as a shared order of knowledge among analysts and salespeople. This information, not available publicly took several forms. One was "market colour"- namely, fleeting information about trading orders executed through each firm with the hope of attracting orders from other clients. Another type concerned knowledge about market actors (e.g., fund managers) to make sense of noticeable market movements. Last type concerned rumours and/or information directly gathered from original source (e.g., company director, policy maker in the capital city). These private information types were more durable than market colour which at times was hourly in durability.

The remaining orders of knowledge- namely, the *interpretative frame* and technical analysis were less frequently invoked than the analyst output and private information in client communication and market chatter. One exception to this was the use of the *interpretative frame* in the Firm D market chatter. To give another example on the use of *interpretative frame* among salespeople, in Firm C, on 17 July 2008, seconds before the end of trading in the ISE, the ISE-100 fell by 300 points in several seconds. The female sales person explained this fall to the rest of us in the floor:

Philadelphia something [Philadelphia FED manufacturing index from the USA] came bad, that is why it [the ISE] has fallen.

Similarly, salespeople in Firm D used these ISE-wide shared orders of knowledge to make sense of daily market volatility. For example, two salespersons contemplated on what would happen to the ISE-100 until an information release on the US economy on 4 June 2009:

Yavuz: 34,300 [points in the ISE-100] is the [technical] support point. Will it turn [back]?
Burak: They [investors in the ISE] will hold it [the ISE-100] like that until the US data [information release]. Depending on that [information release] they [investors in the ISE] will either take it [buy in the ISE] or give it away [sell in the ISE].

Salespeople in both firms carefully focussed on these short-term market events and associated orders of knowledge as part of their organisational role of providing best execution service to their clients in the ISE:

Day-wise, you check [markets abroad], and adjust your trading strategy [in the ISE] accordingly. If the market falls quickly, you sell quickly. If it goes up quickly, you buy quickly!' (Discussion with salesperson, Firm C, 6 August 2008).

As these quotations imply, salespeople in both firms had an information focus that went beyond the news events about companies, sectors and the Turkish macroeconomy that analysts carefully followed for clients. As can be seen in Table 3 below, this was also evident in the analysis of market chatter data, and corroborated the previous conjecture that salespeople would have a broader informational focus than analysts. Yet, the salespeople's and analysts' focus was firmly on the Turkish market for the provision of "best Turkey coverage". This was unlike their retail broker counterparts who looked to foreign markets and invoked the *interpretive frame* in almost half of their market chatter narratives to make sense of and advice on the Turkish market (Tarim 2016).

| Observation site | Non-news event narratives (e.g., index/price volatility) | Narratives with local market focus |
|---|---|---|
| Firm C Salespeople<br>Firm C Analysts | 79 %<br>46 % | 92 %<br>68 % |
| Firm D Salespeople<br>Firm D Analysts | 85 %<br>56 % | 78 %<br>94 % |

Table 3 Information and geographical focus in market chatter

Moreover, the constant attention paid by salespeople to public and private information meant that it was them who generally heard things before analysts. Salespersons would then ask analysts to comment on the information's significance from an intrinsic/comparative value perspective before sharing it with clients. Before discussing these dynamics, one previously

posed question on salespeople remains to be answered: What would constitute fundamental uncertainty for salespeople and how would they cope with it?

As explained before, randomness narratives would intimate perception of fundamental uncertainty on the organizing plots discussed above. There was no randomness narrative told by the salespeople in both firms with one exception. There were however what I call contra-plot logics, such as contra-correlation, which would signal fundamental uncertainty on any orders of knowledge or private information use. Such contra-logic narratives and all instances of fundamental uncertainty perception were few in numbers in both firms (see Table 2). For instance, one of the salespeople in Firm C used a contra-correlation plot to intimate fundamental uncertainty on the *interpretative frame* (7 August 2008):

Europe [markets] is positive, we have nothing here [the ISE], no [trading] volume

Similar to above contra-plot, the following contra-correlation narrative was uttered by a salesperson in Firm D (5 June 2009):

[Referring to the fall in the US futures index] Oh, they [investors in the USA] have nailed it on the US, and here [in the ISE] mad people are buying Sabanci [conglomerate share – not in analyst top-picks]. They [investors in the ISE] are mad!"

As mentioned before, some jokes by salespeople intimated a perception of fundamental uncertainty on the orders of knowledge, including analyst output. Another example on such jokes also captures how analyst output influences salespeople's marketing activity. On 20 May 2009, the salesperson Yavuz pleaded with his colleague Tarik to convince a client to buy Vakifbank – a bank share to which the Firm D banking analyst gave "underperform" advice (28 April 2009). Yavuz got inspired after analysing Vakifbank's price charts and its price-to-earnings ratio- a popular comparative value ratio that is seen by analyst as inferior to intrinsic valuation (e.g., Barker 1999; Imam et al 2008). Tarik solicited confirmation from the

analyst in charge whether the ratio changed anything regarding the existing call – the answer was "no". Then the following happened:

Yavuz: Bro[ther], why don't you please pitch the Vakifbank to [a prominent fund manager]
Tarik: Okay, tell me how to pitch the idea, what should I say, maybe I call the guy [fund manager] and say "My analyst doesn't like the Turkish banks but the Vakif[bank] charts look good and it has a very low price-to-earnings ratio [implying potential for price increase] ?!"
Yavuz: [Laughs] Okay I got it, you can only pitch according to the rules [i.e., analyst output]
Tarik: No, it is fine, I can call [the fund manager] and say "hey, if it [the Vakifbank share price] breaks three liras, it will then fly. Buy now, and do not miss the opportunity!"
Yavuz: [Laughs]

In summary, salespeople in Firm C and Firm D had infrequent perceptions of fundamental uncertainty on the orders of knowledge and/or private information. Moreover, these infrequently perceived uncertainties did not necessarily lead to any meaningful reconsideration of these organizing plots. Salespeople continued to use them to fulfil their tasks. Nevertheless, as can be discerned from Table 2, a greater proportion of the salespeople's market chatter (59 % in Firm C and 54 % in Firm D) did not invoke any of the orders of knowledge and/or private information. Did these narratives imply fundamental uncertainty, and constitute new stories to make sense of it, just as Weick (1995) theorized? Moreover, as mentioned before, proto-stories during market chatter might intimate a perception of uncertainty owing to not having a strong plot-logic unlike for example cause-effect. There were 73 proto-stories (57 %) in Firm C and 104 proto-stories (43 %) in Firm D. Did these proto-stories of salespeople similarly intimate a perception of fundamental uncertainty? The narrative analysis revealed that 21 proto-stories in Firm C and 38 proto-stories in Firm D actually invoked one of the organizing plots and/or private information. Those proto-stories and those narratives not invoking any of the orders of knowledge nor private information did not actually intimate any sense of fundamental uncertainty. They were simply fickle utterances and conversations that happened when salespeople collectively

focussed their utmost attention on fast changing figures on their market displays for best execution and advisory service to clients.

*Analysts in the task environment*

The accounting research on analysts demonstrate the importance of comparative valuation practices as well as non-accounting information in coping with issues in intrinsic valuation. This literature does not however explain one of the main questions posed in this study- namely, how analysts perceive and make sense of fundamental uncertainty on their intrinsic/comparative valuations, and reflect on and adjust their professional practice. In both firms, analysts had the task of generating regular reports on the state of markets and companies. On top of this, they were actually involved with the salespeople's sensemaking, and conversed with salespeople. The analyses of these interactions and analyst output allowed me to answer the questions on analysts.

| Organizing Plot | Analyst Output | *Interpretative Frame* | Technical Analysis | Private information | Total(% of the narratives) | Fundamental Uncertainty* |
|---|---|---|---|---|---|---|
| Firm C | 20 (31%) | 21 (32 %) | 2 (3 %) | 3 (5 %) | 46 (71%) | 9 (20 %) |
| Firm D | 15 (83%) | 1 (6 %) | 1 (6%) | 1 (6%) | 18 (100 %) | 3 (16 %) |
| *on the narratives with an organizing plot | | | | | | |

Table 4 Analysts' organizing plots

There is no "To Clients" category in Table 4 because there was no such market chatter narrative. This reflects the division of labour in each sell-side team. Coming back to the figures in Table 4, they reflect the influence over market chatter of not only the sales floors' physical layouts but also the analyst's aforementioned selective focus on conspicuous information on market displays (see Table 3). Given the physical separation in Firm D – the sales floor was partitioned with glass panels and door, analysts hardly got involved with

market chatter. [7] When they did, their focus was firmly at the company or macroeconomic level with 15 narratives. These were generally terse answers, such as "good", "bad", "no effect", and "no news" to salespersons' questions on the relevant news' and market events' significance for covered companies. In Firm C, given the shared floor, analysts were much more involved with salespeople's market chatter, and frequently invoked the *interpretative frame* to make sense of the ISE's daily volatility. Nevertheless, Firm C analysts invoked their own outputs as frequently as the *interpretative frame*. In doing so, they strove to make sense of the relevant news' and market events' significance for the Turkish economy and covered companies.

As for the aforementioned macro stories of the time when this study was conducted, analysts in both firms carefully followed local and global economic and political agendas to make sense of short-term volatility in the ISE. The *interpretative frame* and its various manifestations such as the "oil at 300 $" (commodity prices) macro story therefore featured frequently in daily bulletins. Those *interpretative frame* narratives were oftentimes complemented with technical analysis. Nevertheless, for long-term company valuations and macroeconomic analyses, analysts invariably linked local and global information, e.g., "oil at 300$" (commodity prices) to the issues in the Turkish macroeconomy such as current account deficit, and inflation (interest rates). Such macroeconomic filtering and framing for intrinsic/comparative company valuations were present in daily bulletins too when clients were reminded of the analysts' long-term share price and macroeconomic forecasts in the face of daily market volatility.

[7] I spent two half-days in the analyst side of the sales department. There, I conducted interviews with analysts and observed their routine activities, which were conducted in palpable silence unlike the sales room!

How did analysts perceive uncertainty and cope with it in their market chatter? As seen in Table 4, analysts told a noticeable number of narratives that intimated a perception of fundamental uncertainty on the organizing plots. Many of these actually concerned their own analyst outputs. Analysts coped with such uncertainty by firstly checking whether news or market event (e.g., company statement, a price surge) was material to their existing value creation stories and valuations. If so, they followed up with an analyst update. If not, they advised salespersons to keep on pitching/avoiding the share in question if it was underpriced/overpriced in relation to the share price target. As for the analyst market chatter narratives in proto-story form (33 - 50 % in Firm C; three – 17 % in Firm D), these proto-stories did not imply any perception of fundamental uncertainty. For example, among the analysts' proto stories, 15 in Firm C and all three in Firm D actually invoked one of the organizing plots and/or private knowledge. For those analyst narratives without any of the organizing plots and/or private knowledge, they did not intimate any sense of fundamental uncertainty or "telling new stories". Moreover, such seemingly purposeless narratives were much less visible in the analysts' market chatter. Compared to salespeople, analysts were less interested in short-term changes in markets that were seemingly immaterial to their role-specific knowledge and outputs.

This study posed the question as to whether information availability would encourage analysts to be more accommodative of the information and orders of knowledge not directly associated with their intrinsic/comparative valuation practices. As the above analysis demonstrated, analysts, when having to make sense of the daily volatility in markets were accommodative of the *interpretative frame* and technical analysis. These orders of knowledge were not directly related to intrinsic valuation, but mattered for short-term ISE-100 dynamics owing to retail investor activity (Tarim 2016). Nevertheless, a macro story such as "oil at 300

$", on which retail investor and broker dyads could trade on a daily basis could only become relevant to the analysts' long-term investment advisory only if it impacted the macroeconomic environment where Turkish companies operated. On the other hand, technical analysis was nowhere to be seen in any analyst report or update on companies! As put by the analyst Ayla in Firm C:

> If you focus too much on what happens abroad, your clients who operate in those markets might take it as a sign of you not knowing what you are actually talking about. Your client wants to know about Turkey. Here [the institutional sell-side business] one has to have one's own opinions and projections [about Turkey] and justify them (Informal discussion, 14 July 2008).

Related to this selective and purposive focus on the information and orders of knowledge not directly associated with long-term intrinsic valuation, the analyst's information focus was noticeably on news events in their market chatter unlike the salespeople's very substantial focus on non-news events (see Table 3).

Compared to their market chatter and daily bulletins, analysts' long-term investment outputs (e.g., company valuation report/update, macroeconomic analysis) were hardly accommodative of the two ISE-wide organizing plots (i.e., *interpretative frame* and technical analysis) and private information that could not be meaningfully incorporated into intrinsic value calculations. During my research, I observed a number of companies in each firm's top-picks. Yet, there were a few covered companies which had negative analyst views. These analyst outputs with different investment recommendations experienced fundamental uncertainties because of upward and downward price volatilities.

The valuation reports I collected in both firms started with a value creation story introducing the company and why initiation/update was made. The bracketing out of the ISE-wide short-term organizing plots and private information not easily linkable to calculations was visible

in the collected analyst output. The following example comes from Firm C's analyst's value creation story in her banking update (16 June 2008). All parentheses are those of the analyst.

> After a sharp retreat in banking sector stocks (bank-index is down 46% in TRY [Turkish lira] terms year-to-date), we believe investors should put into perspective that growth is still present in the sector and this sharp decline in banking value assets is more than warranted for. Banking sector stocks plunged because of the deterioration in the outlook of the world and Turkish economies, increase in interest rates vis-à-vis increasing concerns over funding costs, and profitability of bond portfolios, higher provisions [for non-performing loans-NPLs] (up 74% y/y [year on year] in average in 1q [quarter] 08) and cash capital increases (for some banks).

The analyst Ayla then transformed this value creation story into earnings forecasts and share price targets for coming months [8]. It is obvious that as an upside/downside risk factor on her valuations, Ayla's update report was not accommodative of short-term market dynamics, including the constitutional court case and volatility in global stock markets by then. Rumours and predictions about a positive court decision for the ruling party turned out to be correct at the end of July 2008 and the ISE-100 actually rallied by 30 % in July. In August 2008, Ayla commented in daily bulletins on the quarterly income results of individual banks with expressions such as "slightly higher than estimates", "in line with estimates". Despite her income forecasting accuracy, most of her investment advice for individual banks turned from "Buy" to "Neutral". This was a case of upward overflow on Ayla's banking sector report as the latter, like other analyst reports calculated price targets for the next 12 months – not a fortnight! To cope with this uncertainty, she did not change her valuation methods nor come up with a new value creation story. She simply downgraded her investment advice, given the evaporated upside potentials in relation to target prices.

[8] Ayla's intrinsic valuation models were the dividend discount model, Gordon Growth Model, and economic value added models, all equally weighted. The comparative valuation metrics were return on average equity and adjusted Price /Earnings ratio. Firm D's banking analyst used similar intrinsic and comparative valuation models. Ayla did not explain why she chose and combined these models. Lack of methodological discussion was also observed in other reports from Firm C, Firm D and similar firms serving fund managers. This can be attributed to the intertextuality of valuation reports in sensemaking. As a valuation network, analysts and fund managers have shared models or intercognitive representations, which can have terse manifestations.

Similar to the upward overflow case in Firm C's banking update, almost a year later, short-term market dynamics resulted in a similar upward overflow -this time on the banking report of Firm D. Yet in this case, the banking analyst Adnan actually gave an "underperform" advice on the Turkish banks (28 April 2009). Adnan made this call on the back of a recent banking index rally of '50 % ... in absolute terms'. The tittle of his report was *Turkish Banks: Too fast, Too furious*. It encapsulated part of his value creation story, which framed the banking sector rally as the pricing in of 'windfall gains' or lower financing costs for the Turkish banks. The gains were coming from 'sharp interest rate cuts' by the Turkish Central Bank in the early 2009 on the back of economic recession. The analyst's focus was firmly on the fundamentals of the macro operating environment. Moreover, for the coming quarters, Adnan bracketed in the ongoing and forecasted "U-shape" recession in the Turkish economy (Firm D macroeconomy report, 26 March 2009), which would lead to 'muted earning momentum… earnings risk' for the Turkish banks for more than a year. This value creation story was then combined with his intrinsic/comparative valuation models to generate the target prices for banks (see footnote 7). As the existing share prices were over or close to his target prices, he advised clients to avoid the Turkish banking sector for now.

As explained before, despite Firm D's analysts' negative view on the banking sector and the Turkish economy for the coming weeks in May 2009, the ISE-100 had other ideas! This constituted a fundamental uncertainty on these analyst outputs. How did Adnan and other analysts cope with this type of uncertainty? In a nutshell, Adnan's output remained the same. During market chatter, I observed him dismissing daily price movements in banking shares as irrelevant. Moreover, he told me the following when I asked him how he felt about his banking sector advice (Interview, 29 May 2009):

Being on the wrong side of short-term market dynamics could be very unpleasant but should not alter [his] judgements and long-term call for banks.

This indifference to short-term dynamics pretty much characterised the analysts' formal advisory on the Turkish economy and companies in both firms.

Similar to the overflow on Ayla's banking output, the fundamental uncertainty on Adnan's banking output was an upward one. Nevertheless, it was a negative one in the sense that Adnan forecasted price falls in the Turkish banks in coming months but the opposite was happening in the short-run. Moreover, the call was very challenging for Firm D's salespeople as they could not pitch the banking sector to their clients when the sector index and the ISE-100 were in a significant upward trend. Firm D anticipated a GDP contraction of 4.8 % in the Turkish economy in 2009 (26 March 2009). They were actually spot-on in this forecast[9].Yet, the ISE 100 index closed 2009 at 52,825 points, 47 % above its May 2009 closing. Similarly, the US and Eurozone economies contracted 2.8 %[10] and 4.4 %[11] in 2009, respectively. Yet, the developed country markets rallied more than 30 % in 2009[12]. The *interpretative frame* of Turkish retail investor and broker dyads seemed to manifest its performative features in these ISE rallies in 2009.

During my observations, I also observed falling share prices generating a downward price uncertainty despite perceived good company fundamentals. Analysts coped with such uncertainty with their formal outputs in which they reminded the continuing upside potentials

[9] The data taken from Turkstat, available at http://rapory.tuik.gov.tr/11-08-2015-17:33:39-1427482023670196218109332636l.html? , last accessed 11 Aug. 15

[10] The data taken from the World Bank, available at http://data.worldbank.org/country/united-states , last accessed 11 Aug. 2015

[11] The data taken from Eurostat, available at http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tec00115&plugin=1 , last accessed 11 Aug. 2015

[12] The data taken from MSCI index, available at https://www.msci.com/resources/factsheets/index_fact_sheet/msci-world-index.pdf , last accessed 11 Aug. 2015

in share prices unless there was a material change in valuation story elements and inputs. For example, Oguz, the other analyst in Firm C sent a note to clients on falling fertilizer share prices, after a conference call with fertilizer company officials (25 June 2008). In his note, Oguz attributed the downward uncertainty on his fertilizer valuation outputs (i.e., higher target prices vs falling market prices) as the manifestation of recent investor behaviour about the ruling party court case and "oil at $ 300" macro stories of the time. According to Oguz's note, the only problem for fertilizer stocks was the "sentimentality" and "overreactions" of some investors in the ISE!

As these examples demonstrate, analysts in both firms had a firm belief in their role-specific orders of knowledge (i.e., intrinsic and comparative valuation) when they forecasted the future. The attribution of biased and erroneous agency- with expressions such as overbought, oversold, sentimental, overreacted- to anonymous investors in the ISE was commonly found in analyst output. Yet, in the short-run, the Turkish retail investor and broker dyads' activity ostensibly dictated the ISE-100 dynamics. The resultant fundamental uncertainties on analyst output did not result in analysts abandoning or modifying their intrinsic/comparative valuation knowledge or practices. Nevertheless, these uncertainties had implications for the organisational dynamics of sensemaking and investment advisory in these firms. I discuss these in the following.

*"I cannot tell my clients that my analyst is a d***head": Analysts and salespeople dynamics*

This study asked what orders of knowledge would prevail in the equity salespeople investment advisory. The accounting research, although not providing a direct answer helped the study to conjecture that it would be the analyst outputs that would dominate salespeople's investment advisory. Relatedly, this study asked, if such a knowledge hierarchy of analyst

over salespeople exists, who would monitor and maintain it within sales teams? Following this, the study asked how salespeople would reconcile their role-specific knowledge, and identify with that of analysts- especially when salespeople perceive fundamental uncertainty in relation to analyst output.

As shown in Table 2, and in line with the conjecture of analyst output hierarchy, the analyst output as an organizing plot dominated the equity salespeople's communication with clients, followed by private information and the *interpretative frame*. In Firm D, the analyst output use was second to the private information use in client communication. This was partly because an important part of Firm D's analyst output (i.e., "underperform" call on the banking sector) experienced a major fundamental uncertainty in May 2009. Despite that, salespeople in Firm D never attempted to convince their clients to invest in the rallying Turkish banking sector by then. Doing so could have generated meaningful trading fees, something salespeople seemed to continuously strive in both firms. In Firm C, I did not observe such a salespeople activity that contradicted analyst advice, either. Was this because analysts monitored and supervised salespeople to ensure their outputs prevailed in the investment advisory given?

Far from it, I observed a general analyst indifference to salespeople's sensemaking and advisory work. For analysts, it was the role of salespeople to manage clients for trade execution and investment advisory. In their own role, analysts were happy to talk to clients on demand for deeper insights. In return, they expected salespeople not to meddle in their valuations. When I was interviewing an analyst in Firm D, I witnessed another analyst spiritedly telling the following to an intern who asked whether salespeople could influence the content of analyst output (Field notes, 2 June 2009):

[Rather irritated with the thought of such interference] Nobody can interfere in our job! Only the head of research checks it for editing. I have my assumptions about companies and the economy, and I write accordingly.

This division of labour seemed to give salespeople a meaningful room for improvisation or divergence from analyst output in their investment advisory. Nevertheless, this did not happen. Although salespeople in both firms a dozen or so times updated their clients on public/private news and market events on companies that their analysts did not "like", this was because their clients had investments/interest in these companies. Hence, there was not a direct association between salespeople's investment advice and clients' trading activity. As put by a salesperson in Firm D (Interview, 22 May 2009):

We don't know the origins of 7 out of 10 orders, you give your idea…but this does not mean that idea creation is always down to you. Clients have their own opinion too.

The last sentence above also intimates the core reason as to why salespeople in institutional sales, unlike their counterparts in retail sales (Tarim 2016), did not liberally use the *interpretative frame* and/or technical analysis in investment advice. As clients and to form 'their own opinions', fund managers demanded analysts' intrinsic and comparative valuations. The same salesperson was emphatic when I had the misfortune of describing analysts' forecasting work as "guess work" or "bet":

Of course, it [share and macroeconomy calls] is a bet but it is based on models, calculations, and all the rest. In fact, you can't even call it a guess, it is always a forecast. It is imperative that we go along that line [of forecasts]. This is also because you are constantly being challenged by your counterpart [fund manager, buy side analyst], you say "the income will go up by this much" he says "why not 10 %", you say "because of inflation, or USD/TL parity, or it won't grow this much." It is a constant idea challenge and you need to be ready with the necessary information and knowledge. That is why I and [other sales person] we never look at the charts, roll the dice and say "it will break 35" to give a share call [investment advice]!

A salesperson in Firm C was also empathic in explaining the importance of analyst output in sales activity (Interview 29 June 2008):

You can bullshit only once or twice in this business, that is all. After that, confidence and trust [of clients in salesperson] will vanish. Your analysts have to feed you [with analyst output]. You need to know intrinsic and technical valuation. You can't just dabble in this business. Even if you have very good personal relationship with clients, this does not mean you can give unjustified advice [investment advice without any analyst input].

As intimated above, salespeople perceived analyst work as a shared order of knowledge or intercognitive representation in institutional sales and fund management networks. Analyst knowledge, irrespective of the noticeable uncertainty surrounding its manifestations (e.g. target price forecasts) therefore remained a legitimate and essential resource for salespeople's organisational role. Nevertheless, this did not mean that such uncertainties did not upset salespeople. As discussed before, salespeople expressed discomfort with uncertainty on analyst output by telling jokes, especially in Firm D when there were no analysts around! Another way of coping with such situations was to encourage analysts to reconsider their existing output with an update or note so that a legitimate opportunity to contact clients and encourage them to trade would arise unlike "rolling the dice!" Nevertheless, this type of encouragement happened only when there was a private/public news or market event about the company in question. As mentioned, analysts rarely saw these events material to their valuation processes and outputs.

In one occasion, I observed the salesperson Tarik in Firm D come up with an impromptu value creation story for a newspaper. Tarik's attempt at a new value creation story was based on his wishful thinking of increased summer holiday circulation numbers and advertisement revenues. The share price of this newspaper actually doubled in a matter of weeks (Field notes, 20 May 2009). The analyst in charge dismissed this impromptu story after reminding Tarik the newspaper's seasonally adjusted circulation numbers and per unit advertisement revenues. The analyst then attributed the newspaper's recent share price rally to ongoing political issues between its parent company and the government, factors he bracketed out in

his formal valuation. The analyst call remained "marketperform" and I had the opportunity to hear the salesperson complain in colourful language:

When it [share price] was cheap, [the analyst] sat down with me for half an hour and told me very professionally why I should not buy [the newspaper shares] … It is not desirable to go against your analyst view, you can't just say "my analyst is a d***head" [which he actually did whilst talking to me], then they [clients] will say that your organisation is cracking…Look at the size of these advertisements... [Tarik shows me the newspaper's advertisement pages!]

Salespeople worked under no meaningful monitoring and supervision by analysts. Yet, the fear of giving such impression of organisational disarray and being challenged by fund managers on intrinsic/comparative valuation grounds encouraged salespeople to prioritize analyst output in their investment advisory. The fund manager audience not only underpinned intrinsic/comparative valuation discipline among analysts but also kept salespeople on such analyst-driven sensemaking and investment advisory footing. Jokes, frustration and discontent as exemplified in the following quote therefore remained within organisational boundaries and were not shared with clients:

According to my analyst, I should have bought nothing in this market [ISE] since it was 27k [27,000 in March 2009]. Instead I should have put my money in a safe, lock it up and wait! (Salesperson in Firm D; Field notes 27 May 2009).

**Discussion**

This study explored how analysts and equity salespeople perceive and cope with uncertainty in financial markets. The sensemaking theory and literature on different task environments point to the importance of shared and hierarchical orders of knowledge among resource interdependent actors. These knowledge types include frames, network pictures, and intercognitive representations, and their manifestations such as narratives, forecasts, and prices. In this theory, narratives at individual level represent these durable orders of knowledge in orderly times. Fundamental uncertainty is experienced only when an incongruence between a situation and existing knowledge is perceived. The main coping

mechanism in this theory is posited as "telling new stories" - namely, finding new ways of making sense of uncertain situation. This modifies existing orders of knowledge and expands them into more holistic insights about the task environment (e.g., network insights). The sensemaking theory and literature also point to the transformative or performative effects of knowledge in a task environment.

The review of accounting research on analyst revealed a scant attention paid to the role of equity salespeople in financial advisory- a topic this paper aimed to make an initial contribution. Despite this gap, the accounting research demonstrates the primacy of analysts' own orders of knowledge in sell-side and buy-side professions - namely, intrinsic valuation, complemented with non-accounting information and comparative valuations. The accounting research on analysts also assumes financial markets as a task environment that is dominated by networks of analysts and fund managers who use these valuation techniques. This assumption, if true, can point to performative or transformative effects of intrinsic/comparative valuations. On the other hand, it also implies that fundamental uncertainty might arise from the existence and influence of orders of knowledge not associated with and thus bracketed-out by analysts' valuation techniques.

The theoretical and empirical framework above informed the methods of direct observation, interviews and content analyses adopted for this study. As presented in detail, the market chatter analyses revealed the shared and role-specific orders of knowledge or organising plots that analysts and salespeople ordinarily used in their task environment. While the intrinsic/comparative valuation is shown to be role specific – namely, belonging to analysts, the *interpretative frame*, and technical analysis were shared not just among analysts and salespeople in both firms but also in retail investor and broker dyads in the Turkish market

(Tarim 2016). Sell-side professionals in both firms were reflective of the fact that there were other market actors and orders of knowledge operating in the Istanbul market but not directly associated with long-term intrinsic/comparative valuation for companies.

In line with the sensemaking theory, analysts and salespeople in both firms perceived fundamental uncertainty in relation to these role-specific and shared organizing plots. Nevertheless, these perceived uncertainties did hardly lead to new ways of sensemaking and valuation. For example, analysts when faced with significant upward or downward overflows over their target price forecasts simply updated their investment recommendations accordingly unless there was a material change in microeconomic (company level) and/or macroeconomic environment. This type of top down and bottom up long-term intrinsic/comparative valuation knowledge and practice characterised the investment advisory generated by analysts in both firms. Such an approach stood at the top of valuation hierarchy. It was in fact with this approach a new way of making sense of the Turkish market- namely, the "decoupling" macro story emerged in Firm C in 2008, and a negative view on the Turkish economy and most of the leading shares in the ISE emerged in Firm D in 2009. Nonetheless, in both cases, the *interpretative frame* or "*the Turkish market mimics foreign markets"* as an order of knowledge originated in Turkish retail and broker dyads (Tarim 2016) seemed to generate fundamental uncertainty on these long-term analyst calls.

Tarim (2016) reviews the econometric evidence on the ISE's co-movements with foreign markets. This evidence points to short-term contemporaneous movements between developed market indices and the ISE-100. Given this evidence and the significant Turkish retail investor trading in the ISE, Tarim (2016) argues for the performativity or transformative effects of the *interpretative frame* over the Istanbul market's movements. Because the

*interpretative frame* could not be incorporated in analysts' intrinsic/comparative valuations in such a short-term manner, this order of knowledge generated fundamental uncertainty over long-term intrinsic/comparative valuations of analysts in both firms. This also constituted an impediment to analysts' knowledge and outputs having performative or transformative effects in the Turkish market.

The fundamental uncertainty the sell-side professionals in this study faced is a function of the shared and role-specific orders of knowledge or organizing plots in their task environment. Clearly, my analyst and salespeople interlocutors had meaningful network insights or reflective understandings of the Istanbul market with its different investor – broker types. Nevertheless, they could not use these insights in one of their essential roles in institutional sales and fund manager networks- namely, generating intrinsic/comparative valuations for their fund manager clients. This main finding demonstrates one limitation for the network insights perspective- especially as a managerial solution to coping with uncertainty (e.g., Mouzas et al 2008; Mouzas and Henneberg 2015). This is because such holistic insights and subsequently modified behaviour might clash with one's primary organisational roles in business networks. A more effective managerial perspective might be exploring and enhancing the performativity of network pictures and intercognitive representations in the totality of a task environment by means of collective institutional work (e.g., Tan 2014).

Another implication of this main finding relates to the accounting research on analysts. There is general consensus in this literature that the sell-side professions' primary aim of generating trading and advisory fees leads to various biases such as optimism and herding. Accordingly, Barker (1998) characterizes analysts as volatility seekers, as opposed to fund managers and company directors as volatility avoiders. If the analysts in this study had been volatility

seekers, they would have thrived in the Istanbul market. Instead, the volatility caused by local dynamics and actors was the main source of uncertainty for analysts. In their formal outputs and informal market chatter, analysts showed a noticeable wish for their own knowledge and forecasts to accurately describe the market events. It is clear that the Turkish market and its retail investor and broker dyads had other ideas! Under such circumstances, the analysts' main concern was coping with volatility in the Turkish market, not seeking volatility in it to generate more fees. The salespeople in this study, despite the occasional frustration it caused, also remained loyal to analyst output in their investment advisory. This happened without any meaningful analyst supervision over salespeople's work. With these findings, this study corroborates the primacy of intrinsic/comparative valuation techniques among analysts and fund managers as shown by the accounting research on analysts, and extends it to equity salespeople- an important actor that has been neglected by this literature.

**Conclusion**

This study explored how analysts and equity salespeople make sense of uncertainty in their task environment, and reflect on and adjust their professional practice. By drawing on the sensemaking theory, the paper demonstrated that analysts and salespeople relied on shared and role-specific orders of knowledge that underpin how they perceived and coped with fundamental uncertainty. In line with the sensemaking theory and the accounting research on analysts, the orders of knowledge identified in this study were hierarchical. The availability of information not directly related to the primary order of intrinsic/comparative valuation practice did not alter the way analysts routinely completed their long-term valuation tasks. In this vein, analysts had a narrower information focus. However, for the other important sell-side task of providing best execution service, salespeople relied on a broader information set and orders of knowledge that belonged to dyads and networks other than those of institutional

sales and fund managers, and generated short-term volatility in the market. This volatility, which related to the information that analysts ordinarily bracketed out of their long-term intrinsic/comparative valuations nevertheless generated fundamental uncertainty on analysts' valuations and investment advice. Although this uncertainty did not lead to analysts modifying and/or abandoning their role-specific knowledge and practices, it hurt salespeople's ability to encourage trading activity and generate brokerage fees. Nevertheless, owing to the primacy of analyst knowledge and outputs for long-term investment advice in institutional sales and fund manager networks, the discontent such uncertainty brought to salespeople remained limited to banter among salespeople. Salespeople stuck to analysts' output in their sales pitches, and presented a harmonious organisation image to their clients.

This paper has made two related contributions to the accounting research on analysts and equity salespeople. The first contribution concerns what Imam et al (2008) describe as the necessity to further explore social and economic contexts and motivations by which analysts use accounting information and valuation practices. Imam et al (2008) call for such investigation after finding out that analysts in the UK constantly reflect on their fund manager clients' changing behaviours and preferences, and modify their intrinsic/comparative valuation practices. This paper has demonstrated how analysts actually make sense of and reflect on a market as a whole - not just their fund manager clientele, and cope with uncertainties that are generated by actors and knowledge not directly associated with analyst and fund manager dyads and networks. The notion of "market" or task environment in the accounting research on analysts is rather vague, and mainly concerns analysts and fund managers. It is rather unrealistic to think that a stock market is formed only of such actors. More systematic insights into the task environment where analysts and fund managers

operate, including their perceptions of this environment can provide better and more grounded explanations of analysts' and fund managers' biases and errors.

The second contribution of this paper is to our understanding of the role of equity salespeople in sell-side sensemaking and investment advisory. As demonstrated, the accounting research on analysts pays scant attention to equity salespeople. Salespeople in this study manage a portfolio of clients, a task which involves best execution, communicating analyst output, and constantly making sense of conspicuous information for clients. Although this paper has corroborated the primacy of analyst output in sell-side advisory, it has also noted exceptions to this based on client interests and exposures in various stocks. More research is necessary to systematically understand how equity salespeople influence the fund managers' use of analyst output and more generally fund managers' perceptions, judgements and decisions in a given task environment.

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