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# A Narrative Approach to Delivering Bad News in Organizations: Effective or Not?

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## A Narrative Approach to Delivering Bad News in Organizations: Effective or Not?

### Abstract

#### Purpose:

This paper presents empirical evidence for the use of narrative to deliver bad news within an organization, specifically bad news about layoffs. The attempt is to extend previous empirical work, using narrative by senior leadership to convey corporate strategy, to a different leadership challenge and further explicate a model for understanding the effectiveness of narrative as a leadership communication tool.

#### Design/Methodology/Approach:

The paper presents further original research on the effectiveness of narrative as a leadership tool. And theoretical implications for leaders seeking effective communication tools are explored.

#### Findings:

Data presented to substantiate that narrative use, as opposed to a PowerPoint style, bulleted list approach, for delivering bad news, an impending layoff, is not effective at producing a clear understanding of the reasons for the layoff, confidence in subjects understanding of these reasons, or the belief in the honesty and integrity of the leader delivering this narrative. However, narrative presentation of an impending layoff is more effective at limiting the negative behavior impact of the message, by decreasing the subjects' reported likelihood that they would be seeking another job and increasing the subjects' reported likelihood that they believe the company can be righted after the layoff.

#### Originality/Value:

Compared to the limited previous research on the effectiveness of narrative as opposed to a traditional PowerPoint style, bulleted list, as a leadership communication tool, the present research indicates that narrative use may be more nuanced and complicated than previously thought. Implications for the practical use of narrative and PowerPoint style, bulleted lists of information as leadership communications tools are considered.

**Keywords:** narrative, leadership, social constructivism, story, storytelling, bad news, layoffs

**Classification:** Research Paper

“You know Phil, when I was a kid in the mid-west in the late 40s; I had a lemonade stand. My first attempt at business ... it failed miserably. I couldn't make any sales. I made a bit of money, but I was only able to because I was able to buy lemons really cheaply from the local grocer who gave me a break on price in order to 'support a budding entrepreneur'. But my sales kept dropping and as the summer wore on there were fewer and fewer people interested in parting with a nickel for a glass of lemonade. I feel like I am right back there at the lemonade stand.' What are you talking about Joe? But after a few minutes' thought it struck me that Joe was describing why we need to conduct a layoff. We are currently surviving almost solely on margin, by keeping our production costs low, squeezing every penny out of our declining sales. But this is not sustainable. There is only so much cost we can squeeze out of production. In addition to declining sales, our future sales, in terms of bookings, are declining even faster. But unlike Phil's lemonade stand, we can't just stop doing business at the end of the summer. We need to cut costs significantly. And since our greatest costs are our labor costs, we have to cut labor costs to survive in the short term. We must lay off employees.”

Is this a more effective way to deliver bad news? Is this an effective way to announce to an organization that a layoff is imminent and explain to the organization the reasons for the pending layoff? Or would this just lead to confusion about the reasons for the bad news, perhaps alleviate some negative emotion associated with the bad news, at best, or, lead to more negative affect, at worst? In other words, is a narrative an effective way to deliver bad news in an organization?

Recent empirical evidence, founded on a re-emerging literature on narrative use by leaders, suggests that narrative, as opposed to traditional PowerPoint style, bulleted lists of information, is more effective at conveying complex information within an organization.

Carriger (2011) found that a narrative presentation of corporate strategy was more effective at leading subjects to a clearer, consistent, and more confident understanding of corporate strategy and competitive advantage than a bullet-point list of facts and figures. Evidence presented by Carriger (2011), leveraging a methodology (also used in the present study) borrowed from Martin and Feldman (Martin, 1982) and adapted to assess understanding of corporate strategy, showed that when undergraduate and MBA students, as well as corporate professionals, were presented with a written narrative about a fictitious company's corporate strategy the subjects were more consistent in their choice of which competitive advantage this written narrative represented and more confident in their choice than subjects presented with a written bulleted list of the same information.

Previously, Martin and Feldman (Martin, 1982) directly compared the use of narrative, the use of data, and the use of a combination of narrative and data to predict the ability of an audience to remember information, believe information, and be persuaded by information about corporate culture. Martin (1982) reported that she and her colleagues found that the use of narrative predicted better memory for, belief in, and persuasion by a message about corporate culture than data alone. Intriguingly, Martin (1982) also reported that the use of narrative was more effective in promoting memory, belief, and persuasion than a narrative in combination with data.

Although much has been written about narrative use by leaders, these appear to be the only two attempts to empirically validate narrative use. Much of the previous literature on narrative use by leaders focused on describing the nature of narrative with particular interest in theoretical application to organizational settings. For example, Boje (1995) focused on understanding narrative from pre-modern, modern, and post-modern perspectives. He argued

that a deconstructive analysis of narrative can be used to investigate the various meanings that narrative have within organizations and the ways these meanings may be masked by official corporate rhetoric. This segment of the literature on narrative is primarily conceptual and focused on finding meaning for organizational use of narrative in allied literatures of philosophy, psychology, sociology, communication theory, and anthropology.

More recent thought on narrative use by leaders has focused on instructing leaders on how to craft narratives. For example, Denning (2006) described a variety of types of narratives that might be particularly effective in an organizational setting and how to craft them. In particular, Denning (2006) identified two types of narrative, the so called “springboard story” and the “identity story”. He described a “springboard story” as a concise positive, action-oriented narrative aimed at communicating complex ideas and inspiring action in listeners. He described an “identity story” as an authentic, revealing, and humorous narrative aimed at conveying a leader’s identity to followers. This segment of the literature on narrative is primarily theoretical and provides a self-help guide for leaders interested in employing narrative.

A smaller though broader literature on narrative focused on the relationship between narrative and applications to various leadership challenges, such as creating a learning organization; knowledge management; communicating corporate vision; and creating, disseminating, and executing corporate strategy. For example, Marzec (2007) described a narrative he called a “corporate story” which he suggested could be used by leaders to explain a corporation and drive corporate strategy to action. This segment of the literature on narrative is also primarily conceptual and theoretical, focusing on identifying various leadership challenges to which narrative might be applied. However, this smaller segment of the narrative literature does include some anecdotal empirical support.

Previously Carriger (2011) presented a framework or model based broadly on social constructionism (Searle, 1995), symbolic interactionism (Blumer, 1998), and critical social theory (Calhoun, 1995) for conceptualizing and making predictions about the effective use of narrative in organizational settings. Interestingly, this was an attempt to craft a theoretical foundation for understanding narrative from a post-modern perspective in order to apply a modernist, quantitative, empirical approach to validate the use of narrative as a leadership communication tool (Carriger, 2011).

The model is based primarily on John Searle's (1995) non-traditional notion of the social construction of reality. Searle (1995) argues that facts come in three developmentally related forms: brute facts, social facts, and institutional facts. According to Searle (1995), brute facts are facts as they are, irrespective of anyone knowing those facts, or having an opinion about those facts. These are facts that exist independent of any observer of the facts. Social facts are facts that a group agree are facts, but another group might not agree are facts. These are facts that are founded on brute facts but exist dependent upon the agreement of a group of observers of the facts. Finally, institutional facts are social facts that have been disconnected from their foundational brute facts. These are socially constructed facts, created out of brute facts via social facts, but treated as if they were true in and of themselves without reference or connection to the underlying, foundational, brute facts. According to Searle (1995) it is these institutional facts that nonetheless guide a majority of our behavior, and narrative or story is an example of an institutional fact.

As a concrete example, consider money. At the brute fact level, a substance, for example a lump of gold, has exchange value based on its scarcity. This exchange value is independent of any observer's opinion, based on the substance's scarcity or rarity. However, in time, groups of

people agree that a lump of gold has a standard exchange value and that a piece of script can be used as a stand-in or direct representation of the exchange value of the lump of gold (perhaps because carrying a piece of script is more convenient than carrying a lump of gold). This is money at the level of social fact. A group agrees on a standard exchange value and the use of script as a stand-in, but another group may disagree. Finally, after time, the script becomes disconnected from the lump of gold and takes on the value of the exchange rate itself. In other words the group that formed the social fact loses sight of the underlying brute fact, and treats the social fact as a fact in and of itself, raising it to the level of institutional fact. Now the script no longer simply represents the exchange rate of the lump of gold. Rather the script is seen as valuable in and of itself. The dollar bill, made of a few cents of cotton fiber, acquires the exchange rate of, and is seen as worth, a dollar.

A similar formulation can be crafted for a more relevant concept, in the case of organizations, corporate strategy. As Carriger (2011) suggested, at the brute fact level, corporate strategy may simply consist of an employee's observations of day-to-day decisions and actions taken from which the employee abstracts an idiosyncratic, unofficial notion of what the organization is trying to accomplish. At the social fact level, this employee interacts with other employees in meetings and project teams and informal conversations where these idiosyncratic notions are discussed and considered. Eventually, a shared set of idiosyncratic notions is tacitly agreed upon as the corporate strategy. Further, this agreed upon social fact is reified as it is passed from long-tenured employee to newer employee. Through this process of reification the connection between the brute fact, the day-to-day decisions and actions taken, is broken from the social fact, the idiosyncratic, agreed upon notion of what the organization is trying to

accomplish. At this point the social fact becomes an institutional fact and is treated as true in and of itself, perhaps as “the way things are done around here”.

Insert Figure 1 Here

Carriger (2011) further argued that if a senior leader wanted to intervene and change this strategy the most effective approach would be to use another institutional fact, a narrative. And Carriger (2011) found that, in fact, a narrative was a more effective method for generating understanding, and confidence in that understanding, among an audience than using facts and figures.

But what about delivering bad news? Is bad news, such as explaining an impending layoff, an institutional fact that would best be conveyed using a narrative, or something else? Perhaps a set of brute facts that should be conveyed using facts and figures? Or perhaps a combination of both?

Considerable thought has been applied to this notion of delivering bad news. This is mostly found in the procedural justice literature and theoretically summarized by Bies (2013) in a recent literature review and empirically summarized by Shaw, Wild, and Colquitt (2003) in meta-analysis.

Based on a meta-analytic assessment of 54 independent research studies, Shaw, et. al. (2003) assessed the literature on delivering explanations for bad news from a fairness theory perspective. Although not focused on narrative as a means for delivering explanations, the authors uncovered that fairness theory was a reasonable context through which to understand the use of explanations. They noted that the provision of explanations as well as the adequacy of

explanations had beneficial effects on the audience's sense of fairness and likelihood of retaliation. Interestingly, it appears as though the adequacy of the explanation had more impact on the audience than whether an explanation was given or not. In other words, a poorly constructed explanation was more likely to negatively impact the sense of fairness and more likely to increase consideration of retaliation by the audience than if no explanation was given at all. "Taken together, our results illustrate that the failure to give an explanation – or use of an inadequate one, can lead to negative employee reactions." (Shaw, et. al., 2003, p. 453)

Based on a fairly extensive review of not only the organizational, but also the medical and criminal justice literature, Bies (2013) concluded that the delivery of bad news progresses through a multi-phased process. This process involves three phases, with each phase involving various activities. The first phase of delivering bad news, the preparation phase, involves all the activities the communicator engages in before actually delivering the bad news. This includes giving advanced warning of the bad news, creating a "paper trail" documenting the bad news, calibrating the audience's expectations, crafting disclaimers, providing the audience an opportunity to voice their concerns before the bad news is actually delivered, building a coalition, and rehearsing the delivery of the bad news. The second phase of delivering bad news, the delivery phase, involves all the activities the communicator engages in while actually delivering the bad news. This includes determining the appropriate timing for giving the message, determining the appropriate medium for conveying the message, determining the appropriate self-presentation approach, actually delivering the bad news, and insuring the message is delivered in such a way as it is perceived to be complete and truthful. The final phase of delivering bad news, the transition phase, involves all the activities the communicator engages in after actually delivering the bad news. This includes engaging in public relations to minimize

the damage of the bad news, providing an appeals process or procedure for the recipient of the bad news, scapegoating to avoid blame, and providing closure through ceremony.

Taking these two works together, it would appear that the adequacy of the explanation inherent in a bad news message is crucial in heading off, as much as possible, negative impacts of that message, and delivering a bad news message is a much more nuanced process than simply presenting the facts and figures. The process of delivering bad news may, in fact, require the careful crafting and delivery of a narrative, along with the requisite facts and figures that explicate the reasons and justifications for the bad news.

The present study was undertaken for three reasons. First, the study was conceived to consider the extension of the use of narrative to other leadership challenges, in this case, delivering bad news. Second, the study was undertaken to further test the model of narrative use proposed by Carriger (2011) but lacking in much empirical validation. Finally, the study was designed to practically consider whether the use of narrative, whether alone or in combination with facts and figures, would fit with the prevailing framework for delivering bad news in organizations (Bies, 2013).

## Methods

### Sample

The sample for this study consisted of 63 undergraduate students enrolled in four different courses at two different liberal arts colleges in the Mid-Atlantic part of the United States. These were samples of convenience as access to the students through their enrollment in Fall, 2012 classes was readily available. The author was a faculty member at one of these institutions and engaged a colleague at the other to allow access to his classes. Although external validity and generalizability may have been impacted by using college students, these students were specifically chosen because of their lack of experience with the, decidedly emotionally charged, layoff experience. The unlikelihood of having a personal experience with the typically emotionally charged layoff event was deemed more important for the objectivity of the subjects' responding here than the students' likelihood of understanding a layoff because they may have had personally experienced one. The underlying assumption is that any results should not be colored by the subjects' past personal experiences with a layoff but a more objective picture of the subjects' reaction to narrative use to deliver bad news. However, given this, the results obtained here should be interpreted with caution. Within each sample, individual participants were randomly assigned to one of two conditions (described below) such that there were approximately equal numbers of participants in each of the conditions.

### Design

Once the classes were selected for participation, 63 students drawn from the classes were randomly assigned to one of two conditions such that there were 32 and 31 participants in each condition, respectively. Randomization was conducted by administering one of two survey

forms to the participants, such that the first student in each class received version one of the survey form, the second student version 2, the third student version 1, and so on until all 63 participants received one of the two versions of the survey. The two versions of the survey corresponded to the two conditions in the study.

The two conditions, the two levels of the independent variable (IV) were: use of graphic and bullet points (non-narrative condition) to describe the reasons for a layoff and use of graphic and narrative (narrative condition) to describe the reasons for a layoff. The graphic consisted of a graphic representation of the prevailing business conditions and did not vary across conditions. The bullet points and narrative were crafted to contain approximately the same number of words and the same readability (as estimated by the MS Word word count and readability indices). The bullet points and narrative also presented the same underlying business reasons for the layoff, presented in the same order.

The development of the narrative was based on Denning's (2001) example of a "springboard story". A "springboard story" is a concise, positive, action-oriented narrative aimed at communicating complex ideas and inspiring action in listeners. The "springboard story" is a true and accurate story, with a positive theme, including a happy ending, told in a minimalist fashion (leaving out much of the detail of the story), and obviously linked to a business initiative which the leader is trying to convey.

Denning (2001) provides a prototypical example of a "springboard story":

"In June of last year, a health worker in a tiny town in Zambia went to the Web site of the Centers for Disease Control and got the answer to a question about the treatment of malaria. Remember that this was in Zambia, one of the poorest countries in the world, and it was in a tiny place six hundred kilometers from the capital city. But the most

striking thing about this picture, at least for us, is that the World Bank isn't in it. Despite our know-how on all kinds of poverty-related issues, that knowledge isn't available to the millions of people who could use it. Imagine if it were. Think what an organization we could become.”

The outcomes, or dependent variables (DV), included an open-ended opportunity to specify the reasons the participants perceived in the bullet points or narrative for the layoff. This was accompanied by a rating (on a 5-point scale) of the confidence of the participant in his or her ability to identify the reasons. Additional questions asked the participant to rate (again, on a 5-point scale) their belief that the reasons stated in the bullet points or narrative were the “real” reasons for the layoff; the perceived honesty of the leader presenting the bullet points or narrative; whether, if in this situation, they would be looking for another job; and whether, if in this situation, they believe the company could be righted. Demographic variables, such as age, years of experience in management, and gender were also collected.

The primary Null Hypothesis ( $H_0$ ) stated that there is no difference in terms of reasons identified for the layoff, confidence in this identification, impact on the belief in the honesty and integrity of the leader presenting the layoff communication, and impact on the participant's perceived future behavior (job hunting, confidence the company can be righted). The Alternative Hypothesis ( $H_1$ ) is that the narrative condition will lead to more accurate identification of the reasons for the layoff, confidence in this identification, belief in the honesty and integrity of the leader, and limited impact on the participant's perceived future behavior.

Secondarily, the various ratings should not vary by age of the subject, years of management experience, or gender of the subject for either condition.

## Procedure

The graphic was designed as a graph over time showing declining earnings, sales, and bookings of a fictitious, generic manufacturing company. The bullet points were crafted to describe the major points in the graphic in list form and the narrative was crafted to describe the major points in the graphic in story form as defined by Denning (2001). Comparability between the bullet points and narrative was determined in terms of word count and readability.

Additionally, the bullet points and narrative contained the same underlying reasons for the need for a layoff, presented in the same order.

## Insert Figure 2 Here

The survey instrument itself (see Appendix 1) consisted of the graphic and either the bullet points or the narrative followed by one open-ended (identify the reasons for the layoff) and five closed-ended, rating scale (5-point scale) questions (“How confident are you that you clearly understand the stated reasons for the layoff at this company?”, “How confident are you that the stated reason for the layoff is, in fact, the real reason for the layoff at this company?”, “If you were an employee at this company and NOT laid off, how likely would it be that you would begin looking for another job?”, “If you were an employee at this company and NOT laid off, how confident would you be that this situation can be righted and the company returned to profitability?”, “How honest do you perceive this message about a potential layoff at this company?”). Reliability of the survey instrument was determined by inspection of an inter-correlation matrix for all five closed-ended questions.

Validity of the survey instrument was determined by a review of, not only the graphic, bullet points, and narrative, but also the questions, by subject matter experts to determine content validity. The survey instrument was pilot tested with a small group of students to determine face validity. Correlations conducted in the reliability analysis described above were also used to assess concurrent validity and internal validity.

The survey was administered at the beginning of each class meeting, at the two institutions. Each participant was provided with a consent form to read and sign. Once consent was obtained, each participant was handed a survey form representing one of the two conditions as outlined above. Brief instructions were read to the participants. The participants were given 15 minutes to review the graphic and read the bullet points or narrative depending upon condition and complete the survey. The participants retained the narrative or bullet points (depending upon condition) while they answered the survey as the narrative and bullet points (depending upon condition) were at the beginning of each survey instrument. Therefore, participants could refer to the narrative or bullet points (depending upon condition) while completing the survey. The surveys were collected by the researcher. The data collected on the survey were coded, entered into a database, and analyzed.

## Analysis

As no assumptions can be made about the underlying distribution of the identified reasons for the layoff, because that identification yields only nominal data, predictions about how repeated samples (non-narrative and narrative conditions, for example) will behave, how repeated samples will be distributed, cannot be made. This leads directly to the need to employ non-parametric statistical analysis for this particular variable. Non-parametric methods were

developed (and there is essentially one non-parametric statistical method for each parametric statistical method) specifically to allow for the analysis of data when nothing is known about the underlying distribution of the data, when the parameters of the population the data is drawn from are unknown.

Since the non-narrative vs. narrative conditions of the independent variable are a between-subject variable and Chi Square analysis requires independence of observation a single Chi Square analysis comparing the distribution of valid vs. invalid reasons (in the sense of the reasons were or were not presented in the graphic and bullet points or narrative) was run. A Person's Chi Square Test of Significance was conducted to determine the association between valid vs. invalid reasons identified and expected across the narrative and non-narrative conditions. In order to successfully reject the primary Null Hypothesis (see above) a significant Chi Square result should be obtained indicating that the pattern of valid vs. invalid reasons by condition does not conform to that expected by chance.

Additionally, textual analyses were conducted to support the primary analysis above. In each case the open-ended reasons cited by the participants were rendered quantitative by identifying the number of words the participants' used in identifying reasons for the layoff, the number of phrases used, the number of valid reasons (out of a total of three) provided. As these are quantitative variables, assumptions could be made about the underlying distribution of these variables, because they represent interval data (at least), predictions about how repeated samples (non-narrative and narrative conditions, for example) will behave, how repeated samples will be distributed, can be made. This leads directly to the ability to employ parametric statistical analysis.

The relationships among the various textual analyses and rating scales, and the various demographic variables, were analyzed using a simple Multiple Regression analysis regressing condition (1=narrative, 0=non-narrative), age, years of management experience, and gender (1=male, 0=female) on the textual variables and various rating scales. A regression analysis was chosen so that a single statistical analysis could be conducted, comparing the dependent variables across conditions and considering any impact of demographic variables simultaneously. This minimizes the likelihood of statistical error over conducting multiple analyses using multiple T-tests or Analyses of Variance. However, an individual regression analysis does provide individual T-tests for each variable in the analysis (using a pooled error term) to determine the contribution of that variable to the outcome (textual analysis item or rating scale item). These individual T-test results with pooled error are the primary results reported on the textual analyses and rating scales. The only significant predictive effects for any of the regression variables should be condition.

## Results

### Demographics

The 63 subjects consisted of 35 students enrolled in two undergraduate business classes at one, mid-Atlantic, liberal arts college and 28 students enrolled in two undergraduate management classes at another mid-Atlantic, liberal arts college. Thirty six of the subjects were male and 27 of the subjects were female. The average age of the subjects was 20.37 years. The average years of management experience of the subjects was less than 1 year.

The 63 subjects were equally distributed over the narrative and on-narrative conditions. Analysis revealed no significant differences between the two institutions or among the four

classes across the two institutions, with two exceptions. The number of words the subjects used to describe the reasons for the layoff were significantly higher (Student's  $T = 2.201$ ,  $p < 0.035$ ) for one class at the first institution than the other class at that institution. Similarly, the average age of the subjects from one class at the second institution was significantly higher (Student's  $T = -3.570$ ,  $p < 0.001$ ) than the other class at that institution. Given the limited number of significant differences between the institutions and among the classes, the groups were combined for all subsequent analyses reported here. The narrative condition consisted of 32 subjects. The non-narrative condition consisted of 31 subjects.

### Reliability and Validity

Assessment of the internal consistency of the questions on the rating scale showed an unacceptable Cronback's alpha (0.05). However, inspection of the intercorrelation matrix for the rating scales indicated two distinct sets of highly correlated measures. The intercorrelations among the rating of confidence in identifying the reasons for a layoff, whether the subject believe the reasons given where the real reasons, and the perceived honesty of the layoff message were all significant ranging from a correlation of 0.337 to 0.480 ( $p < 0.05$ ). Assessment of the internal consistency for this subset of the rating scales showed an acceptable Cronback's alpha (0.7). Similarly the correlation among the ratings of the likelihood the subject would be searching for another job after hearing the message about the layoff and the likelihood that the subject believed the company could be righted after the layoff was -0.540 ( $p < 0.05$ ).

Assessment of the internal consistency for this subset of the rating scales also showed an acceptable Cronback's alpha (0.7).

This pattern of significant intercorrelations both supports the assessment of the reliability and concurrent validity of the survey form, but also indicates the possibility of an interesting outcome. This pattern of significant intercorrelations suggests that there may be two separate and distinct factors uncovered by the survey, in terms of the subjects' responses to the layoff message.

A factor analysis confirmed that there were in fact, two distinct factors, with loadings ranging from 0.706 to 0.790 for the confidence, real reasons, and honesty questions, on one factor. And loadings of -0.873 and 0.761 for the searching for another job and company can be righted questions, on a second factor. These two factors may roughly be interpreted as an emotional factor, assessing the emotional reaction of the subjects to the layoff message, and a behavioral factor, assessing the likely behavior in response to the layoff message. An emotional factor composite variable and a behavior factor composite variable were created by averaging the highly loaded questions for each factor across all subjects. These factors were further analyzed, along with the complete set of outcome variables to determine the impact of the narrative and non-narrative conditions on the outcome variables.

Interestingly, this suggests that along with the cognitive factor assessed by the textual analysis (described below) considering the reasons for a layoff, the survey is also assessing an emotional reaction to the layoff situation and a behavioral tendency in light of the layoff situation.

### Textual Analysis

In order to compare the given reasons the subjects understood for the layoff from the layoff message between the narrative and non-narrative conditions various textual analyses were

performed. These included simply counting the number of words and phrases the subjects used to describe the reasons for the layoff, the gross number of reasons for the layoff (three were provided in the narrative and non-narrative), and whether the subjects gave a valid reason (defined by a reason that was included within the narrative or non-narrative) or not.

The only significant difference between the narrative and non-narrative condition with regards to these textual analyses was in terms of the number of phrases used to describe the reasons. The subjects in the narrative condition used significantly more phrases (1.53) than the subjects in the non-narrative condition (1.26) (Student's  $T = 1.663$ ,  $p < 0.05$ ).

Interestingly enough, non-parametric Pearson's Chi Square analysis revealed that the subjects exposed to the non-narrative condition may have formed a better understanding for the reasons for the layoff than those subjects exposed to the narrative condition.

The Pearson's Chi Square Test of Significance comparing the actual distribution of valid and invalid identified reasons for the layoff presented across the narrative and non-narrative conditions approached a significant difference ( $\chi^2 = 1.942$ ,  $p < 0.08$ ) from the distribution expected if the identification of reasons were random. Interestingly, in the non-narrative condition 19 subjects identified at least one valid reason for the layoff and 12 subjects identified an invalid reason. But in the narrative condition 14 subjects identified at least one valid reason for the layoff and 18 subjects identified an invalid reason.

Insert Table 1 Here

### Rating Scales Analysis

The average confidence rating (on a five-point scale) of the subjects' identification of the reasons for the layoff was 3.91 in the narrative condition and 4.19 in the non-narrative condition. This difference was not significant. Similarly, the average rating of the perceived honesty of the leader delivering the layoff message was 3.53 in the narrative condition and 3.48 in the non-narrative condition. This difference was not significant. Finally, the average rating for the belief that the stated reasons were, in fact, the true reasons for the layoff was 3.66 in the narrative condition and 3.32 in the non-narrative condition. This difference approached significance (Student's  $T = 1.407$ ,  $p < 0.08$ ).

However, the average rating for the likelihood the subject would be searching for another job if they found themselves in this layoff situation was 3.44 in the narrative condition and 3.90 in the non-narrative condition, a significant difference (Student's  $T = -1.896$   $p < 0.03$  level). The average rating for the perceived likelihood that the company could be righted after the layoff was 2.84 in the narrative condition and 2.45 in the non-narrative condition, also a significant difference (Student's  $T = 1.687$   $p < 0.05$  level).

This was confirmed by using the emotional factor composite variable and the behavioral factor composite variable as suggested by the factor analysis described above. The average composite score on the emotional factor composite did not significantly differ between the narrative and non-narrative conditions. However, the average composite score on the behavior factor composite did significantly differ between the narrative and non-narrative conditions (Student's  $T = 2.055$ ,  $p < 0.05$ ).

## Summary

When presented with a narrative (see Figure 2) describing the reasons for a layoff subjects did not differ from those presented with a bullet list of information (see Figure 2) with regards to their identification of those reasons, except for using more phrases to describe the reasons for the layoff. This perhaps indicates that a narrative may lead to a more discursive response or understanding, however, this was only evident in terms of the number of phrases used, not the number of words used nor the number of reasons given. On the other hand, this may suggest that the cognitive process required in order to identify the reasons for a layoff presented in a narrative versus bullet points differs, a bullet list may require information search whereas a narrative may require reading comprehension. Similarly, when presented with a narrative describing the reasons for a layoff subjects did not differ from those presented with a bullet list of information with regards to their confidence in identifying the reasons, their perception that the presented reasons were, in fact, the real reasons for the layoff, and the perceived honesty of the leader delivering the message. It does not appear that a narrative has a differential impact on the emotional reaction to bad news. Finally, when presented with a narrative describing the reasons for a layoff, subjects were less likely to be job hunting after hearing the message, and more likely to believe the situation could be righted compared to those subjects who were presented the bullet list of information. It does appear that a narrative has a differential impact on the behavioral reaction to bad news.

It appears that the impact of the narrative, at least in this study, was on the behavioral intentions of the subjects after hearing the layoff message, rather than the subjects' emotional reactions to the message or their cognitive understanding of the message.

## Discussion

Whereas previous research has indicated that, at least in the case of corporate strategy (Carriger, 2011) and corporate culture (Martin, 1982), a narrative is a more effective means for a leader to communicate these issues with his or her constituency, the present research, focused on narrative use to deliver bad news, seems to indicate a more nuanced picture of narrative use by leaders. Whereas Martin and Feldman (Martin, 1982) found that a narrative was a more effective means of communicating corporate culture than a list of facts and figures, or even a list of facts and figures combined with a narrative; and Carriger (2011) found that a narrative was a more effective means of communicating corporate strategy than a bullet-point list; the present research seems to indicate this may not be the case with regards to delivering bad news.

Here the bad news, an impending layoff, did not seem to lend itself to a narrative presentation. When subjects read a narrative rather than a bullet-point list of information, they did not show a more consistent understanding of the reasons for the layoff. In fact, just the opposite, there appeared to be a trend in the other direction, the subjects presented with the bullet-point list seemed to have a clearer understanding of the reasons for the layoff.

Similarly, the narrative did not appear to have a positive impact on the emotional reaction to the bad news among the subjects who read the narrative. With the possible exception that there appeared to be a trend in the direction of the narrative leading the subjects to believe that the stated reasons in the narrative were, in fact, the real reasons for the layoff.

Finally, on the other hand, the narrative did seem to have a more positive impact on the behavioral intentions of those reading the narrative. Compared to a simple bullet-point list of information concerning a layoff, a narrative presented by a senior leader, seemed to lead those

subjects reading the narrative to be less likely to be looking for another job and be more likely to believe that the company could overcome the layoff situation and return to profitability.

There are two ways to interpret these results. From the point of the view of the model presented by Carriger (2011) it may be the case that presenting bad news, as for example, the reasons for a layoff, work at one end of the model and the presentation of corporate strategy (Carriger, 2011) work at the other end of the model.

Insert Figure 3 Here

As can be seen in the model (Carriger, 2011), if the message that needs to be conveyed is one inherently involving “brute facts” (Searle, 1999), a presentation of that information in the form of facts and figures may be most effective. However, if the message that needs to be conveyed is one inherently involving “institutional facts” (Searle, 2011), a presentation of that information in narrative form may be most effective. Corporate strategy and corporate culture, being fairly large and abstract concepts within organizations, may, in fact, represent “institutional facts”, socially constructed facts, created out of “brute facts”, but treated as if they were true in and of themselves without reference or connection to the underlying, foundational, “brute fact”. On the other hand, bad news, in this case the reasons for a layoff, being fairly specific and concrete concepts within organizations, may, in fact, represent “brute facts”, facts as they are, irrespective of anyone knowing those facts, or having an opinion about those facts. If this is the case, and Carriger’s (2011) model is correct, when presented with a communication challenge, a leader would need to determine what type of “facts” he or she needed to present,

“brute facts” or “institutional facts”, and present those facts as either bullet-point lists of facts and figures or narrative, respectively.

A second way to interpret these results derives from the point of view of the current understanding of the delivery of bad news, as outline in the organizational justice literature, summarized by Bies (2013) and Shaw, et. al. (2003). The delivery of bad news may, in fact, be a very complicated challenge involving the need for both accurate facts and figures and a well-crafted narrative. As Shaw, et. al. (2003) pointed out; a poorly crafted explanation for bad news may have a more negative impact on an audience than no explanation at all. And, as Bies (2013) pointed out, the delivery of bad news may involve a multi-phased process and various activities within each phase. Such activities as documenting the bad news, delivering the bad news in such a way that it is perceived to be complete and truthful, and providing an appeal process may roughly correspond to the delivery of “brute facts” and be more appropriately conveyed using facts and figures. On the other hand, such activities as calibrating audience expectations, providing opportunities to voice concern, considering timing and self-presentation approach, engaging in public relations to minimize damage, avoiding blame, and providing closure through ceremony may roughly correspond to the consideration and delivery of “institutional facts” and be more appropriately conveyed through narrative.

Additionally, given the specific bad news considered in this research, the delivery of news of an impending layoff, there are two general constituencies to which this news is delivered, those being laid off and those remaining with the organization. It may be that a different need for understanding exists in each of these constituencies further complicating the nature of delivering layoff related bad news. For example, with those being laid off, perhaps their only need, the only need a leader can address, is an informational need, to simply

understand the reasons for the layoff. Therefore, one would expect that those being laid off would respond more favorably to a presentation of facts and figures. On the other hand, with those remaining with the organization, perhaps in addition to the informational need, emotional and behavioral tendency needs also exist, to continue to believe in the organization and be motivated to persist in their efforts, and to hold off jumping ship to another organization.

Therefore, one would expect that those remaining with the organization would respond more favorably to a presentation of a narrative. In fact, this research seemed to show that a bullet-point list of facts and figures was at least suggestively more effective at generating an understanding of the reasons for a layoff. However, a narrative presentation of the impending layoff was significantly more effective at impacting those reading the narrative in terms of their future behavioral tendencies, searching for another job and believing the organization could be righted and return to profitability.

As Shaw, et. al. (2003) allude to and Bies (2013, p. 139) explicitly notes, “how one delivers the bad news may play a key role in shaping how people initially interpret the information and shape their coping process.”

#### Future Consideration, Practical Implications

Although only students with no personal experience of a layoff were intentionally used in this research, for reasons described above, the results here may have practical implications for managers and leaders facing a layoff situation. Layoffs, as well as other bad news situations in organizations, may engender three primary needs among at least two constituencies of employees. Bad news may lead to a cognitive need (for information) an emotional reaction, and particular behavioral tendencies. And these may be differentially affected depending upon

whether the audience is directly or indirectly impacted by the bad news (those laid off or those left behind, for example). Managers and leaders having to deliver bad news may consider this when deciding to craft a bad news message as either a bullet list of information or a narrative.

This research also raises questions about the nature of narrative and “institutional facts” (as defined by Searle (1995) above). If the nature of “institutional facts” is such that these types of facts live through interaction rather than presentation, how is this impacted by the delivery of “institutional facts” in written form? And what is the task presented to the subjects in a study such as this one, information search or reading comprehension?

In order to begin to piece apart these issues, a fruitful line of research might be to consider the presentation of the bad news message in videotape format rather than writing. This would allow for some additional, though minimal, interactive qualities. But the richest, and alternatively most difficult to conducted, study might be to consider a live presentation of a bad news message to an audience with a subsequent assessment of the impact of this live presentation, either as a narrative or typical PowerPoint bullet list of information.

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Figure 1

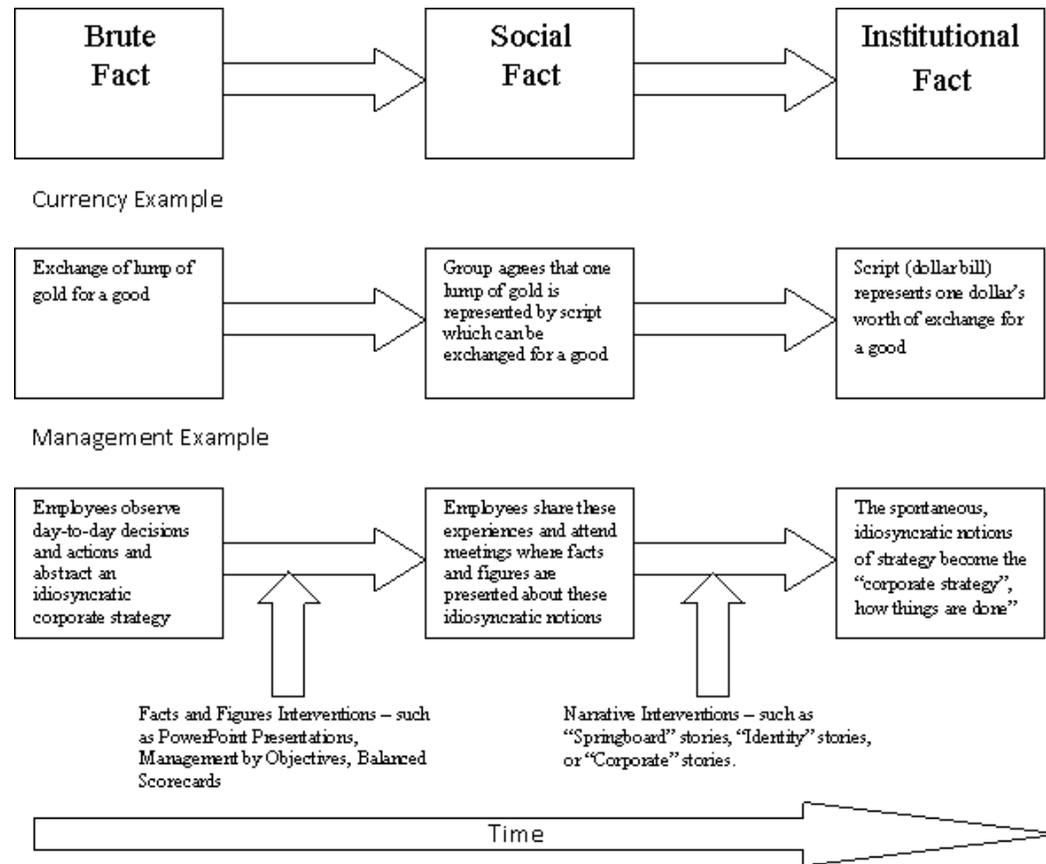


Figure 2

Narrative	Non-Narrative
<p><b>“You know Phil, when I was a kid in the mid-west in the late 40s; I had lemonade stand. My first attempt at business ... it failed miserably. I couldn’t make any sales. I made a bit of money, but I was only able to because I was able to buy lemons really cheaply from the local grocer who gave me a break on price in order to ‘support a budding entrepreneur’. But my sales kept dropping and as the summer wore on there were fewer and fewer people interested in parting with a nickel for a glass of lemonade. I feel like I am right back there at the lemonade stand.” What are you talking about Joe? But after a few minutes’ thought it struck me that Joe was describing why we need to conduct a layoff.</b></p> <p><b>We are currently surviving almost solely on margin, by keeping our production costs low, squeezing every penny out of our declining sales. But this is not sustainable. There is only so much cost we can squeeze out of production. In addition to declining sales, our future sales, in terms of bookings, are declining even faster. But unlike Phil’s lemonade stand, we can’t just stop doing business at the end of the summer. We need to cut costs significantly. And since our greatest cost is our labor costs, we have to cut labor costs to survive in the short term. We must lay off employees.</b></p>	<p>In the short term, in order for this company to survive the recent downturn, costs will need to be cut. No more cost can be removed from production costs. Therefore, a layoff of employees is necessary.</p> <ul style="list-style-type: none"> <li>• The company is surviving on margin alone, the margin between earnings and sales.             <ul style="list-style-type: none"> <li>○ Earnings are high because the company is able to keep production costs down</li> <li>○ However, there is only so long that the company can rely on margin, removing cost from production.</li> </ul> </li> <li>• Current sales are declining and future sales, as indicated by bookings, are declining even faster             <ul style="list-style-type: none"> <li>○ Earnings will inevitably decline rapidly as sales continue to decrease and margin becomes unsustainable</li> </ul> </li> <li>• In the short term, the company needs to cut cost significantly             <ul style="list-style-type: none"> <li>○ The company’s greatest cost is labor costs</li> <li>○ The company has to cut labor costs in order to survive</li> <li>○ The company must layoff employees to cut labor costs</li> </ul> </li> </ul>

Figure 3

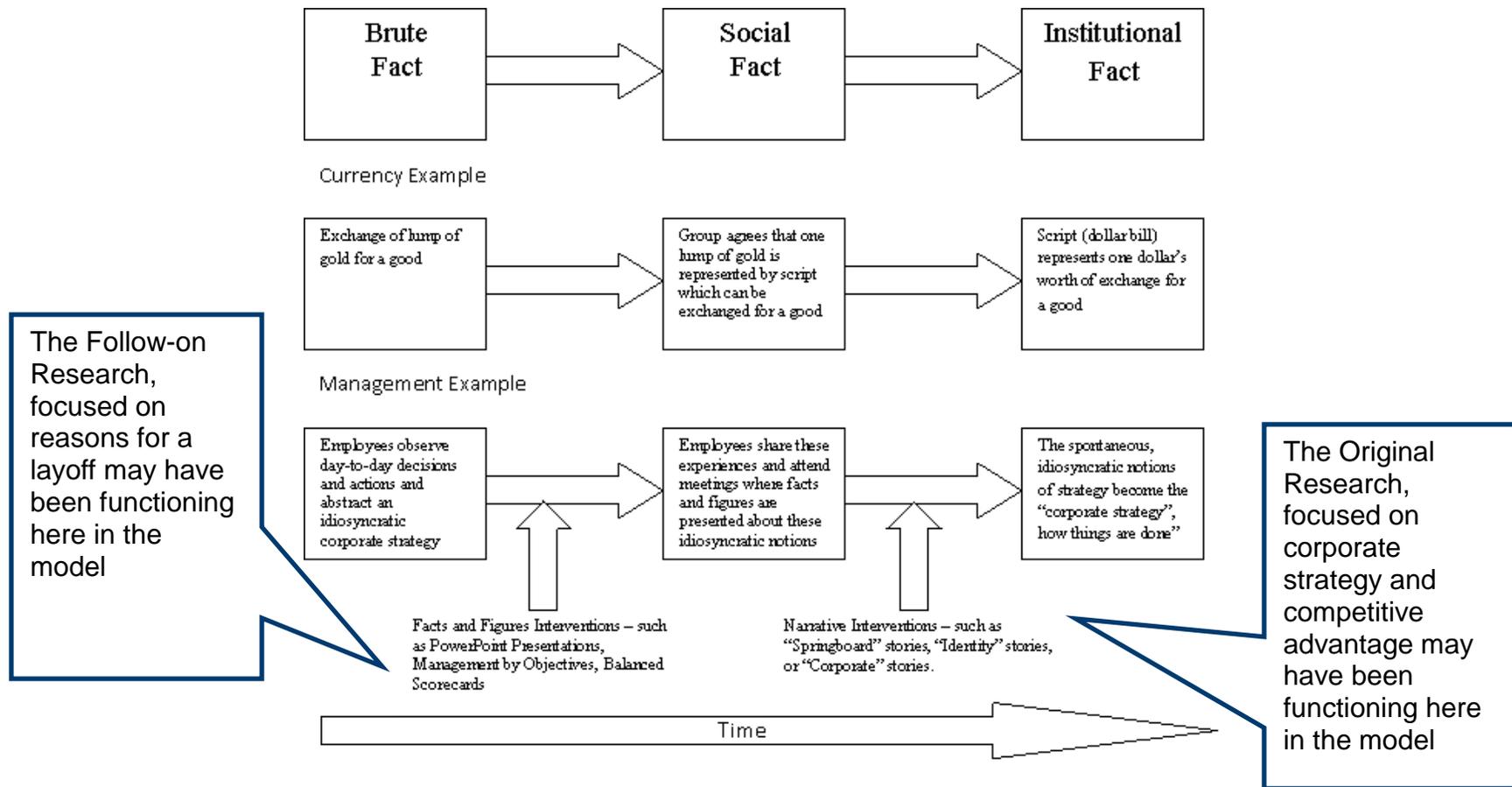


Table 1

Table 1 - Undergraduate Study - Person's Chi Square Test of Significance - reason identified in the narrative or non-narrative condition provided

	Valid Reason Given for Layoff		
	Non-Reason	Reason	
Narrative	18 (15.2)	14 (16.8)	32
Non-Narrative	12 (14.8)	19 (16.2)	31
	30	33	63

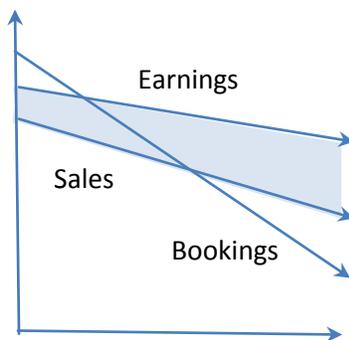
$$\chi^2 = 1.942, p < .08$$

\*expected values in parentheses

## Appendix 1 – Narrative Protocol

“You know Phil, when I was a kid in the mid-west in the late 40s; I had lemonade stand. My first attempt at business ... it failed miserably. I couldn't make any sales. I made a bit of money, but I was only able to because I was able to buy lemons really cheaply from the local grocer who gave me a break on price in order to 'support a budding entrepreneur'. But my sales kept dropping and as the summer wore on there were fewer and fewer people interested in parting with a nickel for a glass of lemonade. I feel like I am right back there at the lemonade stand.” What are you talking about Joe? But after a few minutes' thought it struck me that Joe was describing why we need to conduct a layoff.

We are currently surviving almost solely on margin, by keeping our production costs low, squeezing every penny out of our declining sales. But this is not sustainable. There is only so much cost we can squeeze out of production. In addition to declining sales, our future sales, in terms of bookings, are declining even faster. But unlike Phil's lemonade stand, we can't just stop doing business at the end of the summer. We need to cut costs significantly. And since our greatest cost is our labor costs, we have to cut labor costs to survive in the short term. We must lay off employees.



## Definitions:

Earnings – income or profit from a business, a function of revenue from sales and production costs

Sales – the activity of selling a company's products or services

Bookings – funds that are expected to be received from customers in the near future based on accepted orders or contracts

Margin – the amount earned on each sale (shaded area), difference between revenue from sales and production costs

1. What is your understanding of the stated reasons for the layoff at this company?

Unconfident	Somewhat Unconfident	3	Somewhat Confident	Confident
1	2		4	5

2. How confident are you that you clearly understand the stated reasons for the layoff at this company?

3. How confident are you that the stated reason for the layoff is, in fact, the real reason for the layoff at this company?

Unconfident	Somewhat Unconfident	3	Somewhat Confident	Confident
1	2		4	5

4. If you were an employee at this company and NOT laid off, how likely would it be that you would begin looking for another job?

Unlikely	Somewhat Unlikely	3	Somewhat Likely	Likely
1	2		4	5

5. If you were an employee at this company and NOT laid off, how confident would you be that this situation can be righted and the company returned to profitability?

Unconfident	Somewhat Unconfident	3	Somewhat Confident	Confident
1	2		4	5

6. How honest do you perceive this message about a potential layoff at this company?

Dishonest	Somewhat Dishonest	3	Somewhat Honest	Honest
1	2		4	5

7. Your Age:

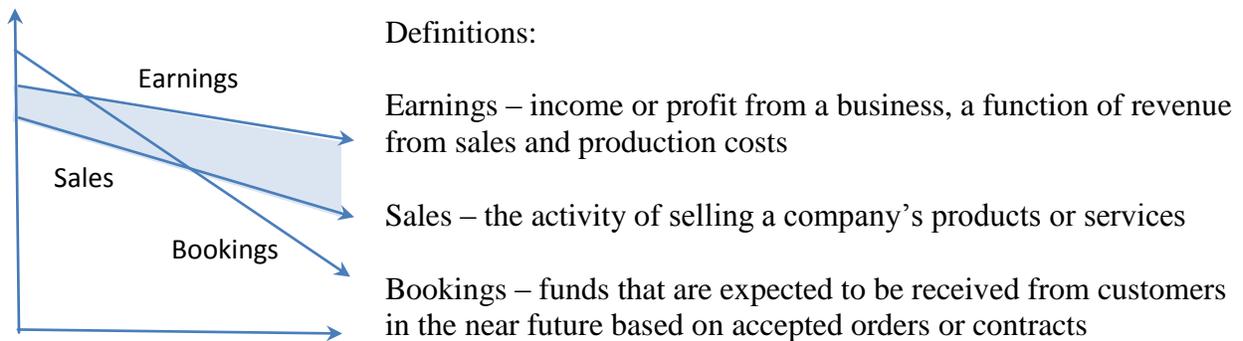
8. Your Years of Management Experience:

9. Your Gender:

## Appendix 2 – Non-narrative Protocol

In the short term, in order for this company to survive the recent downturn, costs will need to be cut. No more cost can be removed from production costs. Therefore, a layoff of employees is necessary.

- The company is surviving on margin alone, the margin between earnings and sales.
  - Earnings are high because the company is able to keep production costs down
  - However, there is only so long that the company can rely on margin, removing cost from production.
- Current sales are declining and future sales, as indicated by bookings, are declining even faster
  - Earnings will inevitably decline rapidly as sales continue to decrease and margin becomes unsustainable
- In the short term, the company needs to cut cost significantly
  - The company's greatest cost is labor costs
  - The company has to cut labor costs in order to survive
  - The company must layoff employees to cut labor costs



Margin – the amount earned on each sale (shaded area), difference between revenue from sales and production costs

1. What is your understanding of the stated reasons for the layoff at this company?

Unconfident	Somewhat Unconfident	3	Somewhat Confident	Confident
1	2		4	5

2. How confident are you that you clearly understand the stated reasons for the layoff at this company?

3. How confident are you that the stated reason for the layoff is, in fact, the real reason for the layoff at this company?

Unconfident	Somewhat Unconfident	3	Somewhat Confident	Confident
1	2		4	5

4. If you were an employee at this company and NOT laid off, how likely would it be that you would begin looking for another job?

Unlikely	Somewhat Unlikely	3	Somewhat Likely	Likely
1	2		4	5

5. If you were an employee at this company and NOT laid off, how confident would you be that this situation can be righted and the company returned to profitability?

Unconfident	Somewhat Unconfident	3	Somewhat Confident	Confident
1	2		4	5

6. How honest do you perceive this message about a potential layoff at this company?

Dishonest	Somewhat Dishonest	3	Somewhat Honest	Honest
1	2		4	5

7. Your Age:

8. Your Years of Management Experience:

9. Your Gender: