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The Function of Narrative in Leadership: Theoretical Foundations and Empirical Evidence

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The Function of Narrative in Leadership: Theoretical Foundations and Empirical Evidence

A Dissertation Presented by

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Abstract

This research is focused on the differential impacts of narrative and facts and figures on the understanding of corporate strategy or competitive advantage. In this way a theoretical (philosophical) foundation can be laid for narrative and the understanding of corporate strategy. Additionally, much needed theoretically sound, empirical validation can be offered for the use of narrative and storytelling by leaders within organizations as a means of creating, disseminating, and executing strategy.

Employing a model derived from the tension between modern and post-modern thinking about the nature of ideas and concepts a conceptual framework is offered to try to explain the possible usefulness of narrative as a leadership tool. Data are presented to substantiate that narrative presentation of corporate strategy, competitive advantage, is more effective at producing a consistent and confident choice of competitive advantage among an audience than a presentation of corporate strategy using a PowerPoint style, bulleted list approach. Results are discussed in light of the conceptual model put forth.
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Chapter 1

The Purpose

The entire coterie of directors for a medium-sized, defense contractor sits around a conference table in April of 2007, being lead by a management consult through a corporate strategy exercise. The organization had experienced rapid growth over the past five years and shifting strategic priorities, much of which had been unplanned. The consultant asks the directors to explain their corporate strategy. The directors cannot comply. They cannot identify a consistent, comprehensive strategy. This is rather surprising given that three months earlier these same directors sat at the all-hands meeting at which the CEO of the organization delivered a PowerPoint presentation, replete with bullet points, graphs and charts, and a colorful pyramid graphic outlining the corporate strategy. Yet three months out various directors from different functional areas within the organization see the corporate strategy very differently. Some see the corporation as focusing on innovation and technology (‘Differentiation,’ Porter, 1980), some see the corporation as focusing on markets and customers (‘Focus,’ Porter, 1980), and yet some, though a minority, see the corporation as focusing on low cost leadership (‘Cost Leader,’ Porter, 1980). When pressed by the consultant it is clear that each director in his or her own right sees the corporation as some combination of these three, but the combinations differ and vary. The conclusion these directors come to is that the corporation is a differentiated, market focused, low cost leader! This is exactly what Porter (1980) argues is the kiss of death of any company.

What is going on here? Why couldn’t these directors identify a consistent, comprehensive corporate strategy? Was the CEO’s PowerPoint presentation less than clear?
Were the bullet points, graphs and charts not emphasized enough? Was the colorful, pyramid graphic not compelling enough? Is there a disconnection between the stated strategy in the PowerPoint presentation and the lived strategy in the day-to-day activities of the corporation? Or is there something else wrong; something else that may in fact be wrong with the creation, dissemination and execution of strategy across many corporations? Could it be that PowerPoint presentations of bullet points, charts and graphs, and colorful graphics are just not the most effective way to create, disseminate and execute strategy? Could it be that something else is needed? Perhaps that something else needed is a narrative or story outlining corporate strategy?

A re-emerging literature in the general field of management and leadership in business concerning the use of narratives or stories by leaders as a leadership tool might just substantiate that, in fact, a narrative or story is exactly what is needed in this case. One of the primary recent scholars contributing to this literature is Steven Denning (2008a, 2008b, 2006a, 2006b, 2005a, 2005b, 2004a, 2004b, 2001) at the James MacGregor Burns Academy of Leadership at the University of Maryland. Denning argues that narrative can be a formidable tool in the hands of a skillful business leader and suggests that the use of narratives across the vast expanse of human history militates against the notion that narratives are just a management or leadership fad that will eventually go out of fashion as so many management and leadership fads have (see also Fisher, 1984; Collison & McKenzie, 1999; Durrance, 1997; Guber, 2007; Harris & Barnes 2005; 2006; Kirsch, 2004; Neuhauser, 1993; Reamy 2002a; 2002b; Beslin, 2007). Denning (2004b) concludes that “the choice for managers in organizations is not so much whether to be involved in storytelling – they can hardly do otherwise – but rather whether to use storytelling (a) unwittingly and clumsily or (b) intelligently and skillfully (p. 16).”
However, this re-emerging work seems to be disconnected from previous work on narrative, stories, and conversation in organizations. Much of this earlier work, conducted in the early to mid 1990s (i.e., Boje, 1991a, 1995, 1999; and Gold 1996, 1997) came out of the organizational development and communications literature in Europe, primarily the UK, and this might account for the disconnection.

Further, and perhaps more fundamentally, leveraging three distinct literatures in philosophy and social sciences, social constructivist theory (Searle 1995), symbolic interactionism (Blumer, 1998) and critical social theory (Calhoun, 1995), may actually connect this re-emerging literature to a strong philosophical foundation. “Considered individually, each of these perspectives includes a point of view, a genealogy of sorts, regarding idea development, and examples of story research. Taken altogether, social constructivism, interpretative organizational symbolism, and critical theory provide a focused interdisciplinary lens for the review of studies in organizational story and storytelling.” (Boyce, 1996, p. 5)

But upon closer inspection both symbolic interactionism and critical theory resolve at base to social constructivism. Therefore, Searle’s (1995) notion of the social construction of reality might prove to be the starting point for understanding the use of narratives by leaders in general and with regards to strategy creation, dissemination, and execution more specifically.

The Context

Interestingly, as this literature re-emerges, it appears to consist mostly of anecdotal pieces concerning the effectiveness of narratives as a means of communication and advice pieces informing leaders how to use narratives effectively. There is little empirical work in the management literature looking at the use of narratives by leaders. There also seems to be a lack of theoretical insight showing why narratives might be effective in general as leadership tools.
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(Reamy, 2002a; 2002b). The lack of empirical evidence showing the effectiveness of narratives with regards to specific leadership challenges, combined with much opinion that narratives are nonetheless effective leadership tools, might be a particular problem.

This entire literature can be broadly divided into three parts. A substantial segment of the earlier literature (early to mid 1990s) is aimed at describing the nature of narratives with particular theoretical application to business settings. For example, Boje (1995) suggests that stories and storytelling within organizations can be understood from a pre-modern, modern, and post-modern perspective and that a deconstructive analysis can be used to investigate the various meanings that stories have within an organization and the meanings that are masked by official corporate stories. This segment of the narrative literature is primarily conceptual and focuses on reviewing tangential literature from philosophy, psychology, sociology, communication, anthropology and attempting to develop a solid theoretical foundation for the use of narrative.

The second segment of the literature, more recently presented (early 2000s to present), is aimed at teaching leaders how to craft narratives. For example, Denning (2006a) describes very specific kinds of narratives that he sees as particularly suited to leadership environments: the so-called ‘springboard story’ and ‘identity story.’ A ‘springboard story’ is a concise, positive, action-oriented narrative aimed at communicating complex ideas and inspiring action in listeners. An ‘identity story’ is a narrative aimed at conveying a leader’s identity to followers, and is authentic, revealing, and laced with humor. This segment of the narrative literature is primarily theoretical and lays out various types of narratives and various leadership challenges these narratives might address.

Finally, a small segment of the literature, stretching across both earlier (early to mid 1990s) and later (early 2000s to present) instantiations, looks at the relationship between
narrative and application to leadership challenges, such as creating a learning organization, knowledge management, setting corporate vision, and, particularly relevant here, creating, disseminating, and executing corporate strategy. For example, Marzec (2007) identifies the so-called “corporate story” as a narrative that explains a corporation and drives corporate strategy to action. However, again, this literature focuses more on theoretical pronouncements about types of narratives and how they might effectively address various leadership challenges, with little but anecdotal empirical support.

The Research Question

Although a somewhat reasonable theoretical foundation has been laid to suggest the benefits to leaders of using narratives, much empirical work must be done to show that, in fact, leaders’ use of narrative is a valuable tool in addressing the various leadership challenges, such as executing strategy, strategic planning, developing new leaders, as opposed to using other analytic tools, such as management by objectives or balanced scorecards, for example. Further, above and beyond the general principle of whether narrative is empirically determined to be a valuable tool in a leader’s toolbox, an empirical case must be made for the application of this tool to specific leadership challenges, such as, creating, disseminating, and executing strategy.

Much has been written about the importance of strategy (Mintzberg, 1994) in forging competitive advantage. For example, Michael Porter (1996) suggests that strategy plays a critical role in an organization and strategy is the responsibility of the leadership of the organization. Porter (1980 and 1985) defines strategy as the process of defining the organization’s position in the market, making tradeoffs concerning what not to do and consequently what to do in order to promote competitive advantage, and forging a fit among all the different activities necessary to carry out all of an organization’s goals to fruition. Porter
(1980) identifies three strategic approaches to competitive advantage. Some companies forge a competitive advantage by differentiating themselves, their products and technologies, for example, from competitors. Other companies forge competitive advantage by pushing cost down and becoming a low cost leader. Finally, still other companies forge a competitive advantage by being close to their markets and customers. Porter (1980) argues that every company must identify which one, or perhaps two, but not all three, of these competitive advantage types characterizes that company. Porter (1996) goes on to suggest that in the process of making this distinction about competitive advantage a leader must identify established industry rivals, customers, suppliers, potential entrants, and substitute products. These complex notions are not easily conveyed by leaders to followers, though their conveyance is crucial for the success of a business enterprise.

On the other hand, not much has been written about the execution of strategy to sustain competitive advantage. For example, Neilson, Martin, and Powers (2008) argue that strategy execution is “the result of thousands of decisions made every day by employees acting according to the information they have and their own self-interest.” (p. 62) They go on to argue that, although the traditional means of executing strategy is to restructure the organization; fundamentally, corporations must clarify decision rules, promote information flow, harness employee motivation, and only then consider restructuring the organization to successfully execute strategy. Alternatively, Wilkens (1984) argues that most companies have mission statements describing corporate strategy but it is the successful company that can translate the mission statement into a clear, concrete set of examples of the mission in action that is passed from employee to employee using narrative.
Interestingly, if we compare and contrast Marzec’s (2007) work concerning the ‘corporate story’ and, Neilson, Martin, and Powers’ (2008) work on decision rules, information flow, motivation, and restructuring we see two potential ways of executing corporate strategy. Given fairly substantial amounts of information on the importance of strategy and competitive advantage on the one hand, but the dearth of information on how to execute this strategy on the other hand, it would seem valuable to investigate and attempt to substantiate an effective means for executing strategy. And the use of narrative by leaders might just be that effective means of executing strategy.

In fact, even Neilson, Martin, and Powers (2008) hint at the usefulness of narrative in executing strategy by suggesting that one of the four fundamental components of effective strategy execution is harnessing employee motivation. Though clarifying decision roles, promoting information flow, and organizational restructuring might fall under the rubric of cognitive activities; harnessing employee motivation would presumably fall under the rubric of emotional activities. Further, although cognitive and emotional activities can be viewed as interactive, presumably attempting to influence an essentially emotional aspect of human nature through cognitive means would seem to be less effective than leveraging an essentially emotional tool. One could argue that leveraging narrative and the effective use of narrative by leaders might be just the emotional tool necessary to impact those emotional aspects of employees charged with executing strategy: harnessing employee motivation to successfully execute the strategy.

Cognitive science shows that memorable information is more likely to be remembered and acted upon (Swap, Leonard, Shields, & Abrams, 2001; Shaw, Brown, & Bromiley, 1998). Therefore, anything, for example a narrative, which makes information more memorable, is more
likely to lead to action. Additionally, neuroscience shows that humans fundamentally structure experiences in a narrative form (Reamy 2002a; 2002b). Narrative may be a natural skill for humans because we as humans experience our lives in narrative form (Fleming, 2001; Marshall & Adamic, 2010).

Denning (2008a) suggests that there are basically two approaches to conveying complex information: the analytic approach which is primarily cognitive and the narrative approach which is primarily emotional. The key insight here is that the audience of a narrative is emotionally motivated to create its own narratives which are inspired by the narrative it has heard (Denning, 2008a). This is how narrative has a personal impact on people and allows people to comprehend and remember complex content. Narratives are powerful because of the way they enhance human memory and are connected to human emotion (McConkie & Boss, 1994; Poundsford, 2007). Narratives help people understand complex issues and connect the rational brain with the emotional brain (Parkin, 2004, Poundsford, 2007; Gold, 1996; Marzec, 2007). Narratives make information more memorable because narratives are vivid, engaging, entertaining, and easily related to personal experience (Swap, et. al., 2001; Wilkens, 1983, Morgan & Dennehy, 1997).

There is at least one study that shows some empirical support for the notion that a more cognitive approach to disseminating strategy through bullet points, graphs and charts, and graphics is less then effective at creating a common understanding of that corporate strategy. In a study prior to this dissertation, Carriger (2010) presented empirical support for such a notion. A survey of various employees, representing a cross-section of a mid-sized communications organization, who were exposed to a PowerPoint type presentation covering corporate strategy
change, showed wide inconsistency in choice of competitive advantage that this corporate strategy change represented and decreased confidence in this choice.

Therefore, a leader charged with executing a new strategy in an organization may be more effective, in terms of his or her employees’ motivation to execute that strategy and, understanding of that strategy, leveraging narrative in the execution of strategy -- leveraging narrative’s ability to access emotion and leveraging narrative’s ability to convey complex ideas. This, in fact, may be more effective than the traditional cognitive approach of PowerPoint presentations of bullet points, graphs and charts; and clarifying decision rules, promoting information flow, and restructuring the organization.

Though Denning and others have discussed the use of narratives in leadership situations, as noted above, there is minimal theoretical foundation for why narratives might be a useful tool for leaders and just a bit of empirical evidence that narratives have an impact in leadership situations. However, Searle (1995) lays out, at least at a high level, a theoretical model that could be used to explain why the use of narratives might be a useful tool for leaders. Searle (1995) basically argues that there are three types of facts. There are brute facts, which are facts as they are, irrespective of anyone knowing those facts. There are social facts, which are facts that a group agrees are facts. And then there are institutional facts, these are the socially constructed facts. Searle (1995) argues that institutional facts are created out of brute facts via social facts, but are treated as true in and of themselves by individuals, who no longer can make the connection to the brute fact on which the institutional fact was founded. Searle (1995) argues that institutional facts emerge spontaneously out of social facts. The implication might be that institutional facts within organizations would arise spontaneously as well. These narratives arising spontaneously among the employee population may have significant impact on
individuals within organizations and ultimately the success of the organization. Therefore, it would seem advisable for leaders to understand the creation of these narratives, these institutional facts, within their organization, and leverage storytelling and narratives to guide the emergence of these naturally occurring narratives, especially crucial narratives associated with the success of the organization, such as about corporate strategy.

So, in summary, although some conceptual work has been done on narrative use by leaders and the importance of strategy and competitive advantage to organizations, is there anything tying these two notions together? Further, although much work has been done on strategy and competitive advantage creation, little has been done on the dissemination and execution of strategy. Might this be the leverage point for connecting narrative use by leaders and competitive advantage and strategy? Finally, through employing Searle’s (1995) notions of ‘brute facts,’ ‘social facts,’ and ‘institutional facts,’ there may be a conceptual model for making this leveraged connection. This research endeavor will explore the use of Searle’s work on social construction of reality as a conceptual foundation for the use of narrative and storytelling as an effective means of creating, disseminating, and executing competitive advantage and corporate strategy.

The General Data-Gathering Method

Methodologically, numerous qualitative approaches to collecting and analyzing narrative data have been identified (see Gregory, 2001 for a semi-structured interviewing approach; Boje, 1995 for a deconstructive analysis approach; Boje, 1991a for a collection and analysis approach for conversational data; Boyce, 1995 for a collection and analysis approach for shared meaning; Cunliffe, 2001 for a analysis methodology based on social constructivism; Davenport & Beck, 2000 for a measurement tool used to assess allocation of attention; Dawson, 2003 for case study
approaches to collecting and analyzing narrative; Gephart, 1991 for a qualitative, line-by-line analysis process that can be applied to narrative; Gold, 1996 for a methodology to elicit complex issues through narrative; Hansen & Kahnweiler, 1993 for multidisciplinary, ethnographic techniques for analyzing narrative; Jordan, 1996 for an anthropological approach to collecting narrative and a qualitative approach to analyzing narrative; Kolb, 2003 for an interview exercise used to elicit narratives; Mahler, 1988 for a symbolic interactionist approach to interpreting narrative; Martin, Feldman, Hatch, & Sitkin, 1983 for a “script theory” approach to interpreting narrative; Mitroff & Kilmann, 1975 for a Psychodynamic “ideal organization” exercise for eliciting and analyzing narrative; and Snowden, 2002a, 2002b for a structured method for eliciting anecdotes). However, an unpublished research effort reported in Martin (1982; Martin & Powers, 1983), in which the author 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 audiences to remember information, believe information, and be persuaded by information, appears to be the sole representative of a quantitative approach to investigating narrative. Martin (1982) reports she and her colleagues in the unpublished study (from 1979 and 1980 presented at a professional conference) found that the use of narrative predicted better memory for, belief in, and persuasion by narrative than the use of data alone or, interestingly, the use of narrative in combination with data.

Borrowing and adapting Martin’s (1982) basic methodological approach, a simple experimental manipulation was implemented, pitting facts and figures, in the form of bullet points, and a narrative explanation of strategy against each other, and assessing participants’ understanding of what the corporate strategy is under these conditions.
It is generally hypothesized that the narrative approach to presenting corporate strategy will lead to more consistent understanding, and confidence in this understanding, among those exposed to the narrative approach than those exposed to a more traditional facts and figures presentation of corporate strategy. The underlying assumption leading to this general hypothesis is that corporate strategy is an institutional fact rather than a brute fact (Searle, 1995) and therefore the understanding of this institutional fact is more likely influenced by another institutional fact, narrative, than by another brute fact, bullet point information.

**Definitions and Terminology**

- **Brute Facts** - facts as they are, irrespective of anyone knowing those facts
- **Social Facts** - facts that a group agrees are facts
- **Institutional Facts** - socially constructed facts; created out of brute facts via social facts, but treated as true in and of themselves.

Conventionally, the notion of socially constructed facts is drawn from the social constructivism movement in philosophy. Social constructivism is a school of sociological or philosophical thought “pertaining to the ways social phenomena are created, institutionalized, and made into tradition by humans” ([www.dictionary.com](http://www.dictionary.com)). The above definitions of brute facts, social facts, and institutional facts (socially constructed facts) is drawn from John Searle (1995) and therefore somewhat differently defined that is traditional in social constructivism.

Pre-Modernism – a pre-scientific understanding of the world characteristic of primitive cultures.

Modernism – a philosophical school of thought or movement focused on objective truth, scientifically discovered; typically associated with the Enlightenment.
Post-Modernism – a philosophical school of thought or movement which rejects objective truth; emphasizes the role of language, power relationships, and motivations as a substitute for objective truth; a critique of modernist, scientific mentality of objectivity and progress.

Conventionally, philosophic schools of thought or movements can be divided into roughly three phases of development roughly corresponding to the historical development of culture (Audi, 2006). Early pre-scientific or pre-philosophic understanding is considered pre-modern and corresponds with the earliest development of culture. Pre-modern thought is generally considered subjective and pre-scientific. Modernist philosophical understanding emerged with the advent of ‘hard’ (physical) science during the Enlightenment and is characterized by a search for objective knowledge and truth. Finally, and more recently, a post-modern movement has emerged as a critique of modernist philosophy. Post-modern thought is focused on subjective knowledge and truth, rather than objective, and emphasizes language, stories, and narrative as creating reality rather than reflecting an already extant reality.

Narrative – a story or account of events, experiences, or the like, whether true or fictitious (www.dictionary.com)

Story – a narrative, either true or fictitious, in prose or verse, designed to interest, amuse, or instruct the hearer or reader (www.dictionary.com)

Storytelling – the telling or writing of stories (www.dictionary.com)

Conventionally, a narrative or story is a sequencing of events in an appropriate format (such as written or spoken) in such a way as to describe an entire overarching event, whether real or fictitious. Etymologically, narrative derives from the Latin verb narrare which means ‘to recount’ and is related to the Latin adjective gnarus which means ‘knowing’ or ‘skilled’
Throughout this paper the word ‘story’ will be used as a synonym for the word ‘narrative’ although in some usages the word ‘story’ refers to the sequence of events within a narrative.

More specifically, at least with regards to the use of narrative by leaders, Denning (2004a) leverages Aristotle’s definition of story or narrative from his *Poetics*. Aristotle defines a story as a written or spoken sequence of events containing a beginning, middle, and end; complex characters; a plot that incorporates a reversal of fortune; a lesson learned; and is presented by an engaging storyteller.

**Assumptions, Delimitations, and Limitations**

There appear to be three underlying assumptions made here that could lead to three general classes of delimitations or limitations to this study. First, the assumption is that narratives can be crafted to parallel facts and figures presentations to disseminate corporate strategy. Obviously, if this assumption is not correct that would represent a major limitation to this study. Without this assumption there would no way to compare and contrast the effectiveness of narratives vs. bullet-point lists, for example, in disseminating corporate strategy. Second, the assumption is that reading a brief narrative or bullet-point list, for example, should be enough to form an initial judgment about the competitive advantage or corporate strategy of a company depicted. Less concerning than the violation of the first assumption, if this second assumption is not correct that would present a delimitation to this study. Without this assumption, narratives could still possibly be effective in verbal presentation of corporate strategy, but the usefulness of narrative as an experimental manipulation in this design would be rendered ineffective. Finally, the third assumption is that narrative effectiveness should be ubiquitous, that is effective across all recipients of the narrative description of corporate strategy,
regardless of demographic variables such as age, gender, years of management experience. Again, less concerning than the violation of the first assumption, if this third assumption is not correct that would present a further delimitation to this study. Without this assumption, the application of narrative as a leadership tool to address something like the creation, dissemination, and execution of strategy would seem a much more complex phenomena than originally hypothesized and require considerably more complex and extensive empirical validation.

The Significance

This endeavor has the potential to ground an innovative leadership method in a more general philosophical and social sciences theoretical framework. Scholars might be interested in this work due to its underlying theoretical foundation and the attempt to ground any empirical evidence for best practice in a broader theoretical perspective. On the other hand, practitioners might be interested in this work due to its explicit attempt at grounding an innovative leadership methodology in empirical research. Additional cross-fertilization of practitioners’ exposure to philosophical and general social sciences concepts and scholars’ exposure to attempts to tie theoretical concepts to empirically testable results might also be beneficial.
Chapter 2

The Nature of Narratives

The basic theoretical distinction that is often employed in order to understand the usefulness of narrative is the distinction between pre-modern, modern, and post-modern paradigms (Boje, 1995). The pre-modern paradigm is pre-modern in the sense of being pre-scientific. Thought is subjective and narrative constructs reality. The modern paradigm is modern in the sense of being scientific. Thought is for the most part objective and narrative is only important in as much as it accurately reflects objective reality. Finally, the post-modern paradigm is post-modern in the sense of being beyond scientific and returning, to some extent, to the pre-scientific method of understanding. Thought is a mixture of subjective and objective and narrative is a crucial subjective determinant of objective reality. Narrative creates reality (Boje, 1995; Boje, Luhman, & Baack, 1999; Boje, Rosile, Dennehy, & Summers, 1997; Collins & Rainwater, 2005; Cunliffe, 2001, Ford & Ford, 2003; Forster, Cebis, Majteles, Mathur, Morgan, & Preuss, 1999; McConkie & Boss; 1994; Mumby; 1987; Simpson, 2010).

Philosophically, postmodernism is generally thought of more in terms of its reaction to or rejection of modern approaches to thought and reality. Postmodernism is generally characterized by a rejection of objective reality or objective truth, which was the primary focus of modernism emerging during the Enlightenment. Philosopher Walter Truett Anderson (1995) suggests that there are four ways of viewing reality and truth, postmodernism being one of these. Anderson (1995) suggests that one way of looking at reality is through postmodernism. Postmodernists (ironists) view reality as subjective and truth as socially constructed. An alternative world view is modernism. Modernists view reality as objective and truth as methodically discovered through
the application of scientific and rational reasoning processes. A third alternative world view is neo-romantic. Neo-romantics view reality as subjective and truth as being found in nature, spirituality, and faith. These three of Anderson’s (1995) four world views correspond, respectively with postmodernism, modernism, and premodernism.

Generally speaking philosophy can be broken down into sub-domains: metaphysics (what is reality), epistemology (how do we acquire knowledge of reality), ethics (what is the good), and politics (how do we organize society). Hicks (2004) argues that postmodernism metaphysically is anti-reality. Postmodernists state that it is impossible to speak of an independently existing reality, a reality existing independently of human knowledge of it. Hicks (2004) suggests that postmodernism epistemologically is socially-linguistically constructed. Postmodernists state that reason is not the method for acquiring knowledge of subjective reality, rather social-linguistic constructions are the method for acquiring knowledge about subjective reality.

Modernists by contrast argue that reality exists independent of our knowledge of that reality, that there is an objective reality, and that reason is the means of acquiring knowledge of this objective reality (Hicks, 2004).

“Postmodernism’s essentials are the opposite of modernism’s.” (Hicks, 2004).

Prominent postmodern theorist include: Michel Foucault, Jacques Derrida, Jean-Francois Lyotard, and Richard Rorty (Hicks, 2004). Prominent modernist theorists include: Francis Bacon, Rene Descartes, and John Locke (Hicks, 2004).

One can think of the modern approach, in terms of narrative and communication, as a “rational world paradigm” (Fisher, 1985). Humans are essentially rational, the principle mode of communication is argumentation, argumentation is ruled by reason, reason and rationality are
determined by subject-matter knowledge, and the world is simply a set of puzzles to be solved through analysis and application of reason. However, the post-modern approach, in terms of narrative and communication, can be viewed as a “narrative paradigm” (Fisher, 1985). Humans are essentially storytellers, the principle mode of communication is ‘good reasons,’ ‘good reasons’ is ruled by experience, experience is determined by history, biology, culture, and character, and the world is simply a set of stories which must be chosen among.

At a lower level of analysis postmodernism includes social constructivism (Hacking, 1999), organizational symbolism (symbolic interactionism) (Blumer, 1969), and critical theory (Calhoun, 1995). Boyce (1995) suggests that these, taken together, can provide a framework for understanding narrative and narrative use in organizational settings. Fisher (1985) argues that in a sense, narrative is related to social constructivism, symbolic interaction, and critical social theory. This line of reasoning would argue that the usefulness of narrative is, in fact, to be found in its symbolic use and creation of social reality (Fisher, 1985). Narratives within organizations shape the structure and the social reality of the organization (Ford & Ford, 2003).

But if narrative creates rather than reflects social reality how does one evaluate the quality of a narrative? Fisher (1985) proposes an evaluation scheme based on probability and fidelity. Probability refers to the characteristic of a narrative with regards to its internal consistency, coherence, and lack of contradiction. Fidelity refers to the characteristic of a narrative with regards to its “truth quality” or the degree to which the narrative accords with “good reasons” or sound judgments (Fisher, 1985).

One theoretical, philosophical, approach leveraging the postmodern paradigm to understanding the use and effectiveness of narrative as a leadership tool is the social constructionist approach (Barrett, Thomas, & Hocevar, 1995, Gold 1997, Gold & Holman, 2001;
Simpson, 2010; Carroll & Levy, 2010). The social constructivist position posits that the communication process itself constitutes experience. In other words, the social constructivist perspective suggests that narratives do not simply accurately reflect the world but rather coordinate the social interaction and relationships within the world (Barrett, Thomas, & Hocevar, 1995). As the very structure of the organization grows out of the conversations that go on within the organization and meaning is created in the interactions among people, leaders can be viewed as practical authors of meaning within the organization (Shotter & Cunliffe, 2003). Gold (1997) identifies four assumptions that underlie the social constructivist position: knowledge relies on linguistic categories, language is the result of social interaction, knowledge is sustained over time by social interaction, and meaning is constructed out of social interaction.

Another theoretical approach to understanding the use and effectiveness of narrative as a leadership tool falling broadly under the organizational symbolism (symbolic interactionism) rubric is the cognitive sense making approach (Berry, 2001; Boje 1991). Narratives and stories may convey symbolic meaning within organizations (Mahler, 1988). Wilkens (1983; 1984) identifies three general reasons why organizational narratives functions as symbols within organizations: narrative facilitates recall, narrative generates belief, and narrative encourages commitment. Narrative, stories and storytelling, are powerful tools because they help leaders make sense of how individuals within organizations understand and interpret organizational behavior. In others words, not only can narratives be used by leaders to construct social reality (Barrett, Thomas, & Hocevar, 1995), but narrative heard by leaders can be used to make sense of how employees view the organization (Berry, 2001; Mahler, 1988). However, leaders must be careful as stories may not tell much about employees’ values and feelings directly, but rather the meaning is hidden in symbolic terms (Mahler, 1988).
Still a third and more traditional approach to understanding the use and effectiveness of narrative as a leadership communication tool tangentially aligned with the broad category of critical theory (Gold, Holman, & Thorpe, 2002) is the anthropologically oriented study of mythology in organizations. Bowles (1989) argues that with industrialization and the concomitant shift away from religion as the purveyor of meaning, organizations have taken up the human need to find meaning and have employed something akin to mythology to successfully do so. Forster (Forster, et al., 1999) agrees that the purpose of narrative whether in a spiritual or organizational setting is to create a common cultural, philosophical, and spiritual understanding. In anthropological studies it is clear that myths function for humans in a number of ways. Mythology expresses a sense of awe at the mystery of existence, summarizes the set of ideas existing at a particular time, (perhaps most relevant to the organization) socializes the individual into the social group, and fosters a sense of self-realization within the individual. Myths within organizations provide indications of value, prescriptions, and consequences for employees within the organization (Wilkens, 1983). Bowles (1989) argues that organizational ideologies have substituted for religious mythologies. Bowles (1989) identifies five different organizational ideologies that form the narrative of the organization: structuralism, psychologism, welfarism, legalism, and consensualism. McWhinney and Batista (1988) outline the way mythology may arise within an organizational setting. There are three phases to the rise of a corporate mythology: acknowledging founding myths, revising founding myths, and recommitting to the revitalized founding myth.

Alternatively, leveraging critical theory directly Mumby (1987) comments that narratives not only arise as a product of the various power structures within an organization but function to sustain and maintain these power structures. By reading narratives from a deep political rather
than surface representational level, narratives can be shown to be more than just a representation of the reality of the organization. Rather, narratives can be shown to be politically motivated products used to create certain ways of perceiving an organization. Therefore, narrative can be used by leaders as ideological tools in order to legitimize the meaning systems the leader wants to implement within the organization. Interestingly, in this perspective, narrative can also be used to delegitimize dominant meaning systems within organizations. Narrative is one means by which the power structure within organizations is maintained.

However, these uses of narrative by leaders can also have a negative aspect. McConkie and Boss (1994) note that narratives can hide meaning as well as reveal it, narratives can be used manipulatively, narratives can cloud legitimate authority, and narratives can oversimplify. Boje (1995, 2003) suggests that within “storytelling organizations” there is a multiplicity of stories being told, but many of these are subverted by the main story of the organization. Gold (1997) agrees that a “learning organization” might be nothing more than a commonly held vision, a particular way of talking about an organization, or a particular kind of narrative about an organization. Jones (1991) argues that narratives told within an organization might not always mirror the actual culture of the organization. Reasons for this mis-match include lack of knowledge, political motives, cultural lag, and psychological mechanisms in leaders and among employees (Jones, 1991). In fact, these unofficial narratives might function as stress-relievers for frustrated employees (Jones, 1991). However, the implication is that an official organizational narrative can overwhelm these naturally occurring narratives within the organization. These unofficial narratives or corporate myths tend to develop despite the facts because people disseminating the myths want to believe the myths regardless of the facts (Snowden, 2000a; 2000b). Interestingly, from a leader’s standpoint that may be useful. The use
of narrative may be an effective tool available to leaders to combat these unofficial narratives or myths. From Boje’s (1995) and perhaps organizational members’ standpoints, however, this may be insidious. Boje (Boje, Luhman, & Baack, 1999) argues that narrative is essentially a negotiation among various people with various, unequal power. This power differential impacts what stories are told and retold. Obviously, a leader can leverage his or her power status to control what narratives are disseminated within the organization. Boje, et al. (1999) argue that within a storytelling organization it is not whose story is best that is often told but who has the most power to make his or her story stick and be told and retold. Further, Boje, et al. (Boje, Rosile, Dennehy, & Summers, 1997) sees the differential power in the use of narrative in broader terms as well. Beyond the organization, narrative is intricately woven into the fabric of society and therefore frames and shapes our view of the world.

On the other hand, the primary skill of an effective and ethical leader may very well be the ability to take these various narratives naturally occurring across the different power domains in the organization and translate them into one overarching organizational story (Cooren & Fairhurst, 2003). The two most important characteristics of an effective leader are vision and communication (Forster, et al, 1999). Leaders are effectively managers or meaning (Forster, et al., 1999). Leaders shape employees’ understanding of reality within the organization and the most effective way to do this is for the leader to leverage narrative (Forster, et al., 1999; Gardner, 1995).

Cooren and Fairhurst (2003) go on to suggest that a good leader is by definition someone who can create a larger narrative in which individual perspectives and agendas are interwoven into a consistent whole that can address every organizational members’ needs and accommodate their various perspectives. These authors leverage Greimas’ semiotic theory of narrative to
describe this type of larger narrative. Semiotic theory suggests that there are four types of narrative structure – manipulation (exploiting tension between subject and object), competence (aimed at forming alliances between subject and object), performance (addressing the tension between subject and object), and sanction (rewarding successful resolution of the tension between subject and object). All four threads must be pulled together by the successful leader in order to craft a larger narrative. Additionally, from a social constructivism perspective, leaders can be viewed not as problem-solvers but as authors of larger, organization-wide narratives that shape the organizational identity (Cunliffe, 2001).

Alternatively, narratives can be viewed as conversations, at a general level, within an organization. Ford and Ford (2003) argue that organizations are, in fact, nothing but a network of conversations. These authors distinguish between “background conversations” (implicit, unspoken) and explicitly spoken conversations. Further, these authors categorize conversations into committed (conversations FOR something) and uncommitted (conversations ABOUT something) (Ford & Ford, 2003). Committed conversations can be further subdivided into initiative conversations, conversations for understanding, conversations for performance, and conversations for closure. The bottom line is that the effective leader leverages narrative in order to shift the conversation in the organization from an uncommitted to a committed conversation.

Various postmodern approaches have been taken to study the post-modern phenomenon of the narrative. These include social constructivism, symbolic interactionism, and critical theory as noted above. Within these frameworks narratives can be evaluated as to their effectiveness and have been found to have positive and negative impacts on organizations. On the other hand, postmodern theory suggests that narrative may be a naturally effective tool in a leadership context.
Anachronistically, although narrative may be considered a postmodern phenomenon, a modernist, quantitative research approach to narrative might shed light on the effective use of narrative by leaders that would otherwise go unilluminated. Though there is extensive literature on the crafting of effective narratives (see below) and qualitative approaches to investigating the application of narrative to leadership challenges (see further below), a quantitative, modernist approach to the study of narrative has virtually gone unexplored.

**How to Craft Narratives**

How does one craft these leadership narratives to maximum effect? Screenwriter and lecturer, Robert McKee in an interview with the Harvard Business Review (Anonymous, 2003) suggests that leaders can be more successful and effective at engaging their followers if they do away with PowerPoint presentations and tell compelling stories instead. McKee concurs that conventional rhetorical devices, like persuasion and lists of facts and figures, engage the mind; however, narrative engages the emotions to a more persuasive effect. According to McKee a compelling narrative includes a stable situation, an inciting incident, conflict between subjective expectations and objective reality, and a restoration of stability. Leaders can craft narratives by asking appropriate questions, such as “what is the protagonist’s desire;” “what are the obstacles in the way;” “what must be done to overcome the obstacles;” and “is the story believable”?

Another film maker, Peter Guber (2007) identified the “four truths” of effective narratives. An effective narrative is true to the teller, that is, authentic. An effective narrative is true to the audience that is it resonates with the audience. An effective narrative is true to the moment, that is, it is well prepared yet flexibly open to improvisation. Finally, an effective narrative is true to the mission that is it is devoted to the cause or issue which is the purpose of the narrative in the first place.

Deleted: audience, that

Deleted: mission, that
Denning (2008a) distinguishes the requirements of the traditional analytic approach to conveying information and the narrative approach. The traditional analytic approach includes defining a problem, analyzing the problem, and then recommending a solution to the problem. The narrative approach includes getting attention to a problem, stimulating a desire to address the problem, and then reinforcing with reasons. Narrative inspires and persuades whereas analysis decides, controls, and directs (Denning, 2004, May 24). Narrative elicits a different kind of reaction from listeners than does a logical argument (Reamy 2002a; 2002b). Denning (2008a) does not deny the need for reasoned content in the narrative approach. He simply argues that reasoned content should come after making an emotional connection rather than as the means for making an intellectual connection. Three criteria necessary for a successful leadership narrative include: listening skills (on the part of the leader in order to tailor the narrative content to the audience), structure of the narrative (to make the narrative meaningful to the audience), and delivery of the narrative (with the leader leveraging a multimedia approach to delivery) (Boone, 1996). Leaders are encouraged to listen to stories, tell stories to others, practice telling stories with peers, practice in the field, write stories in a journal, and look at stories from multiple perspectives (Morgan & Dennehy, 1997). Perhaps the most crucial piece of advice is to just practice telling stories.

Narratives can be used in various ways by leaders within organizations. Boje (2003) notes that narratives can be used to share information, instruct others, articulate the future, and transmit culture. Boone (1996) suggests that narratives can be used to articulate a new vision, motivate employees, and make complex notions more comprehensible. Collison and MacKenzie (1999) identify that narratives can be used to convey an anecdote or biographical sketch, create a characterization, and metaphorically describe a situation. Denning (2006a; 2006b; 2004) argues
that narratives can be used to motivate others to action, transmit knowledge and understanding,
communicate a leadership biography, transmit values, generate high-performance teams,
neutralize rumors, and outline the future. Kaufman (2003) adds that narratives can be effective
at aligning organizational mission and values, as well as helping an organization overcome
resistance to change, engage employees, and connect with the community. Kirsch (2004)
comments that narratives can also be effective at creating a shared understanding and conveying
knowledge. Finally, Neuhauser (1993) catalogues six types of narratives that are particularly
useful for leaders: hero stories, survivor stories, steam valve stories, celebration stories, grizzled
veterans stories, and conflict stories. Even narratives that are employed to describe the
uniqueness of an organization appear to be virtually identical across organizations, as these
narratives function to reduce the tension in the duality of presenting the organization to
organizational members as, on the one hand, unique and, on the other hand, familiar (Martin,
Feldman, Hatch, & Sitkin, 1983).

Mastering narrative use is not difficult, but it does require a mind-set shift in leaders and
considerable practice (Denning, 2006a). Additionally, narrative use is almost as much about the
performance of the narrative as it is about the crafting of the narrative (Denning, 2006a).
Therefore, it is not only the leader who is creating meaning through the storytelling or narrative
process. Boje (1991) argues that storytelling or narrative use should be conceptualized as a joint
performance between the leader telling the narrative and the audience receiving the narrative.
Both the teller and the audience impact each other in the co-production of meaning from the
narrative experience.

Additionally, narratives are not the sole province of the leader. Employees leverage
narrative within organizations as well. However, these naturally occurring narratives told in
organizations are not fully formed and complete. Most narratives told within organizations are in the form of bits and pieces of story with much interruption and cross-talk during the storytelling (Boje, 1991a). Narratives often appear in organizations in the forms of terse stories, glosses (“a brief retelling of a piece of a story” (p. 117)), story series, and future predicting stories (Boje, 1991a).

Aristotle was perhaps the first to identify the structure of a well-founded narrative (Denning, 2004; Weissman, 2003). In Aristotle’s “Poetics” the philosopher identifies the criteria for an effective narrative: a beginning, middle, and end; complex characters; a plot that incorporates a reversal of fortune; a lesson learned; and an engaging delivery (Denning, 2004). Aristotle also outlined seven classic principles for effective delivery of a narrative: audience advocacy (view the narrative through the eyes of the audience), focus before flow (distill the information to be presented then organize it); space learning (distribute rather than mass learning); verbalization (practice delivery of the narrative as you would deliver it live), timing (respect the audience’s time and don’t waste it), ownership (own the narrative) and value add (the delivery of the narrative should add value, otherwise there is no need to deliver the narrative live) (Weissman, 2003). Following in Aristotle’s footsteps, more recent theorists have asserted that an effective narrative includes a setting, build up, crisis or climax, learning, and new behavior or awareness (Morgan & Dennehy, 1997). However, narrative use by leaders to achieve organizational ends need not be so complex and detailed. Durrance (1997) points out that an effective narrative told by a leader should be short, simple, infused with names of organization members, and transparently clear. Morgan and Dennehy (1997) suggest that an effective narrative consists of four characteristics. Effective narratives are concrete, based in common knowledge, believable, and describe a social contact between the organization and the
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audience. Snowden (1999) identifies three characteristics: an effective narrative is self-propagating, rooted in truth, and grounded in good humor. Marshall and Adamic (2010) identify four distinct characteristics of the effective narrative, particular with regards to forging corporate culture: purpose (aimed at achieving a particular purpose), allusion (told in the proper context), people (requiring a teller and a listener), and appeal (incorporating a call to action).

One particular, simple narrative useful to a business leader is the, so called, ‘springboard story’ (Denning, 2008b; 2001). The ‘springboard story’ can be used by leaders to encourage listeners to action, to manage and implement change (Denning, 2001). 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 leaders 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.” (p. 23)

A second type of narrative useful to a business leader is the, so called, ‘identity story’ (Denning, 2005a). The ‘identity story’ can be used by leaders to communicate with listeners
who the leader is as a leader and as a person. The ‘identity story’ is an authentic story, which is revealing, includes humor, and is connected to the audience.

Harris and Barnes (2005; 2006) also acknowledge the power of the identity or ‘leadership story.’ The ‘leadership story,’ incorporating self-disclosure on the part of the leader, is an effective tool to build trust in the leader and encourage openness among followers. An effective ‘leadership story’ grabs audience attention early on; involves self-disclosure; and promotes listening, understanding, and action.

A third type of narrative useful to a business leader is the, so called, ‘transition story’ (Ibarra & Lineback, 2005). The ‘transition story’ can be used by leaders to communicate a course change. The five key elements of a ‘transition story’ are a protagonist about whom the listeners care, an event propelling the protagonist to action, a series of obstacles to overcome, a turning point, and finally a resolution.

Though an effective leadership narrative can be a complex, lengthy, and finely crafted story, it need not be in order to be an effective tool in a leader’s toolbox. In fact, simpler, minimalist, narratives, as proposed by Denning, among others, may be a particularly effective alternative to a traditionally analytic approach, such as the use of facts and figures presentation, in conveying information in a management setting.

These more simplistic narratives can be deployed by leaders in order to address any number of leadership challenges. Similarly, these more simplistic narratives or fragments of story tend to arise naturally among groups of people, particularly, in this case, among employees.

**Narrative and Application to Leadership Challenges**

The literature on narrative use by leaders is replete with many attempts to show, theoretically, that narrative can be an effective tool to address many leadership challenges. This
segment of the literature can be broadly divided based on the leadership challenges narratives have been purported to address: change management, corporate culture, cross-cultural leadership, employee engagement, corporate ethics, promoting innovation, knowledge management, management and leadership education, and finally, of most relevance here, disseminating and executing corporate strategy. Unfortunately, little of this theoretical belief is supported by empirical evidence. And following the postmodernist perspective, the majority of the empirical evidence that exists is qualitative rather than quantitative.

Managing Change

With regards to narrative use by leaders to promote and manage change, Adamson and colleagues (Adamson, Pine, Von Steenhoven, & Kroupa, 2006) suggest that traditional approaches to change management, “just tell them” to change, is less effective at promoting change than employing a storytelling approach. These authors go on to point out that narratives are particularly effective at creating experiences for an audience that allows the audience to personalize the change initiative. In order for a change management communication method to be effective it must, not only inform the audience, but it must inspire the audience to change (Adamson, et. al., 2006). This is exactly what a good narrative can do, as a narrative not only conveys information but also elicits emotion. Adamson (Adamson, et. al., 2006) does present a case study use of narrative to implement a new strategy (change initiative), however, no quantitative empirical support is evident.

Ford (Ford & Ford, 1995) contends that narrative is a major tool that change leaders can use to create, sustain, focus, and complete internal, intentional change initiatives. Narrative, skillfully employed, can announce and explain change, prepare people for the consequences of change, promote understanding of and commitment to change, reduce resistance to change,
inspire people to change, sustain change efforts, disseminate and receive feedback about change, help people change attitudes and beliefs about change initiatives, and help people gain ownership of change efforts. Conversely, Ford (Ford & Ford, 1995) argues that the social constructivist nature of narrative suggests that narrative may not only facilitate change but that change may occur within narrative. In other words, from a social constructivist perspective change is seen as a recursive process that creates, sustains, and modifies reality in the process of communicating that change via narrative. This leads directly to the conclusion that change processes may actually occur within the narrative, change being driven by the narrative rather than the change initiative driving the narrative. Although the author suggests implications of this line of reasoning for research on narrative, no empirical support, even case study support, is offered.

McConkie and Boss (1986; 1994) concur that narrative, of the many tools at the disposal of a change consultant, should be considered a powerful tool. Narrative may be particularly suited to facilitate change as the representational nature of narrative (the focus on the representation of reality as opposed to reality itself) allows narrative to be future-looking, rather than just focused on the present or past. McConkie and Boss (1986) present a case study of a public sector organization suffering through a major cultural change to support the use of narrative in the change process. However, no other empirical support is evident.

Nissley and Graham (2009) suggest that narrative can be an effective tool for transformational leaders charged with leading change within organizations. The authors conceptualize transformational change as a process of transforming existing narratives or scripts in an organization when these older narratives or scripts no longer serve the function of the organization. Nissley and Graham (2009) present a three-step process that transformational leaders can use to transform narratives or scripts in organizations: identify present scripts, create
new scripts, and then actualize the script in action. However, the authors provide no empirical support for their suggestion.

Jacobides (2010) suggests a similar process of transformation, with a similar focus on the transformation of narratives or scripts, to change situations. But in this case the change situation is more specific, the change in corporate strategy. The author argues that the use of narrative in the form of play scripts may be more effective in facilitating change. A play script which addresses underlying strategy, decisions, and motives may be more effective at conveying a change in strategy than other static maps or charts describing strategy. Jacobides (2010) argues that this is because people understand words better than other types of information, such as graphs and charts. The author outlines what an effective play script describing strategic change would look like and presents a three-step process for crafting an effective play script: write current corporate and business play script, rewrite play script, “future-proof” the play script. Jacobides (2009), leveraging his experience as an academic and consultant presented informal case studies of his own work to support his contention as well as a more formal case study from the pharmaceuticals industry. However, he presents no further quantitative empirical support.

Ibara and Lineback (2005) extend the notion that narrative is an effective tool that leaders in organizations can employ by pointing out that narrative may be effectively used to manage personal change. These authors argue that since a good narrative is characterized by coherence, narrative may be useful in establishing continuity and causality across a major change event. No quantitative empirical support is presented for this contention, however.

Kolb (2003) points out that continuity is an issue within organizational change as well. This author suggests that one approach to managing change effectively within an organization is by leveraging continuity, showing how salient aspects of the old or existing organization still
exist within the new, changed organization. The most effective way of doing this is through narrative (Kolb, 2003). The author presents a case study focusing on continuity within a change initiative employing an interviewing exercise that allows for sharing of narratives across an organization. However, no quantitative empirical support is offered.

Barrett (Barrett, et al., 1995) focuses on the core of organizational change and identifies narrative or discourse as that core. The authors argue that discourse or narrative are valuable tools that leaders can employ to forge relational bonds among organization members; create, transform, and maintain organizational structures; and reinforce and challenge long-held beliefs about the organization undergoing change. Again, Barrett (Barrett, et. al., 1995) presents a case study, a change initiative involving the implementation of a total quality system by the US Navy, as support for his contentions about narrative and change management. No other empirical support is provided.

Boje (1991b) concurs that narrative is the means by which change occurs in organizations. Boje (1991b) describes a major case study in which he used his own consulting work implementing change management leveraging narrative, both narratives heard and narratives told. Boje (1991b) argues that narrative is an effective tool for a consultant tasked with a change initiative. Sensitivity to narratives told within organizations and carefully crafted and delivered narratives, which tell the right story at the right time to the right audience, are two skills required by an effective change leader. In earlier research Boje (Boje, Fedor, & Rowland, 1982) came to similar conclusions about corporate myths and myth-making. However, again, little rigorous empirical support can be marshaled for these contentions.

Browning (1991) contents that narrative may also be a useful way to mark direction and progress of change as it is implemented within an organization. The author contends that the
structure of narratives told within the organization has a parallel structure to the actual physical framework of the organization. In this way, narratives heard and told within organizations may give the change leader insight into how the change is progressing. But as is evident throughout, little to no quantitative empirical support is noted to validate this claim.

Gephart (1991) takes a slightly different approach to narrative and change by suggesting that narrative might be the way in which leaders make sense of organizational change as it occurs. The author suggests that narrative may be the method that both leaders and followers use at the grassroots level in order to interpret and understand, make sense of, the changes that are occurring within the organization, whether these changes are intentional or not. Gephart (1991) again leverages a case study, in this instance a case study of an academic being removed from his position of leadership, as an illustration of how narratives told about the change can be used by those involved to make sense of the change. Although Gephart (1991) uses a fairly sophisticated process of analyzing, line-by-line, and interpreting the narratives collected in the case study, no quantitative empirical support is provided.

Feldman (1990) spends some time describing the role narratives might play in a change situation. He argues that narratives might function as a bridge spanning the old situations (whether cultural or strategic) and the new context. Narratives may also play a role in actually creating the new context after the old situation (prior to the change initiative) falls away. Feldman (1990) describes a field study in an electronics firm in which he, as consultant, collected narratives to support his case. No quantitative empirical support is offered.

Alternatively, a number of authors (McConkie & Boss, 1986; Leonardi & Jackson, 2004) point out that narrative can be used in a manipulative way to absolve leaders of responsibility during planned or unplanned change. For example, Leonardi and Jackson (2004) note that in the
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In the case of a merger, leaders often specifically choose a narrative about the merger that advances one of many possible story lines about the merger. These authors present two case studies specifically looking at how narrative is used in a merger situation to advance their theory. But again no additional quantitative empirical support for the author’s thesis is provided.

Dawson (2003), noting the almost exclusive reliance on case study to provide empirical support for the use of narrative in change management, concludes that the case study method of evaluating narrative use is flawed. This author argues that narratives and case study often ignore competing or multiple change narratives and interpretations. Given the richness of organizational narratives, Dawson (2002) argues that data collection and analysis techniques must be revised. Presenting change management data in terms of narrative and case study will only provide a partial accounting of the change initiative. But what does Dawson (2003) propose instead? He proposes a more complex case study methodology: a model of four types of case studies that can be implemented to address the needs of the researcher, the case study audience, and the publication in which the case study is published.

The single author writing about the application of narrative in a change management context that employees a more rigorous research agenda is Poundsford (2007). This author employs a case study of a major US defense contractor to illustrate the effectiveness of narrative, visual imagery, conversation, and coaching in managing change. The author then presents survey data showing the impact of narrative on two aspects of effectively managed change, understanding of change and employee engagement.

Promoting Corporate Culture

With regards to narrative use by leaders to promote corporate culture, Boyce (1995) argues that narrative is an effective means of promoting corporate culture through its ability to
construct shared meaning and collectively center the organization on symbolic meaning. The author proposes five distinct ways in which leaders can use narrative intentionally to affect corporate culture: confirming shared meaning, expressing organizational experience, changing organizational reality, fostering a sense of organizational purpose, and helping to implement shared purpose. Boyce (1995) reports on data collected and analyzed in a case study format used to assess the shared meaning function of narrative. However, no other quantitative empirical support is offered.

Martin and Powers (1983) concur that narratives can be effective means for generating employee commitment and thus promoting corporate culture. The authors argue that organizational narratives provide the same function within organizations that myths provide within society: legitimize power relationships, rationalize existing traditions, articulate group philosophy. Martin and Powers (1983) provide one of the few quantitative research endeavors in the area of narrative use by leaders (see p. 15, The General Data-Gathering Method). The authors present quantitative evidence of the differential effectiveness of organizational narrative and other communication techniques (presentation of data) on the audience’s commitment to the prevailing corporate culture. The authors found that corporate narratives fostered more commitment to prevailing corporate culture than did other forms of communication, as measured by the subjects’ ratings of their support for the corporate culture, belief in the truthfulness of the statement of corporate culture, and commitment to the corporate culture.

Clark (1972) suggests that naturally occurring narrative, or ‘sagas,’ within organizations can have long lasting effects on organizational culture and organizational effectiveness. These naturally occurring narratives are power mechanisms for achieving unity within formal organizations. The author argues that naturally occurring narratives arise across a two-stage
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process of initiation and then fulfillment. Clark (1972) presents three case studies, from three liberal arts colleges (Antioch, Reed, and Swarthmore) providing data in support of his two-stage process. No additional quantitative empirical support is offered.

Hansen and Kahnweiler (1993), taking a slightly different tack, suggest that narratives, because they serve as a means for transmitting behavior expectations, may be used by a leader to gain insight into existing corporate culture. The authors provide a multidisciplinary, ethnographic technique that can be used by leaders to systematically assess their corporate culture. Although Hansen and Kahnweiler (1993) present detailed procedures for their narrative collection and analysis technique, they provide no evidence of that technique in action.

Finally, Wilkins (1984) argues that narratives are both effective at impacting and understanding corporate culture. This author argues that leaders have three basic options with regard to impacting corporate culture. Leaders can intentionally create narratives to impact corporate culture. Leaders can ignore the issue of narrative and try to impact culture with formal communications and programs, such as through incentive systems, standard operating procedures, and structured organization charts. Or, leaders can redirect attention away from the current corporate culture by creating alternative narratives. Wilkens (1984) does not provide any empirical support to differentiate among these three options.

Other Leadership Skills

With regards to narrative use by leaders to engage in cross-cultural leadership, Grisham (2006) opines that leaders can be more effective at leading cross-culturally if they leverage narrative in the form of metaphor, poetry, and storytelling. The author argues that as building trust, demonstrating empathy, and engaging in effective communication are crucial for cross-
cultural leadership, narrative is well positioned to support this effort. However, Grisham provides no empirical support for his contention.

With regards to narrative use by leaders to promote employee engagement, Beslin (2007) argues that narrative can be an effective tool for a leader trying to engage employees with strategic decisions. This author suggests that allowing employees to participate in strategic decision-making within the organization by contributing to the corporate narrative should build employee engagement within the organization. Beslin (2007) presents a case study in which participants contributed to the corporate narrative of a large Canadian pharmaceuticals company. No other quantitative empirical support was provided.

With regards to narrative use by leaders to encourage ethical behavior, Driscoll and McKee (2007) note that narrative may be an effective tool for leaders trying to promote spirituality within their organization and an ethical corporate culture. The authors argue that narratives with moral and spiritual components can be leveraged to promote a feeling of connectedness and service to a higher power among employees. Driscoll and McKee (2007) describe a so-called ‘authentic story’ which harnesses emotion, embraces compassion, reflects ethical and spiritual values, identifies sources of compassion and integrity, encourages reflection, awakens higher consciousness, incorporates personal development, and exudes character. The authors present an example of an “authentic story” but provide little empirical support for the effectiveness of ‘authentic stories’.

**Encouraging Innovation**

With regards to narrative use by leaders to encourage innovation, Buckler and Zien (1996) argue that a narrative may provide an informal and elegant means by which leaders can transmit information about values and innovation through an entire organization. As the primary
role of a leader in an innovative organization is to provide a context for organizational members, the primary mode through which this can occur is narrative. Buckler and Zien (1996) present examples of narratives told by members of well-established innovative companies in the US, Europe, and Japan, but provide no rigorous quantitative empirical support for their thesis.

Bartel and Garud (2009) suggest that innovation within an organization requires productive social interaction and a corporate culture which promotes productive social interaction. The authors concur with Buckler and Zien (1996) that the only way to promote such an innovation-breeding culture is by leveraging a so-called ‘innovation narrative.’ The basic premise is that innovation narratives created the coherent and flexible culture necessary to promote innovation by enabling the coordination and translation of activities across actors and situations (Bartel & Garud, 2009). Although the authors describe the characteristics of ‘innovation narratives’ that support the basic conditions of an innovative culture (idea recombination and resources support; real-time coordination; and coordinating past, present, and future), they provide no empirical support.

Denning (2005) also suggests that transformational innovation, as opposed to incremental innovation, requires that an organization engage in distributive strategy and distributive strategy requires a different approach to leadership, one leveraging narrative. This author argues that narrative tools are necessarily employed by leaders in order to motivate and persuade employees to change, work as a team, transfer knowledge, and envision new and different futures. However, Denning (2005) presents no empirical support for his arguments.

Knowledge Management

With regards to narrative use by leaders to manage knowledge, Cavanagh (2005) suggests that narrative can be an effective mechanism to promote sense-making and knowledge
creation and sharing. This is so because narratives both promote sense-making and are the outcome or artifact of sense-making. However, the author argues that different storytellers telling stories about the same event might tell slightly, or widely, divergent stories based on their different perspectives of the event. Cavanagh (2005) suggests that this might just account for how narrative can be useful in knowledge management. Over time the divergent versions of the narratives told by different storytellers from different perspectives might actually come to represent a loose organizational consensus about the identity of the organization. The author employs a case study of a library’s policy and procedure crisis to support the emerging model of narrative use in knowledge management. However, no quantitative empirical support is marshaled.

As opposed to management of knowledge, Hummel (1991) suggests that narrative may be a crucial tool in the acquisition of knowledge. The author argues that leaders can employ engaging anecdotes and biographical anecdotes to help organizational members acquire knowledge. However, Hummel (1991) does not provide any empirical support for his suggestion.

Gold (1997) takes a similar position arguing that a learning organization is nothing more than a particular narrative or unfolding story about the world as seen by the organization. Gold (1996) also suggests that narrative may be an effective tool which leaders can use to uncover concerns and promote learning. Gold (1997) presents an in-depth case-study looking at a conflict within a financial services organization as a means to support his hypothesis about learning organizations. Gold (1996) also presents a case study looking at a conference of management developers to support his hypothesis about narrative and promotion of learning. However, he presents no other quantitative support for his contention.
Reamy (2002a) argues that narrative may be particularly useful as a tool for knowledge management because of the nature of narrative. Narratives convey not information but meaning and knowledge, narratives are good at transmitting tacit knowledge, and narratives elicit a different kind of response from audiences than do logical arguments (Reamy, 2002a). Reamy (2002b) goes on to propose the creation of a library of narrative or stories that can be reused later on as the basic, fundamental knowledge architecture of the knowledge organization. However, Reamy (2002a; 2002b) provides no empirical support for this knowledge architecture function of narrative.

Swap and colleagues (Swap, et. al., 2001) agree that narrative may be particularly suited for knowledge management as narrative is an effective method for transferring knowledge, particularly tacit knowledge, which notoriously is often not transferred. These authors provide a series of mini-case studies to illustrate their point. However, they present no quantitative empirical support for their line of reasoning.

**Developing Managers**

With regards to narrative use by academics and leaders to develop new managers, Forman (2007), interestingly, argues that since narrative can be an effective means by which leaders can communicate, skill with narrative should be taught to prospective leaders by academics charged with developing new managers and leaders. The author goes on to suggest that in order to make prospective leaders more powerful communicators, academics should focus on teaching these soon-to-be leaders how to create representative anecdotes, shape larger strategic stories, employ conversational tone, listen and improvise, and sequence stories (Forman, 2007). All of these are hallmarks of effective narrative use. Forman (2007)
Gold and Holman (2002) propose a redesign of a management and leadership training curriculum to leverage social constructivist theory, narrative, and argumentation. The authors present original quantitative research aimed at validating the effectiveness of the redesign. The authors (Gold, et. al., 2002) followed up by conducting quantitative research looking at a combined narrative and argument analysis, incorporating Critical Theory, redesign of the same management and leadership training curriculum. The authors were able to validate the redesign of the curriculum, leveraging narrative, by assessing the participants' post-training evaluation of their liking of the new design.

Austin and colleagues (Austin, Nolan, and O’Donnell, 2009) describe the use of a narrative structure in a hybrid explanation-based/experience-based, deductive/inductive approach to management and leadership education. These authors propose a ‘monomyth’ or a ‘hero’s journey’ as an appropriate type of narrative to be used to teach management and leadership skills, particular in the area of technology management. Austin, et. al. (2009) present original, quantitative empirical support for their thesis, in which a narrative approach to developing managers and leaders was administered in undergraduate and graduate classes as well as corporate training and open-enrollment executive training programs. The authors assessed the effectiveness of the narrative approach to leadership education with post-course and follow-up surveys and found validation for the narrative approach.

Finally, Ready (2002) broadens the use of narrative as a leadership development tool, by taking its use outside of the academic classroom and looking at the use of narrative by senior leaders to train new, aspiring leaders. Ready (2002) argues that this is particularly appropriate as
learning occurs best in the context in which the learning will be practiced and learning occurs best when delivered by trusted teachers. Therefore, narrative use by leaders aimed at developing future leaders would appear to be an effective development tool. Ready (2002) reviews a considerable amount of quantitative research aimed at identifying effective leadership and management development tools and concludes that narrative use is the most effective leadership development tool. The author also reports the results of a detailed case study in which narrative was used to develop future leaders.

**Narrative and Corporate Strategy**

Of most relevance to the research included here, with regards to narrative use by leaders to create, disseminate, and implement corporate strategy, Wilkens (1984) argues that it is through company culture that narrative can be most effective in implementing and executing strategy. Because company culture is relevant to successful implementation and execution of corporate strategy, and narrative is the most effective means for understanding and impacting corporate culture, narrative may be an effective method for affecting the implementation and execution of corporate strategy. Narratives are effective at transmitting culture primarily because narratives act as maps showing employees how things are done within the organization. If one were to want to change how things are done within the organization, change strategy, what better way to effect this change than through narrative. Unfortunately, Wilkens (1984) provides no empirical support for this contention.

Similarly, Barry and Elmes (1997) reason that since narrative may be a preferred method for sense-making within organizations, and since strategy may be the most important component within an organization to which sense needs to be made, narrative may be a potent way to
intervene in strategy creation, dissemination, and execution. The authors present a case study to support their contention, but no quantitative empirical support.

Conger (1991) suggests that if, in fact, the primary task of the leader is to develop and articulate a consistent mission and communicate this effectively within the organization, leaders should consider leveraging narrative not unlike a politician does in government. The author goes on to identify two distinct skill sets required for an effective leader: the ability to define the purpose of the organization and the ability to symbolically convey this purpose to the organization. Both of these skills would lend themselves to a narrative form. However, Conger (1991) presents no empirical support for his thesis.

As noted above, Marzec (2007) has devoted much energy to the notion of narrative use by leaders to convey corporate strategy, even to the extent of conceptualizing the ‘corporate story’ as that narrative. The author argues that the ‘corporate story’ is the most appropriate way to disseminate the corporate personality, the corporate strategy. The ‘corporate story’ can be used to articulate who the company is and where the company is going (Marzec, 2007). The ‘corporate story’ can be used to generate a common vision, outline future possibilities, identify crucial milestones, and define success (Marzec, 2007). Finally, the ‘corporate story’ can be an effective tool in devising and then implementing corporate strategy (Marzec, 2007). However, again, Marzec (2007) presents no empirical support for his argument.

Finally, Shaw and colleagues (Shaw, et. al., 1998) acknowledge that narrative is a more effective way to design and convey strategic planning than the traditional bulleted list. The authors argue that bulleted lists are ill-suited for strategic planning because bulleted lists tend to be too generic, leave unspecified critical relationships, and leave unstated critical assumptions. By using 3M as a case study of using narrative in strategic planning efforts, Shaw and colleagues
(Shaw, et al., 1998) compare and contrast a strategic plan for the Global Fleet Graphics Division in both bulleted list and narrative form, finding that narrative lead to more enthusiasm for the strategic plan than did a traditional bulleted list of information.

There is considerable qualitative evidence to show that narrative may be an effective leadership tool employed by leaders to address change management, corporate culture, innovation, knowledge management, management and leadership development, other leadership challenges, and particularly relevant here dissemination and execution of corporate strategy. There is little quantitative evidence supporting this contention, however. The small bit of quantitative evidence that does exist shows that narrative use by leaders can be effective in managing change (combination of case study and survey methodologies), promoting corporate culture (experimental design, which is the basis for the research design presented below), and developing managers and leaders (experimental design and survey methodologies).
Chapter 3

Conceptual Framework

A number of theorists have provided a seed of a model to explain the effectiveness of narrative as a leadership tool. For example, Cavanagh (2005) began to develop a model of narrative based on Weick’s sensemaking theory. She argues that over time divergent versions of narratives from different storytellers’ perspectives come to represent a loose organizational consensus describing the identity of an organization. Gephart (1991) also suggests a sensemaking model of narrative. Similarly, Cooren & Fairhurst (2003) leverage Greima’s Semiotic Theory to explain the effectiveness of narrative. They argue that narratives structure the tension between subject and objective, facilitate the formation of alliance, by way of addressing the tension between subject and objective, and reward successful resolution of the tension. Jordan (1996) on the other hand takes a broader anthropological perspective to suggest the seeds of a model of narrative use. She suggests that critical incidents become narratives and narratives become tools of organizational culture. More specifically, Jordan (1996) suggests that chaos during a massive organizational change creates a void of meaning, an event or critical incident occurs, the incident is told and retold in the form of a naturally occurring narrative, and finally the recurring narrative becomes the new organizational culture. Martin (1982) proposes a similar development model in which naturally occurring narratives within organizations, when collected, become the folklore of the organization. The folklore is passed down from generation to generation within the organization and becomes the organizational culture. Finally, Wilkens (1984) suggests a fledgling model of narrative in which narrative functions as a map to transmit culture, showing employees how things are done within the organization. He argues that the
power of narrative lies in the fact that the narrative is often the only information employees have to go on and the narrative allows the employees to vicariously experience the events told.

However, a more formal model of narrative based in sound theoretical, philosophical reasoning would seem useful. As noted above, although Boyce (1996) identifies “social constructivism, interpretive organizational symbolism, and critical theory” as providing lenses through which our understanding of stories and their uses by leaders can be forged, a closer reading of the literature on symbolic interactionism and critical theory suggests that at the foundation both are built on a notion of the social construction of reality. One interesting, and perhaps anachronistic, philosopher associated with social constructivism, that might inform a model useful to investigating leadership narratives, is John Searle (1995).

A more conventional rendering of social constructivist theory can be found in the originators of that theory, Peter Berger and Thomas Luckmann (1966). Berger and Luckmann (1996) introduced the notion of social construction of reality with the central concept that as humans in groups begin to interact with one another, forming social systems over time, these group members begin to form concepts or mental representations of the actions in which they and others engage. The concepts or mental representation eventually become habit and are reified or institutionalized. In other words, the concepts or mental representations take on an aura of objective truth or reality. In this way reality is socially constructed.

The primary consequence of this reification or institutionalization of concepts or mental representations (Berger & Luckmann, 1966) is the substitution for or metaphorical creation of reality as these reified, institutionalized concepts and mental representations are passed from generation to generation. While the underlying connection between the concepts and mental representations of social life and the actuality of the social life that gave rise to these concepts
and mental representations is clear to the primary generation, the initial creators of these
concepts and mental representations, the succeeding generations inherit these concepts and
mental representations and treat them as given, unalterable, and self-evident. The succeeding
generations treat these socially constructed concepts and mental representations as true in and of
themselves, as ‘objectively’ true.

Therefore, when such concepts or mental representations are referred to as socially
constructed this typically means that the concepts or mental representations are contingent on our
social selves rather than any objective correspondence to inherent qualities of the object of the
concept or mental representation. Truth is determined by the subjective, social nature of the
concept or mental representation rather than the objective nature (correspondence between the
concept or mental representation with an underlying object which exists independent of any
human knowledge of the object) of the concept or mental representation. Therefore, the
underlying thrust of social constructivist theory is to uncover the ways in which individual
humans and groups construct their own perceived social reality.

Though fairly straightforward as presented above, Ian Hacking (1999) suggests that
social constructionist theory can be broadly divided into two camps: strong social
constructivism and weak social constructivism. Strong social constructivism posits that there is
no underlying objective reality or objective fact to which the socially constructed concept or
mental representation originally corresponds. In other words, even something seemly objective,
such as a mountain, is only a mountain because groups of people have agreed that it is a
mountain rather than an undifferentiated clump of earth. Weak social constructivism on the
other hand, posits that socially constructed reality is founded on an initial correspondence
between the concepts and mental representations that people form in groups and some pre-
existing objective reality. However, this correspondence fades as these concepts and mental representations are passed from generation to generation and accepted as given.

A primary example of weak social constructivism, and perhaps what makes him anachronistic, is John Searle’s (1995) notion of socially constructed reality. Searle (1995) in intellectual opposition to prevailing notions of the postmodern, social construction of reality, laid out, at least at a high level, a theoretical model that could be used to explain why narratives might be a useful tool for leaders. Searle (1995) basically argues that there are three types of facts. There are brute facts, which are facts as they are, irrespective of anyone knowing those facts, facts that exist independent of any observer of these facts. These are “facts as that Mount Everest has snow and ice near the summit or that hydrogen atoms have one electron, which are facts totally independent of any human opinion” (Searle, 1995, page 2). There are social facts, which are facts that a group agrees are facts, but may differ from another group of people. And then there are institutional facts, these are the socially constructed facts. “Institutional facts are so called because they require human institutions for their existence” (Searle, 1995, page 2). One example of an institutional fact identified by Searle (1995) is stories or narratives. Searle (1995) argues that institutional facts are created out of brute facts via social facts, but are treated as true in and of themselves by individuals, who no longer can make the connection to the brute fact on which that institutional fact was founded. Even so, these facts still guide the behavior of those groups that formed these institutional facts.

Searle (1995) provides as an example the institutional fact of the five dollar bill. According to Searle (1995) ‘currency’ was initially a semi-precious or scarce object, for example a lump of gold. This object or commodity could be exchanged for other objects or commodities. The object had an objective value based on its scarcity. This is the level of ‘currency’ as a brute
fact. A certain sized lump of gold could be objectively exchanged for a certain amount of other object or commodity. After a time, through social interaction, a standard is set for the exchange rate of the lumps of gold. With this standard exchange rate socially agreed upon, the lump of gold takes on a standard value. This is the level of ‘currency’ as a social fact. Eventually, the social group decides to allow a piece of paper or script to stand in for the appropriate sized lump of gold. This may occur for various reasons, efficiency chief among them. It is easier to carry around pieces of script and keep the corresponding lumps of gold, for example, locked safely away. Once this shift is made, another social fact, the script begins to take on the nature of the lump of gold. As this notion of the script standing in for the lump of gold is passed on to succeeding generations the connection between the brute fact, the lump of gold being exchangeable for certain objects or commodities, is broken from the social fact, the lump of gold having a standard value and represented by the script. The script, which objectively is nothing more than a piece of paper and has no objective exchange value, takes on the value of the lump of gold. The script becomes worth, in this case, five dollars. This is the level of ‘currency’ as an institutional fact. When asked what a five dollar bill is, most people will simply say a five dollar bill is a five dollar bill, worth five dollars. Once the institutional fact arises, people treat that institutional fact as a fact in itself, no longer being able to connect the institutional fact to the brute fact it was originally based on. The script becomes ‘five dollars.’

In summary, the brute fact is the objective fact, connected to objective reality. A lump of gold has a certain objective value proportional to its scarcity. A social fact is the agreed upon, within the social group, standard associated with the brute fact. A piece of script can stand in for a lump of gold and has the associated value of the lump of gold because the social group agreed that this be so. Finally, the institutional fact is the subjective fact, the socially constructed fact.
That is, as the connection between the brute fact and the corresponding social fact is broken, as the piece of script takes on the value of the lump of gold and the connection between the script and the lump of gold, with its attendant value based on its scarcity, is broken, the institutional fact becomes, in and of itself, true. The script takes on the value of the lump of gold without the bearer having any understanding of the connection between the two, an objectively worthless piece of paper is now worth five dollars of value because the social group agreed that this is the case.

Searle (1995) argues that institutional facts emerge spontaneously out of social facts as outlined above. The implication might be that institutional facts within organizations would arise spontaneously as well. If this is the case, it may require another institutional fact, a narrative, to insure that there is consistent and accurate understanding of brute facts as they are transformed into social and then institutional facts. For example, in an organizational setting an employee might look at all the various decisions and actions that are made on a daily basis and conclude that there must be some consistency and comprehension to these. Therefore, the employee concludes that the company has a certain strategy that accounts for this consistency and comprehension. This would be corporate strategy at the level of a brute fact. After a while, this may happen to a number of individuals within the organization, as many if not all of these individuals attend various meetings and events in which facts and figures, graphs and charts are presented in an attempt to make sense of all of these decisions and actions. Through social interactions, exchanges of stories about these decisions and actions and meetings and events, the social group decides that, in fact, a strategy must exist and identify what they think this strategy must be. This would be corporate strategy at the level of a social fact. As the notion of this spontaneous, idiosyncratic corporate strategy is passed on to succeeding generations of new
employees in the organization, the connection between the brute fact, the decisions and actions that are made on a day-to-day basis, is broken from the social fact, the spontaneous and idiosyncratic notion of corporate strategy. The spontaneous and idiosyncratic strategy becomes “just the way things are done around here” or perhaps more insidiously, “just the way we do things in this department or functional area.” This would be corporate strategy at the level of an institutional fact. When asked what the corporate strategy is, most people will simply say “just the way we do things around here.” Once the institutional fact arises, people treat that institutional fact as a fact in itself, like the piece of objectively worthless script being worth five dollars, no longer being able to connect the institutional fact to the brute fact on which it was originally based.

This, in fact, may be where narrative has the greatest value. Narratives used by leaders can either help groups within the organization create social and then institutional facts more in line with the brute facts or more in line with interpretation of the brute facts that the leader desires; or narratives can help leaders to counteract spontaneously occurring narratives by reconstructing institutional facts more in line with the leader’s interpretation of the brute facts.

More concretely, the brute facts may be the economic environment of the organization. This obviously has an objective reality and exists independent of the knowledge or opinion of anyone in the organization. The social facts represent the agreement among various members of the organization about the significance of the economic environment, for the organization. This would include the impact of the economic environment on the day-to-day decisions and actions within the organization. Finally, the institutional facts are the “ways things are done here,” the ways decisions are made and actions are taken within the organization, but crucially
disconnected from an understanding of the immediate economic environment, the interpretation and impact disconnected from the immediate economic environment thus interpreted.

Because social and then institutional facts are mediated by narratives told and shared by social groups, whereas brute facts are mediated by physical, sensory experience, it would seem reasonable that social and then institutional facts could be surfaced by simply eliciting and carefully listening to the narratives or stories told by various groups within an organization as opposed to looking for some kind of physical or sensory representation of these corporate myths.

Further, because social and then institutional facts are mediated by narratives told and shared by social groups, whereas brute facts are mediated by physical, sensory experience, the workings of the human mind and memory (reliance on the availability heuristic – those things that are most emotionally charged are most easily recalled into memory; and elaboration – those things which are most easily connected to other things in memory are most easily recalled into memory (Swap, et. al., 2001)) would imply that social and institutional facts will be more resistant to counter physical evidence than the brute facts will. Conversely, the implication is that interventions aimed at changing social or institutional facts, would require other institutional facts, which may rely on narrative, stories, and storytelling, as opposed to brute facts, which may rely only on facts and figures.

Therefore, this research will endeavor to compare and contrast the impact of narrative (institutional fact) and non-narrative (brute fact) presentations of corporate strategy on subjects understanding of corporate strategy. The focus will be on looking for differences in institutional
and brute fact representations of corporate strategy on understanding of corporate strategy, given the same underlying brute facts.

Predictions emerge directly from Searle’s (1995) concept of brute, social, and institutional facts. For example, given that corporate strategy itself can be construed as an institutional fact, it is predicated that a presentation of corporate strategy through narrative (an institutional fact approach) would lead to a more consistent and confident understanding of corporate strategy than would a presentation of corporate strategy through non-narrative (a brute fact approach). It is further predicated that this differential impact of narrative and non-narrative on understanding of corporate strategy will not be impacted by age, gender, or years of management experience. In other words, the impact of narrative on understanding of institutional facts will be rather ubiquitous.

One possible approach to investigating these predications would be to leverage the methodology from an unpublished research effort reported in Martin (1982) in which the author 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 audiences to remember information, believe information, and be persuaded by information.
Chapter 4

Business School Study

Sample

The sample for this study consisted of 159 students enrolled in two MBA and one undergraduate business classes at Georgetown University in 2009. With over 900 MBA students and over 1,300 undergraduate students enrolled in the business program at Georgetown University in 2008, a sample of 159 students will be of adequate size to determine significance at the p=.05 level for continuous data (such as the confidence ratings) but may not be of adequate size to determine significance at the p=.05 level for categorical data (such as the competitive advantage choices) (Bartlett, Kotrlik, & Higgins, 2001). As the author of this study is a colleague with the faculty members delivering these courses, access to these students was readily available and therefore, this was a sample of convenience. However, within the sample of 159 students, individual participants were randomly assigned to one of two conditions (described below) such that there were 81 and 78 participants in each condition, respectively.

As this was a sample of convenience, external validity or generalization to populations outside of the population of Georgetown University students may be problematic. It is the personal observation of this author, however, that managers in corporate America began their career in business schools and progress to MBA programs. Corporate strategy is a major curricular element in most business programs.

Design

Once the classes in Fall, 2009 were selected for participation, 159 students drawn from the classes were randomly assigned to one of two conditions such that there were 81 and 78
participants in each condition, respectively. Randomization was conducted by administering one of two hardcopy survey forms to the participants, such that the first student in each class received version 1 of the survey form, the second student version 2. This process was repeated, in this sequence, until all 159 participants receive one of two versions of the survey. The two versions of the survey corresponded to the two conditions in the study (see Appendix 1 and 2, pp. 114 and 116, respectively).

The two conditions within the study, the two levels of the independent variable (IV) were: use of graphic and bullet points (non-narrative condition) to describe corporate strategy and use of graphic and narrative (narrative condition) to describe corporate strategy. The graphic consisted of a graphic representation of the corporate strategy 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 index (as determined by the MS Word word count and readability index functions) and addressed the same underlying corporate strategy theme, using the same corporate strategy theme components but not necessarily presented in the same order. Since there was no reason to suspect an effect of order of the corporate strategy theme components on the consistency of choice of competitive advantage and/or confidence in that choice, the bulleted list and narrative were crafted to insure textual flow and readability without concern for parallel sequencing of the thematic components.

The outcome or dependent variables (DV) in this study included the selection of a single competitive advantage (drawn from Porter’s (1980) three basic competitive advantages: ‘Differentiation’, ‘Focus’, or ‘Cost Leader’) which the participant believed described the graphic and bullet points or narrative presented. The selection was accompanied by a rating (on a 5-point scale) of the confidence of the participant in his or her selection of a single competitive
advantage. A second set of dependent variables paralleled the first but allowed the participant to select more than one competitive advantage that best represents the graphic and bullet points or narrative presented, alone with a confidence rating. Finally, the participant was provided with an opportunity to describe in his or her own words what he or she believed the corporate strategy to be depicted in the graphic and bullet points or narrative presented. Demographic variables, such as age, years of experience in management, and gender were also collected.

The primary Null Hypothesis (H₀) assessed in this study was that there is no difference in terms of the pattern of competitive advantage choice and confidence in that choice between the non-narrative and narrative conditions assessed both by looking at single and multiple competitive advantages selected. The Alternative Hypothesis (H₁) was that the narrative condition will show more consistency in competitive advantage selection (whether single or multiple) and higher confidence ratings than the non-narrative condition.

Secondarily, the level of confidence rating in the choice of competitive advantage (whether single or multiple) 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 changes in strategic direction of a fictitious, communications company, as market saturation occurs and dictates change of strategy. The graphic showed flattened growth for core technology, expanding into adjacent markets and alternative business models, and remaining competitive on cost and efficiency in manufacturing. Although some elements of all three competitive advantages (‘Differentiation’, ‘Focus’, and ‘Cost Leader’) were present in the graphic, the graphic was designed to highlight the primary competitive advantage of this corporation as being one of differentiation on core
technology, innovation, and technological capability. Independent validity of this design was assessed by asking a group of subject matter experts to assess the competitive advantage depicted in the graphic.

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. Comparability between the bullet points and narrative was determined in terms of word count and readability. The MS Word word count and readability functions were used to insure that the bullet points and narrative contain approximately the same number of words and the same level of readability. Additionally, the bullet points and narrative contained the same underlying corporate strategy themes, using the same corporate strategy theme components but not necessarily presented in the same order.

The survey instrument itself consisted of the graphic and either the bullet points or the narrative followed by four close-ended questions (select a single competitive advantage, rate confidence, select multiple competitive advantages, rate confidence) and one open-ended question (“What do you believe this corporation’s corporate strategy is?”). Reliability of the survey instrument was determined for this study by inspection of an intercorrelation matrix for all four close-ended questions requiring a rating of confidence (ranging from r = .33 to r = .47). Correlations were also calculated among the competitive advantage selection questions (single and multiple) and a classification of the competitive advantage identified in the open-ended question (ranging from r = .02 to r = .17).

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 professional managers to
determine face validity. Correlations conducted in the reliability analysis described above were also used to assess concurrent validity and internal validity.

Additionally, a subset of the pilot testers agreed to participate in a cognitive interview while completing the pilot test. Two pilot testers were asked to report on their thoughts while completing the survey instrument (one for each version of the survey instrument corresponding to the two conditions described above). The pilot testers’ thoughts were recorded and checked against the intent of the survey instrument and the two different versions of the survey instrument.

The survey was administered at the end of each class meeting, on campus, at Georgetown University. Each participant was provided a consent form to read and sign. Once consent was obtained, each participant was handed a survey form representing one of 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 the condition they were assigned and complete the survey. The surveys were collected by the researcher. The data collected on the survey were coded, entered into a database, and analyzed using the SPSS statistical software tool.

Analysis

As no assumption can be made about the underlying distribution of choice of competitive advantage, whether singly or multiply, because that choice yields only nominal data, predications 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. Non-parametric methods were developed (and there is essentially one non-parametric statistical method for each parametric statistical method)
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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 from which the data is drawn are unknown, hence the name non-parametric. Two different non-parametric approaches were taken to analyze the choice of competitive advantage data.

First, since the non-narrative vs. narrative conditions of the independent variable is a between subjects variable and Chi Square analysis requires independence of observation, a single Chi Square analysis comparing the distribution of competitive advantage choice for the non-narrative and the narrative conditions (both for a single choice and a multiple choice of competitive advantage) was run. A Pearson’s Chi Square Test of Significance was conducted to determine the association between competitive advantage selected and competitive advantage expected (separately for single choice and multiple choice of competitive advantage) across the non-narrative and narrative conditions. In order to successfully reject the primary Null Hypothesis (above) a significant Chi Square result should be obtained indicating that the pattern of competitive advantage selection by condition does not conform to that expected by chance.

Second, since there are five possible choices (or combinations of choices) in the multiple choice of competitive advantage task (any single choice, combinations of two competitive advantages (3 possible combinations), and combination of all three competitive advantages), the frequency with which each possible choice (or combinations of choices) occurs can be used to rank order the five possible choices (or combinations of choices). By rank ordering the five, the choices (or combinations of choices) are rendered as ordinal (rank ordered) data. Once converted to ordinal data a Wilcoxon Rank Sum Test (Mann-Whitney U Test) for Independent Samples can be run. A Wilcoxon Rank Sum Test was conducted to determine the difference in median ranking for the non-narrative and narrative conditions when the choices of competitive
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advantage were converted to ordinal, ranked, data. As there are only three possible choices when a single choice of competitive advantage was made the Wilcoxon Rank Sum Test was not conducted on this data. However, since there is a possibility of five choices (as outlined above) when a multiple choice of competitive advantage(s) was made the Wilcoxon Rank Sum Test was conducted on this data. Additionally, a Normal Z approximation calculation was calculated. This is indicated when a data set is relatively large, as large data sets tend to approximate a normal distribution regardless of their non-parametric characteristics. This was not conducted as a primarily analysis as rendering the choices of competitive advantages into rankings based on the frequency of each choice essentially renders a sample size of 159 into a sample size of 5 (the ranking for each of the five possible choices (or combinations of choices) of competitive advantage). It is not clear that a sample size of 5 would be large enough to be considered a large sample size that would approximate a normal distribution. Therefore, the Normal Z approximation was used only as a supporting analysis. Finally, a Spearman's Rank Correlation Coefficient was calculated to analyze the relationship between the rankings of the competitive advantage choices under the non-narrative and the narrative conditions.

As assumptions can be made about the underlying distribution of the confidence of choice of competitive advantage, whether singly or multiply, because the confidence ratings yield interval data, predications 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. Parametric methods were developed specifically to allow for the analysis of data when assumptions can be made about the underlying distribution of the data, when the parameters of the population from which
the data is drawn are known, hence the name parametric. One parametric approach was taken to analyze the confidence of choice of competitive advantage data.

In order to investigate the relationships among the confidence ratings (associated with the single and the multiple choice of competitive advantage separately) and various demographic variables, a simple Multiple Regression analysis regressing condition (1=narrative, 0=non-narrative), age, years of management experience, and gender (1=male, 0=female) on confidence ratings (separately for single choice and multiple choice of competitive advantage) was conducted. With 159 independent observations, the incorporation of 4 variables (condition, age, years of management experience, and gender) as well as 3 second-order interaction effects (each demographic variable – age, years of management experience, and gender – interacting with condition), for a total of 7 variables in the regression equation (representing only 4% of the total observations) the resulting estimates of the regression line should be stable and replicable.

Although only relationships rather than causal mechanisms can be analyzed using regression techniques, the only significant predictive effect should be for condition and interaction effects between condition and the other predictor variables should not obtain.

Finally, the respondents’ answers to the open-ended question were analyzed using data mining techniques. The goal was to transform unstructured, textual information into meaningful numeric data. Initially, the simple count of the words ‘differentiation,’ ‘customer focus,’ and ‘cost leader’ and their derivatives were calculated and compared across conditions (using the Pearson’s Chi Square Test of Significance). Additionally, each answer to the open-ended question was rated as representing either the concept of ‘differentiation,’ ‘customer focus,’ or ‘cost leader,’ a combination of any two of these, a combination of all three of these, or none of the above. The ratings were conducted by three independent raters and inter-rater reliability was
calculated as a simple correlation (using the Spearman R as the ratings are non-parametric) of the
ratings between the two raters. The rated answers were correlated with answers to the close-
ended questions requiring the selection of a single and selection of multiple competitive
advantages (again using the Spearman R as the ratings are non-parametric) for validity purposes.
The rated answers were also compared across conditions (using the Pearson’s Chi Square Test of
Significance).

Corporate Study

Sample
The sample for this study consisted of 24 professionals (individual contributors and
managers) working in a medium-sized, defense contractor in the communications industry
sector. This relatively small sample of corporate professionals may not be of adequate size to
determine significance at the p=.05 level for continuous data (such as the confidence ratings) or
for categorical data (such as the competitive advantage choices) (Bartlett, Kotrlik, & Higgins,
2001). However, this sample was a sample of convenience as access to these professionals was
readily available. This sample’s inclusion in this research may help assess generalizability of the
results obtained from the Business School Study described above, and was included as a
secondary data set primarily for that reason. Within the sample of 24 professionals, individual
participants were randomly assigned to one of two conditions (described below) such that there
were 12 participants in each condition.

Design
A group of 45 professionals (individual contributors and managers) were identified at a
single medium-sized defense contractor in the communications industry sector, 24 of these
professionals responded to an e-mail request to complete the survey form described below, such
that 12 participants completed the softcopy survey forms corresponding to each of the two conditions of the study, respectively.

Just as in the Business School Study, the two conditions within the study, the two levels of the independent variable (IV) were: use of graphic and bullet points (non-narrative condition) to describe corporate strategy and use of graphic and narrative (narrative condition) to describe corporate strategy. The soft copy graphic consisted of a graphic representation of the corporate strategy 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 index (as determined by the MS Word word count and readability index functions) and addressed the same underlying corporate strategy theme, using the same corporate strategy theme components but not necessarily presented in the same order. Since there was no reason to suspect an effect of order of the corporate strategy theme components on the consistency of choice of competitive advantage and/or confidence in that choice, the bulleted list and narrative were crafted to insure textual flow and readability without concern for parallel sequencing of the thematic components.

The outcome or dependent variables (DV) in this study included the selection of a single competitive advantage (drawn from Porter’s (1980) three basic competitive advantages: ‘Differentiation,’ ‘Focus,’ or ‘Cost Leader’) which the participant believed described the graphic and bullet points or narrative presented. The selection was accompanied by a rating (on a 5-point scale) of the confidence of the participant in his or her selection of a single competitive advantage. A second set of dependent variables paralleled the first but allowed the participant to select more than one competitive advantage that best represents the graphic and bullet points or narrative presented, alone with a confidence rating. Finally, the participant was provided with an opportunity to describe in his or her own words what he or she believed the corporate strategy to
be depicted in the graphic and bullet points or narrative presented. Demographic variables, such as age, years of experience in management, and gender were also collected.

The primary Null Hypothesis ($H_0$) assessed in this study, just as in the Business School Study, was that there is no difference in terms of the pattern of competitive advantage choice and confidence in that choice between the non-narrative and narrative conditions assessed both by looking at single and multiple competitive advantages selected. The Alternative Hypothesis ($H_1$) was that the narrative condition will show more consistency in competitive advantage selection (whether single or multiple) and higher confidence ratings than the non-narrative condition.

Secondarily, the level of confidence rating in the choice of competitive advantage (whether single or multiple) should not vary by age of the subject, years of management experience, or gender of the subject for either condition.

**Procedure**

Just as in the Business School Study, the graphic was designed as a graph over time showing changes in strategic direction of a fictitious, communications company (in the same general industry sector as these professionals are employed), as market saturation occurs and dictates change of strategy (as similar economic environment to the one in which these professionals are currently working). The graphic showed flattened growth for core technology, expanding into adjacent markets and alternative business models, and remaining competitive on cost and efficiency in manufacturing. Although some elements of all three competitive advantages (‘Differentiation’, ‘Focus’, and ‘Cost Leader’) were present in the graphic, the graphic was designed to highlight the primary competitive advantage of this corporation as being one of differentiation on core technology, innovation, and technological capability. Independent validity of this design was assessed prior to the conduct of the Business School Study above by
asking a group of subject matter experts to assess the competitive advantage depicted in the graphic. No further independent validity assessed was deemed necessary for this study.

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. Comparability between the bullet points and narrative was determined in terms of word count and readability. The MS Word word count and readability functions were used to insure that the bullet points and narrative contained approximately the same number of words and the same level of readability. Additionally, the bullet points and narrative contained the same underlying corporate strategy themes, using the same corporate strategy theme components but not necessarily presented in the same order.

Just as in the Business School Study, the survey instrument itself consisted of the graphic and either the bullet points or the narrative followed by four close-ended questions (select a single competitive advantage, rate confidence, select multiple competitive advantages, rate confidence) and one open-ended question (“What do you believe this corporation’s corporate strategy is?”). Reliability of the survey instrument was determined for this study by inspection of an intercorrelation matrix for all four close-ended questions (ranging from \( r = .67 \) to \( r = .73 \)). Correlations were not calculated among the competitive advantage selection questions (single and multiple) and a classification of the competitive advantage identified in the open-ended question, as classification of the competitive advantage identified in the open-ended question was problematic (see below, p. 74).

Validity of the survey instrument was determined, prior to the Business School Study, 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, prior to the
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Business School Study, with a small group of professional managers to determine face validity. Correlations conducted in the reliability analysis described above were also used to assess concurrent validity and internal validity.

As pilot testing of the two survey forms was conducted prior to the Business School Study, and the same forms were used in this study, no additional pilot testing was conducted.

The survey was administered via e-mail in the Summer of 2010. Each participant was e-mailed a consent form to read, sign, and return. Along with the consent form, each participant was e-mailed a survey form representing one of two conditions as outlined above. Brief instructions were provided in the e-mail invitation to participate. The participants reviewed the graphic and read the bullet points or narrative depending upon the condition they were assigned and completed the survey at their own pace. The surveys (along with consent forms) were returned to the researcher, either electronically via e-mail or in hard copy. The data collected on the survey were coded, entered into a database, and analyzed using the SPSS statistical software tool.

Analysis

Just as in the Business School Study, as no assumption can be made about the underlying distribution of choice of competitive advantage, whether singly or multiply, because that choice yields only nominal data, predications 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. 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 from
which the data is drawn are unknown, hence the name non-parametric. Two different non-parametric approaches were taken to analyze the choice of competitive advantage data.

Just as in the Business School Study, first, since the non-narrative vs. narrative conditions of the independent variable is a between subjects variable and Chi Square analysis requires independence of observation, a single Chi Square analysis comparing the distribution of competitive advantage choice for the non-narrative and the narrative conditions (both for a single choice and a multiple choice of competitive advantage) were run. A Pearson’s Chi Square Test of Significance was conducted to determine the association between competitive advantage selected and competitive advantage expected (separately for single choice and multiple choice of competitive advantage) across the non-narrative and narrative conditions. In order to successfully reject the primary Null Hypothesis (above) a significant Chi Square result should be obtained indicating that the pattern of competitive advantage selection by condition does not conform to that expected by chance.

Second, since there are five possible choices (or combinations of choices) in the multiple choice of competitive advantage task (any single choice, combinations of two competitive advantages (3 possible combinations), and combination of all three competitive advantages), the frequency with which each possible choice (or combinations of choices) occurs can be used to rank order the five possible choices (or combinations of choices). By rank ordering the five, the choices (or combinations of choices) are rendered as ordinal (rank ordered) data. Once converted to ordinal data a Wilcoxon Rank Sum Test (Mann-Whitney U Test) for Independent Samples can be run. A Wilcoxon Rank Sum Test was conducted to determine the difference in median ranking for the non-narrative and narrative conditions when the choices of competitive advantage were converted to ordinal, ranked, data. As there are only three possible choices when
a single choice of competitive advantage was made the Wilcoxon Rank Sum Test was not conducted on this data. However, since there is a possibility of five choices (as outlined above) when a multiple choice of competitive advantage(s) was made the Wilcoxon Rank Sum Test was conducted on this data. Additionally, a Normal Z approximation calculation was calculated. This is indicated when a data set is relatively large, as large data sets tend to approximate a normal distribution regardless of their non-parametric characteristics. This was not conducted as a primary analysis as rendering the choices of competitive advantages into rankings based on the frequency of each choice essentially renders a sample size of 24 into a sample size of 5 (the ranking for each of the five possible choices (or combinations of choices) of competitive advantage). It is not clear that a sample size of 5 would be large enough to be considered a large sample size that would approximate a normal distribution. Therefore, the Normal Z approximation was used only as a supporting analysis. Finally, a Spearman's Rank Correlation Coefficient was calculated to analyze the relationship between the rankings of the competitive advantage choices under the non-narrative and the narrative conditions.

Just as in the Business School Study, as assumptions can be made about the underlying distribution of the confidence of choice of competitive advantage, whether singly or multiply, because the confidence ratings yields interval data, predications about how repeated samples (non-narrative and narrative conditions, for example) will behavior, how repeated samples will be distributed, can be made. This leads directly to the ability to employ parametric statistical analysis. Parametric methods were developed specifically to allow for the analysis of data when assumptions can be made about the underlying distribution of the data, when the parameters of the population from which the data is drawn are known, hence the name parametric. One
parametric approach was taken to analyze the confidence of choice of competitive advantage data.

In order to investigate the relationships among the confidence ratings (associated with the single and the multiple choice of competitive advantage separately) and various demographic variables, a simple Multiple Regression analysis regressing condition (1=narrative, 0=non-narrative), age, years of management experience, and gender (1=male, 0=female) on confidence ratings (separately for single choice and multiple choice of competitive advantage) was conducted. With 24 independent observations, the incorporation of 4 variables (condition, age, years of management experience, and gender) as well as 3 second-order interaction effects (each demographic variable – age, years of management experience, and gender – interacting with condition), for a total of 7 variables in the regression equation (representing only 29% of the total observations) the resulting estimates of the regression line should be interpreted cautiously as the results may not be stable or replicable. Although only relationships rather than causal mechanisms can be analyzed using regression techniques, the only significant predictive effect should be for condition and interaction effects between condition and the other predictor variables should not obtain.

Finally, unlike in the Business School Study, the respondents’ answers to the open-ended question were not analyzed using data mining techniques. Upon initial review of the respondents’ answers to the open-ended question it became clear that the subjects in this study misinterpreted the open-ended question as asking about their company and corporate strategy rather than the company and corporate strategy depicted in the graphic and bulleted list or narrative. Therefore, it is not clear whether the conditions (narrative, non-narrative) were related in any way to the respondents’ answers to the open-ended questions.
Chapter 5

Business School Study

Demographics
The 159 subjects included in this study consisted of 119 students enrolled in two MBA courses at Georgetown University and 40 students enrolled in an undergraduate business course at Georgetown University. One hundred eight of the subjects were male (81 from the MBA courses, 27 from the undergraduate course) and 51 were female (38 from the MBA courses, 13 from the undergraduate course). The average age of the subjects was 26.43 years (28.19 for the MBA students, 21.23 for the undergraduate students). The average years of management experience was 1.89 years (2.29 for the MBA students, 0.70 for the undergraduate students).

The 159 subjects were equally distributed over the narrative and non-narrative conditions. Analysis of all results independently for the MBA and undergraduate student subjects revealed no significant differences. Therefore, the groups were combined for all analyses reported here. The narrative condition consisted of 78 subjects (58 from the MBA courses, 20 from the undergraduate course). The non-narrative condition consisted of 81 subjects (61 from the MBA courses, 20 from the undergraduate course).

There were no significant differences in gender distribution, age, or years of management experience across the two conditions, narrative and non-narrative.

Non-parametrics

A Pearson’s Chi Square Test of Significance comparing the actual distribution of competitive advantage choices (differentiation, focus, cost leader) across the narrative and non-narrative conditions differed significantly ($\chi^2 = 35.76, p < .001$) from the distribution expected if the choices were random. In the non-narrative condition 36 subjects selected differentiation, 21
subjects selected focus, and 24 subjects selected cost leader when asked which competitive advantage best represents the corporate strategy presented in the bulleted list. In the narrative condition 68 subjects selected differentiation, 9 subjects selected focus, and 1 subject selected cost leader when asked which competitive advantage best represents the corporate strategy presented in the narrative.

Similarly, when given the option to select more than one competitive advantage in response to either the narrative or non-narrative condition, a Pearson’s Chi Square Test of Significance comparing the actually distribution of competitive advantage choices (any choice of only a single competitive advantage, differentiation and focus, differentiation and cost leader, focus and cost leader, or all three) across the narrative and non-narrative conditions differed significantly ($\chi^2 = 37.33$, $p < .001$) from the distribution expected if the choices were random. In the non-narrative condition 4 subjects selected only a single competitive advantage (even though given the opportunity to select more than one), 27 subjects selected differentiation and focus, 30 subjects selected differentiation and cost leader, 11 subjects selected focus and cost leader, and 9 subjects selected all three. In the narrative condition 8 subjects selected only a single competitive advantage, 56 selected differentiation and focus, 10 subjects selected differentiation and cost leader, 3 subjects selected focus and cost leader, and no subject selected all three.
The Wilcoxon Rank Sum Test (Mann-Whitney Test) revealed a significantly different (Mann-Whitney U = 1711.50, p < .001) distribution of ranks for the narrative and non-narrative conditions. Ranks were calculated by rank ordering the most frequently occurring choice in each condition. The normal z approximation was also significant (z = -10.25, p < .001) substantiating the difference in relative rankings across the conditions.

**Parametrics**

The average confidence rating (on a five-point scale) of the subjects' selections of a single competitive advantage was 4.13 in the narrative condition and 3.35 in the non-narrative condition. A Student’s T-Test revealed that this difference of 0.78 points was significant (p < .001). The average confidence rating of the subjects’ selections of competitive advantage when given the opportunity to select more than one competitive advantage was 4.26 in the narrative condition and 3.74 in the non-narrative condition. A Student’s T-Test revealed that this difference of 0.52 points was significant (p < .001).

A multiple regression analysis conducted on the confidence ratings for making a single choice of competitive advantage aimed at investigating the relationship among the various demographic variables, condition, and the confidence ratings revealed a regression equation predicting about 14% of the variation in the confidence rating ($R^2 = 0.149$, $F = 6.69$, $p < .001$), with condition (narrative and non-narrative) providing the only significant contribution to the equation ($t = 5.12$, $p < .001$). Age, gender, and years of management experience did not significantly predict confidence ratings.

See Table 3.
A multiple regression analysis conducted on the confidence ratings when given the opportunity for making a choice of multiple competitive advantages aimed at investigating the relationship among the various demographic variables, condition, and the confidence ratings revealed a regression equation predicting about 10% of the variation in the confidence rating (R² = 0.096, F = 4.04, p < .01), with condition (narrative and non-narrative) providing the only significant contribution to the equation (t = 3.64, p < .001). Age, gender, and years of management experience did not significantly predict confidence ratings.

See Table 4.

Corporate Study

Demographics

The 24 subjects included in this study consisted of professionals working for a medium-sized defense contractor in the communications industry sector. Twenty of the subjects were male and 4 were female. The average age of the subjects was 43.88 years (ranging from 24 to 66). The average years of management experience was 8.67 years (ranging from 0 to 27).

The 24 subjects were equally distributed over the narrative and non-narrative conditions, with 12 subjects in each condition. Of the 4 female subjects, 3 were in the non-narrative condition and 1 was in the narrative condition. There were no significant differences in age, or years of management experience across the two conditions, narrative and non-narrative.

Non-parametrics

A Pearson’s Chi Square Test of Significance comparing the actual distribution of competitive advantage choices (differentiation, focus, cost leader) across the narrative and non-narrative conditions differed significantly (χ² = 13.96, p < .001) from the distribution expected if
the choices were random. In the non-narrative condition 1 subject selected differentiation, 8
subjects selected focus, and 3 subjects selected cost leader when asked which competitive
advantage best represents the corporate strategy presented in the bulleted list. In the narrative
condition 10 subjects selected differentiation, 2 subjects selected focus, and 0 subjects selected
cost leader when asked which competitive advantage best represents the corporate strategy
presented in the narrative.

See Table 5

When given the option to select more than one competitive advantage in response to
either the narrative or non-narrative condition, a Pearson’s Chi Square Test of Significance
comparing the actual distribution of competitive advantage choices (any choice of only a single
competitive advantage, differentiation and focus, differentiation and cost leader, focus and cost
leader, or all three) across the narrative and non-narrative conditions approached a significance
difference ($\chi^2 = 5.57, p = .062$) from the distribution expected if the choices were random. In
the non-narrative condition 0 subjects selected only a single competitive advantage (even though
given the opportunity to select more than one), 6 subjects selected differentiation and focus, 0
subjects selected differentiation and cost leader, 6 subjects selected focus and cost leader, and 0
subjects selected all three. In the narrative condition 0 subjects selected only a single
competitive advantage, 10 selected differentiation and focus, 1 subject selected differentiation
and cost leader, 1 subject selected focus and cost leader, and 0 subjects selected all three.

See Table 6
The Wilcoxon Rank Sum Test (Mann-Whitney Test) approached a significantly different (Mann-Whitney U = 45.00, p = .059) distribution of ranks for the narrative and non-narrative conditions. Ranks were calculated by rank ordering the most frequently occurring choice in each condition. The normal z approximation was not significant (z = -1.89, p = .128).

**Parametrics**

The average confidence rating (on a five-point scale) of the subjects’ selections of a single competitive advantage was 3.75 in the narrative condition and 3.58 in the non-narrative condition. A Student’s T-Test revealed that this difference of 0.17 points was not significant (p = .735). The average confidence rating of the subjects’ selections of competitive advantage when given the opportunity to select more than one competitive advantage was 3.50 in the narrative condition and 3.50 in the non-narrative condition.

A multiple regression analysis conducted on the confidence ratings for making a single choice of competitive advantage aimed at investigating the relationship among the various demographic variables, condition, and the confidence ratings revealed a regression equation predicting about 19% of the variation in the confidence rating ($R^2 = 0.188$, $F = 1.097$, $p = .378$), with no variable significantly predicating confidence ratings.

See Table 7

A multiple regression analysis conducted on the confidence ratings when given the opportunity for making a choice of multiple competitive advantages aimed at investigating the relationship among the various demographic variables, condition, and the confidence ratings
revealed a regression equation predicting about 13% of the variation in the confidence rating ($R^2 = 0.126, F = 4.04, p < .01$), with no single variable significantly predicating confidence ratings.

Summary of Findings

The research reported here indicates that when MBA and undergraduate business students are presented with a narrative account of the corporate strategy of a fictitious company and a bullet-point list account of that corporate strategy, those who reviewed the narrative account were more consistent in their choice of which one of Michael Porter’s (1980) three competitive advantages (Differentiation, Focus, Cost Leader) the narrative represented. Additionally, when presented with the same narrative or bullet-point list account of corporate strategy but given the option to select more than one of Michael Porter’s (1980) three competitive advantages, the MBA and undergraduate business students were more consistent in their choice of competitive advantages when presented with the narrative.

With regards to the confidence these MBA and undergraduate business students felt in their choices, when forced to make a single choice of competitive advantage, students exposed to the narrative account of corporate strategy were significantly more confident in their choice of competitive advantage depicted in that narrative than students presented with the bullet-point list of corporate strategy. Similarly, when given the option to choose more than one of the three competitive advantages, students exposed to the narrative account of corporate strategy were significantly more confident in their choice of competitive advantage depicted in that narrative than students presented with the bullet-point list of corporate strategy.
In both cases, neither age of the students, nor gender of the students, nor years of management experience, that the students had, contributed to their confidence in their choices.

On the other hand, when a similar procedure was implemented with a smaller group of corporate professionals working in an industry sector similar to the one depicted in the narrative and bullet-point list of corporate strategy, those who reviewed the narrative account were significantly more consistent in their choice of which one of Michael Porter’s (1980) three competitive advantages (‘Differentiation’, ‘Focus’, ‘Cost Leader’) the narrative presented. However, when presented with the same narrative or bullet-point list account of corporate strategy but given the option to select more than one of Michael Porter’s (1980) three competitive advantages, these professionals were somewhat though insignificantly more consistent in their choice of competitive advantages when presented with the narrative.

With regards to the confidence these professionals felt in their choices, when forced to make a single choice of competitive advantage, professionals exposed to the narrative account of corporate strategy were not significantly more confident in their choice of competitive advantage depicted in that narrative than professionals presented with the bullet-point list of corporate strategy. Similarly, when given the option to choose more than one of the three competitive advantages, professionals exposed to the narrative account of corporate strategy were not significantly more confident in their choice of competitive advantage depicted in that narrative than professionals presented with the bullet-point list of corporate strategy.

In both cases, neither age of the professionals, nor gender of the professionals, nor years of management experience, that the professionals had, contributed to their confidence in their choices.
Chapter 6

Intriguingly, a narrative presentation of corporate strategy would appear to be a more effective means by which employees can be led to understand what that strategy is than a bullet-point list of facts and figures reminiscent of the typical PowerPoint presentation. Evidence presented here, leveraging a methodology borrowed from Martin and Feldman (Martin, et al., 1983) and adapted to assess understanding of corporate strategy, shows that when undergraduate and MBA students are presented with a written narrative about a fictitious company’s corporate strategy the students are more consistent in their choice of what competitive advantage this written narrative represents and are more confident in this choice than are those students (undergraduate and MBA) presented a written bulleted list of the same information. Similarly, when professionals ranging from individual contributors to senior managers in a corporate setting are presented with the same written narrative or bulleted list depicting a fictitious company’s corporate strategy these professionals respond the same way. The professionals are more consistent in their choice of what competitive advantage the written narrative represents though not more confident in their choices of competitive advantage than are professionals presented a written bulleted list of the same information. Interestingly, when allowed to select more than one competitive advantage in response to the written narrative or bulleted list the professionals, but not the students, were not more consistent in their selection of multiple competitive advantages or confident in that selection.

What is going on here? Why are these students and professionals more consistent and confident in their identification of corporate strategy when presented with a narrative rather than with the same information in a bulleted list? Was the information in the bulleted list somehow
not informative enough? Or is there something else going on, something else that may in fact be inherent in the use of bulleted lists of information, typical of the average PowerPoint presentation? Could it be that PowerPoint type presentations of bullet points, charts and graphs, and colorful graphics are not the most effective way to create, disseminate and execute strategy? Could it be that something else is needed? The evidence here would suggest that that something else is a narrative or story outlining corporate strategy.

Although it might be heretical to treat an almost by definition postmodern phenomenon in a modernist way, at least one model of postmodern social construction of reality would seem to predict these results. John Searle’s (1995) notions of brute, social, and institution facts, their development and arrangement would seem to predict the results found here. Searle (1995) basically argues that there are three types of facts. There are brute facts, which are facts as they are, irrespective of anyone knowing those facts, facts that exist independent of any observer of these facts. There are social facts, which are facts that a group agrees are facts, the facts that a group of people agree are facts, but may differ from another group of people. And then there are institutional facts, these are the socially constructed facts. One example of an institutional fact is a story or narrative. Searle (1995) argues that institutional facts are created out of brute facts via social facts, but are treated as true in and of themselves by individuals, who no longer can make the connection to the brute fact on which that institutional fact was founded. Even so, these facts guide the behavior of those groups that formed these institutional facts.

So it would appear with corporate strategy. At the brute fact level, corporate strategy may simply consist of employee observations of day-to-day decisions and actions from which is abstracted an idiosyncratic, unofficial corporate strategy. Over time, employees share these experiences and attend meetings where facts and figures are presented that are consistent (or
inconsistent) with their abstracted, idiosyncratic, unofficial version of corporate strategy.

Finally, these shared (agreed upon) abstracted, idiosyncratic, unofficial corporate strategy statements become reified as they are passed from long-tenured employee to newer employees. The abstracted, idiosyncratic, unofficial corporate strategy becomes reified in the sense that the newer employees exposed to this corporate strategy do not have the historical knowledge to connect the socially agreed upon corporate strategy with the day-to-day decisions and actions and facts and figures presented to support the abstracted, idiosyncratic, unofficial corporate strategy.

If, however, senior leadership wanted to intervene in the development of this understanding of corporate strategy the application of Searle’s (1995) notions might suggest that a facts and figures intervention, not unlike the bulleted list, non-narrative condition in this study, would be an appropriate means for altering the understanding of the day-to-day decisions and actions that are the brute facts that lead to social and then institutional facts. However, once the institutional fact has been inculcated within the organization, only another institutional fact, a narrative, not unlike the narrative presented in the narrative condition of this study, would be required.

There would appear to be tangential empirical and theoretical support for the application of Searle’s (1995) notions in this way. Cognitive science shows that memorable information is more likely to be remembered and acted upon (Swap, Leonard, Shields, & Abrams, 2001; Shaw, Brown, & Bromiley, 1998). Therefore, anything, for example, a narrative, which makes information more memorable, is more likely to lead to effective action. Additionally, neuroscience shows that humans fundamentally structure experiences in a narrative form (Reamy
2002a; 2002b). Narrative may be a natural skill for humans because we as humans experience our lives in narrative form (Fleming, 2001; Marshall & Adamic, 2010).

Denning (2008a) suggests that there are basically two approaches to conveying complex information: the analytic approach which is primarily cognitive and the narrative approach which is primarily emotional. This is at least reminiscent of Searle’s (1995) distinction between brute and institutional facts. The key insight here is that the audience of a narrative is emotionally motivated to create its own narratives which are inspired by the narrative heard (Denning, 2008a). This is how narrative has a personal impact on people and allows people to comprehend and remember complex content. Narratives are powerful because of the way they enhance human memory and are connected to human emotion (McConkie & Boss, 1994; Poundsford, 2007). Narratives help people understand complex issues and connect the rational brain with the emotional brain (Parkin, 2004; Poundsford, 2007; Gold, 1996; Marzec, 2007). Narratives make information more memorable because narratives are vivid, engaging, entertaining, and easily related to personal experience (Swap, et al., 2001; Wilkens, 1983; Morgan & Dennehy, 1997).

There is at least some empirical support for the notion that a more cognitive approach to disseminating strategy through bullet points, graphs and charts, and graphics is less then effective at creating a common understanding of that corporate strategy. In a study prior to this dissertation, Carriger (2010) presented empirical support for such a notion. A survey of various employees, representing a cross-section of a mid-sized communications organization, who were exposed to a PowerPoint type presentation covering corporate strategy change, showed wide inconsistency in choice of competitive advantage that this corporate strategy change represented and decreased confidence in this choice.
Therefore, a leader charged with executing a new strategy in an organization may be more effective, in terms of his or her employees’ motivation to execute that strategy and, understanding of that strategy, by leveraging narrative in the execution of strategy -- leveraging narrative’s ability to access emotion and leveraging narrative’s ability to convey complex ideas. This, in fact, may be more effective than the traditional cognitive approach of PowerPoint presentations of bullet points, graphs and charts; and clarifying decision rules, promoting information flow, and restructuring the organization. Evidence presented here would appear to support this tangential line of reasoning.

On the other hand, a compelling argument would be made for the model here, based on Searle’s (1995) notions of brute, social, and institutional facts, if it could be shown that newer employees to an organization are just as influenced by the facts and figures, brute facts, in forming a notion of corporate strategy, if at the same time disconnected from the reification of the institutional fact being passed to them. In other words, one could imagine a differential effect of a non-narrative and a narrative intervention on newer versus long-termed employees if the naturally evolving narrative within the organization could be controlled. Although years of experience (which is only a weak stand-in for length of tenure with one company) showed no impact on choice of competitive advantage and confidence in that choice in this research, the corporate strategy described was presented as a fictitious company and the years of experience that any particular subject had, was obviously not with this fictitious company. An interesting alternative approach to the research here would be to differentially present corporate strategy both in terms of facts and figures (non-narrative approach) and written or, better yet, spoken, narrative (narrative approach) and assess the differential impact of tenure on employees’ understanding of corporate strategy with each approach.
All of this is predicated on the notion that a model of the social construction of reality can be crafted that would lend itself to empirical validation. This is a decidedly modernist approach to a theoretically postmodern concept, narrative. There is presumably a reason that John Searle is considered an anachronistic proponent of the social construction of reality. But as Ian Hacking (1999) points out there are two ways to think about the social construction of reality. Social constructionist theory can be broadly divided into two camps (Hacking, 1999): strong social constructivism and weak social constructivism. Strong social constructivism posits that there is no underlying objective reality or objective fact to which the socially constructed concept or mental representation originally corresponded. In other words, even something seemingly objective, such as a mountain, is only a mountain because groups of people have agreed that it is a mountain rather than an undifferentiated clump of earth. Weak social constructivism on the other hand, posits that socially constructed reality is founded on an initial correspondence between the concepts and mental representations that people form in groups and some preexisting objective reality. However, this correspondence fades as these concepts and mental representations are passed from generation to generation and accepted as given.

John Searle’s (1995) notions of brute, social, and institutional facts, their creation and arrangement, would seem to fall into the weak social constructionist camp. Given the focus on correspondence between underlying existing objective reality and the concepts or mental representations that people form about this reality, does it seem unreasonable to treat this weak form of social construction of reality empirically from a modernist perspective?

As Fisher (1985) points out, one can think of the modern approach, in terms of narrative and communication, as a ‘rational world paradigm’ (Fisher, 1985). Humans are essentially rational, the principle mode of communication is argumentation, argumentation is ruled by
reason, reason and rationality are determined by subject-matter knowledge, and the world is simply a set of puzzles to be solved through analysis and application of reason. However, the postmodern approach, in terms of narrative and communication, can be viewed as a ‘narrative paradigm’ (Fisher, 1985). Humans are essentially storytellers, the principle mode of communication is ‘good reasons’, ‘good reasons’ is ruled by experience, experience is determined by history, biology, culture, and character, and the world is simply a set of stories which must be chosen among. At least from Fisher’s (1985) perspective it would appear the narrative, a decidedly postmodern concept, can be understood either in modernist or post-modern terms. This research obviously took the decidedly postmodern notion of narrative and leveraged a decidedly modernist scientific approach to evaluate the usefulness of narrative as a leadership tool, with specific application to the dissemination and execution of corporate strategy. In Fisher’s (1985) terms narrative was treated within a ‘rational world paradigm’, leveraging argumentation and reason (scientific method) to assess the effective use of narrative or storytelling. And there is at least one precedent set for doing so in Martin and Feldman’s work (Martin, et al., 1983).

Limitations of the Study

That being said, empirically, caution should be taken in interpreting these results. One confounding factor in the design of this study was the sequencing of corporate strategy theme components in the narrative and non-narrative conditions. The bullet points and narrative were crafted to contain approximately the same number of words and the same readability index (as determined by the MS Word word count and readability index functions) and addressed the same underlying corporate strategy theme, using the same corporate strategy theme components but not necessarily presented in the same order. Since there was no reason to suspect an effect of
order of the corporate strategy theme components on the consistency of choice of competitive advantage and/or confidence in that choice, the bulleted list and narrative were crafted to insure textual flow and readability without concern for parallel sequencing of the thematic components. However, a replication of these results with the narrative and non-narrative conditions crafted using parallel corporate strategy theme components would seem prudent.

Additionally, a cognitive interview conducted with four professionals during the pilot phase of this research indicated that for at least one of these pilot testers there was some confusion about the question on the survey instrument that referred to choosing “more than one” competitive advantage (“If you could choose MORE than one, which ONES of Porter’s (1985) three competitive advantages best describes the corporate strategy of the company above?”). For at least one subject in the cognitive interview it was unclear to him or her whether he or she should pick the two (or more) competitive advantages that he or she believed either the narrative or bulleted list represent for that particular question or whether he or she should pick the ADDITIONAL competitive advantage, additional to the one already selected in the immediately preceding question (“If you had to choose one, which one of Porter’s (1985) three competitive advantages best describes the corporate strategy of the company above?”) and therefore only select an additional one competitive advantage in the choose “more than one” question. Since the results reported here were robust across two divergent samples of subjects and for both a single and a multiple choice of competitive advantage (expect for when the professionals were given the opportunity to select more than one competitive advantage) the wording of this particular question may not have adversely impacted the results. However, replication of these results with a slight rewording of the choose “more than one” competitive advantage question to make it clear that the question is asking for the subject to select one, two, or all three competitive
advantages in that question rather than just additional selections, in addition to the one selected in the immediately preceding question, would seem prudent.

More generally, replication of this study with a wider array of subjects, especially expanding the pool of subjects to include more professionals may be important to show the generalizability of the results found here. Additionally, replication of the study with a divergent set of leadership challenges, other than dissemination and explication of corporate strategy (for example, forging or changing corporate culture or developing corporate leaders) may be important to show the robustness of the use of narrative as a leadership tool. Finally, replication of this study with a different set of delivery methods (for example, videotaped or live presentation of the narrative and/or bulleted list rather than just a written presentation) may be important to show the direct application of narrative use to leadership challenges and situations.

**Future Research**

Along this same line, future research in narrative use by leaders should take the research out of the ‘laboratory’ (use of written narrative and survey in a simulated corporate environment) and assess the impact of narrative in the field. For example, a somewhat more complicated design (complicated by the field environment) may include a test-retest approach in which employees’ understanding of a real-life corporate strategy is assessed prior to the senior leader presenting the strategy in narrative form. The employees can then be reassessed after the presentation to investigate any changes in their understanding that may have resulted from the senior leader presentation. Of course, the difficulty in approaching the use of narrative by leaders in this way is the ability, in the field, to isolate employees’ understanding of corporate strategy, in this case, to the narrative told by the senior leader as opposed to all the myriad factors that could have impacted the employees’ understanding.
In order to maximize the effect of narratives in this field context, an additional line of research might be useful, in which evidence about narrative best-practice is gathered naturalistically from leaders who have been identified as very effective leaders. Though there is much theoretical conception of what constitutes an effective narrative (see for example, Denning, 2008a, 2008b, 2006a, 2006b, 2005a, 2005b, 2004a, 2004b, 2001), there seems to be little empirical support for this conception. Of course, the difficulty here would be to rigorously and quantitatively identify what constitutes an effective narrative in a leadership challenge context. Ironically, this might be facilitated by listening to the narratives that veteran leaders who are skilled in narrative or storytelling tell. The focus would be not so much on the content of the stories told but on the ways in which the stories are told.

Finally, what to do about those directors sitting in that conference room, with that consultant, not able to identify the competitive advantage of the company?

The entire coterie of directors for a medium-sized, defense contractor sits around a conference table in April of 2007, being lead by a management consult through a corporate strategy exercise. The organization had experienced rapid growth over the past five years and shifting strategic priorities, much of which had been unplanned. The consultant asks the directors to explain their corporate strategy. The directors cannot comply. They cannot identify a consistent, comprehensive strategy. This is rather surprising given that three months earlier these same directors sat at the all-hands meeting at which the CEO of the organization delivered a PowerPoint presentation, replete with bullet points, graphs and charts, and a colorful pyramid graphic outlining the corporate strategy. Yet three months out various directors from different functional areas within the organization see the corporate strategy very differently. Some see the
corporation as focusing on innovation and technology (‘Differentiation,’ Porter, 1980),
some see the corporation as focusing on markets and customers (‘Focus,’ Porter, 1980),
and yet some, though a minority, see the corporation as focusing on low cost leadership
(‘Cost Leader,’ Porter, 1980). When pressed by the consultant it is clear that each
director in his or her own right sees the corporation as some combination of these three,
but the combinations differ and vary. The conclusion these directors come to is that the
corporation is a differentiated, market focused, low cost leader! This is exactly what
Porter (1980) argues is the kiss of death of any company.

What is going on here? Why couldn’t these directors identify a consistent,
comprehensive corporate strategy? Evidence here would suggest that this is because the senior
leader did not convey the corporate strategy via narrative.
References


Figures

Figure 1 – The Model

Currency Example

Exchange of lump of gold for a good → Group agrees that one lump of gold is represented by script which can be exchanged for a good → Script (dollar bill) represents one dollar’s worth of exchange for a good

Management Example

Employees observe day-to-day decisions and actions and abstract an idiosyncratic corporate strategy → Employees share these experiences and attend meetings where facts and figures are presented about these idiosyncratic notions → The spontaneous, idiosyncratic notions of strategy become the “corporate strategy”, how things are done?

Facts and Figures Interventions – such as PowerPoint Presentations, Management by Objectives, Balanced Scorecards

Narrative Interventions – such as “Springboard” stories, “Identity” stories, or “Corporate” stories.
Tables

Table 1 – Business School Study - Pearson’s Chi Square Test of Significance – Single Choice of Competitive Advantage

<table>
<thead>
<tr>
<th>Actual</th>
<th>Competitive Advantage Single Choice</th>
<th>Cost</th>
<th>Leader</th>
</tr>
</thead>
<tbody>
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<td></td>
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<td>Focus</td>
<td></td>
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<td>21 (15.28)</td>
<td>24 (12.74)</td>
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<td>1 (12.26)</td>
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\[ \chi^2 = 35.76, \ p < .001 \]

*expected values in parentheses

Table 2 – Business School Study - Pearson’s Chi Square Test of Significance – Multiple Choice of Competitive Advantage

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<tr>
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<td>Diff-Cost</td>
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\[ \chi^2 = 37.33, \ p < .001 \]

*expected values in parentheses
Table 3 – Business School Study - Regression Analysis – Single Choice of Competitive Advantage

**ANOVA**

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a. Predictors: (Constant), Experience, Condition, Gender, Age
b. Dependent Variable: Q2

c. **Coefficients**

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da. Dependent Variable: Q2
Table 4 – Business School Study - Regression Analysis – Multiple Choice of Competitive Advantage

**ANOVA**

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<th>Sig</th>
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a. Predictors (Constant), Experience, Condition, Gender, Age
b. Dependent Variable: Q4

**Coefficients**

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<th>Model</th>
<th>Unstandardized Coefficients</th>
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a. Dependent Variable: Q4
Table 5 – Corporate Study - Pearson’s Chi Square Test of Significance – Single Choice of Competitive Advantage

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<th>Actual</th>
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<th>Cost</th>
<th>Leader</th>
<th>Count</th>
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\[ \chi^2 = 13.96, p = .001 \]

*expected values in parentheses

Table 6 – Corporate Study - Pearson’s Chi Square Test of Significance – Multiple Choice of Competitive Advantage

<table>
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<tr>
<th>Actual</th>
<th>Single</th>
<th>Diff-Focus</th>
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\[ \chi^2 = 5.57, p = .062 \]

*expected values in parentheses
Table 7 – Corporate Study - Regression Analysis – Single Choice of Competitive Advantage

### ANOVA

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a. Predictors: (Constant), Experience, Condition, Gender, Age
b. Dependent Variable: Q2

### Coefficients

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<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
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<td>B</td>
<td>Std. Error</td>
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a. Dependent Variable: Q2
Table 8 – Corporate Study - Regression Analysis – Multiple Choice of Competitive Advantage

### ANOVA

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<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
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- a. Predictors: (Constant), Experience, Condition, Gender, Age
- b. Dependent Variable: Q4

### Coefficients

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- a. Dependent Variable: Q4
Appendices

Appendix 1 – Non-narrative Condition

In order for this company to succeed, we need to exploit the following competitive advantage; that is, we need to execute the following corporate strategy:

- We need to maintain our competitiveness by being more cost conscious. We need to drive cost down and pass the savings on to our customers in the form of the lowest possible price.
  - However, we are limited by the size of our company in terms of how low we can drive down cost and price. We cannot afford lower than market pricing.
- We need to maintain our advantage in our innovative core technology. We need to capitalize on what we do best: design and manufacture innovative products.
  - However, as the market is flattening, this will not account for any growth into the future.
- We need to approach new markets. We need to deliver our innovative technology in new ways and to new markets.
  - Always remaining close to our customers in whatever market we target.

The Function of Narrative in Leadership

According to Michael Porter (1985) there are three types of competitive advantages for any company.
- The Differentiation competitive advantage is characterized by a broad market focus involving the creation of a product or service that is perceived as unique throughout the market or industry. Because the product or service is viewed as unique throughout the market the company can charge a premium price for the product or service.
- The Focus competitive advantage is characterized by a concentration on a select few target markets. It is hoped that by focusing on one or two select target markets the company can tailor its products or services to meet the customer demand in those target markets.
- Finally, the Cost Leadership competitive advantage is characterized by a focus on efficiency, cost reduction, and high volume. The company produces high volumes of standardized products in the hopes of taking advantage of economies of scale and experience greater market share and competitive advantage.
1. If you had to choose one, which one of Porter’s (1985) three competitive advantages best describes the corporate strategy of the company above?
   - Differentiation
   - Focus
   - Cost Leadership

2. How confident are you that the competitive advantage you chose in the previous question is actually the competitive advantage that this company is executing at the present time?
   - Unconfident
   - Somewhat Unconfident
   - Somewhat Confident
   - Confident

3. If you could choose MORE than one, which ONES of Porter’s (1985) three competitive advantages best describes the corporate strategy of the company above?
   - Differentiation
   - Focus
   - Cost Leadership

4. How confident are you that the competitive advantage you chose in the previous question is actually the competitive advantage that this company is executing at the present time?
   - Unconfident
   - Somewhat Unconfident
   - Somewhat Confident
   - Confident

5. In your own words, briefly describe what you think this company’s corporate strategy is (feel free to use the back of this page if you need more space).

6. Age:

7. Years of Management Experience:

8. Gender:
Appendix 2 – Narrative Condition

“I tell you Joe, one of these days I am going to tell our engineers to design a pink radio and tell our sales people to sell that pink radio to the Marines! I just want to see how long it takes our competitors to follow us there!” What are you talking about Phil, I thought to myself. But, after a few minutes’ thought, it struck me that Phil was describing our corporate strategy.

Our competitive advantage is our innovative technology, though this market is flattening, and targeting new markets. Our major competitors always follow us into those new technologies and new markets. Of course, we always want to push our costs down so that we can stay competitive and pass the savings on to our customers. But we can’t beat our competitors on price, we are not big enough and cannot afford lower than market pricing. We need to continue to exploit our innovative technology and pursue new markets if we are to succeed.

The Function of Narrative in Leadership

According to Michael Porter (1985) there are three types of competitive advantages for any company.

- The Differentiation competitive advantage is characterized by a broad market focus involving the creation of a product or service that is perceived as unique throughout the market or industry. Because the product or service is viewed as unique throughout the market the company can charge a premium price for the product or service.
- The Focus competitive advantage is characterized by a concentration on a select few target markets. It is hoped that by focusing on one or two select target markets the company can tailor its products or services to meet the customer demand in those target markets.
- Finally, the Cost Leadership competitive advantage is characterized by a focus on efficiency, cost reduction, and high volume. The company produces high volumes of standardized products in the hopes of taking advantage of economies of scale and experience greater market share and competitive advantage.
1. If you had to choose one, which one of Porter’s (1985) three competitive advantages best describes the corporate strategy of the company above?
   - Differentiation
   - Focus
   - Cost Leadership

2. How confident are you that the competitive advantage you chose in the previous question is actually the competitive advantage that this company is executing at the present time?
   - Unconfident
   - Somewhat Unconfident
   - Somewhat Confident
   - Confident

3. If you could choose MORE than one, which ONES of Porter’s (1985) three competitive advantages best describes the corporate strategy of the company above?
   - Differentiation
   - Focus
   - Cost Leadership

4. How confident are you that the competitive advantage you chose in the previous question is actually the competitive advantage that this company is executing at the present time?
   - Unconfident
   - Somewhat Unconfident
   - Somewhat Confident
   - Confident

5. In your own words, briefly describe what you think this company’s corporate strategy is (feel free to use the back of this page if you need more space).

6. Age:

7. Years of Management Experience:

8. Gender: