Sacred Heart University
DigitalCommons@SHU

WCOB Faculty Publications

Jack Welch College of Business

2011

Narrative Approach to Corporate Strategy: Empirical Foundations

Michael S. Carriger
Sacred Heart University, carrigerm@sacredheart.edu

Follow this and additional works at: http://digitalcommons.sacredheart.edu/wcob_fac

Part of the Business Administration, Management, and Operations Commons, and the Strategic Management Policy Commons

Recommended Citation
Carriger, M. S. "Narrative approach to corporate strategy: Empirical foundations." Journal of Strategy and Management 4.4 (2011): 304-324.

This Peer-Reviewed Article is brought to you for free and open access by the Jack Welch College of Business at DigitalCommons@SHU. It has been accepted for inclusion in WCOB Faculty Publications by an authorized administrator of DigitalCommons@SHU. For more information, please contact ferribyp@sacredheart.edu.

The Narrative Approach to Corporate Strategy: Empirical Foundations

Abstract

Purpose:

This paper presents theoretical and empirical foundations for the use of narrative, skillfully deployed by senior leaders in an organization, as an effective tool for creating, disseminating and executing corporate strategy.

Design/Methodology/Approach:

The paper presents original research on the effectiveness of a narrative as a leadership tool is presented. And theoretical implications for leaders leading change, especially change in corporate strategy, is suggested.

Findings:

Data are presented to substantiation that narrative presentation of corporate strategy, comparative 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.

Originality/Value:

Implications for the practical use of narratives in change situations by leaders are explored.

Keywords: narrative, leadership, social constructivism, story, storytelling

Classification: Research Paper

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! 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? Where 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 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. 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, 1991, 1995, Boje, Luhman, & Baack,1999; and Gold 1996, 1997) came out of the organizational development and communications literature in Europeand 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)

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.

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. 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-call "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. A prototypical example of a "springboard story" provided by Denning (2001) is as follows:

> "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 counties 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)

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.

One possible exception is 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. Martin (1982) reports that she and her colleagues found that the use of narrative predicted better memory for, belief in, and persuasion by information than the use of data alone or, interestingly, the use of narrative in combination with data.

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 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 the organizational 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." 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.

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.

Further, Denning (2008a) suggestions 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 their own narratives which are inspired by the narrative they have heard. This is how narrative has a personal impact on people and allows people to comprehend and remember complex content.

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.

Therefore, this research endeavored to investigate the differential impacts of narrative and bullet-point lists on the understanding of corporate strategy or competitive advantage of people with varying amounts of management experience. A simple, survey procedure was implemented, with two independent data sets, pitting bullet points and a narrative explanation of strategy against each other, and assessing participants understanding of what the corporate strategy is under these conditions. One data set consisted of undergraduate and graduate business school students and the other professionals (managers and individual contributes). 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 more traditional bullet-point list presentations of corporate strategy.

Methods

Sample

The two independent samples for this study consisted of 159 students enrolled in two MBA and one undergraduate business classes at Georgetown University and 24 professionals (individual contributors and managers) working in a medium-sized defense contractor in the communications industry sector. These were samples of convenience as access to the students through their enrollment in Fall, 2009 classes was readily available and the author works for the defense contractor. However, within each sample, individual participants were randomly assigned to one of two conditions (describe below) such that there were approximately equal participants in each of the conditions.

As this was a sample of convenience, external validity or generalization to populations outside of the population of Georgetown University students or the communications industry sector may be problematic. However, most managers in corporate America began their career in business schools and progress to MBA programs. And the communications industry sector is a major industry sector in the US economy.

Design

For the business school data set, 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 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.

For the professional data set, 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.

The two conditions, for both data sets, 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 is 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 development of the narrative was based on Denning's (2001) example of a "springboard story."

The outcome, or dependent variables (DV), for both data sets 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 represented 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 both data sets was that there is no difference in terms of the pattern of competitive advantage choice and confidence in that choice among the non-narrative and narrative conditions assessed both by looking at single and multiple competitive advantages selected. The Alternative Hypothesis (H_1) is 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, telecommunications company, as market saturation occurs and dictates change of strategy. The graphic shows 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") are 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 as defined by Denning (2001). 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 (word count: narrative – 165 words, non-narrative – 165 words; readability index: narrative - Flesch Reading Ease - 62.0, non-narrative - Flesch Reading Ease - 62.5). Additionally, the bullet points and narrative contained the same underlying corporate strategy theme, using the same corporate strategy theme components but not necessarily presented in the same order (Introductory paragraph, Innovative Technology - highlighting differentiation, Exploring New Markets - highlighting focus, Maintaining Competitiveness - but too small to take advantage of cost leadership).

The survey instrument itself (see Appendix 1) 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 by inspection of an inter-correlation matrix for all four close-ended questions. 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.

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.

For the business school students, 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.

For the professionals, 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 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 hardcopy. The data collected on the survey were coded, entered into a database, and analyzed.

Analysis

The same set of statistical analyses were conducted on each data set independently and separately. 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 behavior, 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 the data is drawn from are unknown.

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 Person'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 (see 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.

As assumption 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 the data is drawn from are known.

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

Results

Demographics

The 159 subjects included in the business school data set consisted of 119 students enrolled in two MBA courses at Georgetown University and 40 students enrolled in on 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.

The 24 subjects included in the professional data set consisted of professionals working for a medium-sized defense contractor in the communication industry sector. Twenty of the subjects were male and 4 were female. The average age of the subjects was 42.88 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 ($\chi^2 = 35.76$, $p < .001$) from the distribution expected if the choices were random for the business school data set. 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.

Insert Table 1 Here

Similarly, when given the option to selected 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 differed significantly ($\chi^2 = 37.33$, $p < .001$) from the distribution expected if the choices were random for

the business school data set. 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.

Insert Table 2 Here

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 also differed significantly ($\chi^2 = 13.96$, $p < .001$) from the distribution expected if the choices were random for the professional data set. 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.

Insert Table 3 Here

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 for the professional data set. In the non-narrative condition 0 subjects selected only a single competitive advantage, 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.

Insert Table 4 Here

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 for the business school data set. 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 the business school data set, 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.

A multiple regression analysis conducted on the confidence ratings, for the business school data set, 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 ($R^2 = 0.096$, $F = 4.04$, $p < .01$), with condition (narrative and non-narrative) providing the only significant contribution to the equation ($F = 3.64$, $p < .001$). Age, gender, and years of management experience did not significantly predict confidence ratings.

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 for the professional data set. 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 the professional data set, 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.

A multiple regression analysis conducted on the confidence ratings, for the professional data set, 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.

In summary, 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 contributed to 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 contributed to their confidence in their choices.

Discussion

Intriguingly, a narrative presentation of corporate strategy would appear to be a more effective means by which employees can be lead to understand what that strategy is then 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, 1982) 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 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 no 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, 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, 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.

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, 1982).

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 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.

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.

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 could 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? Evidence here would suggest that the senior leader needs to convey the corporate strategy via narrative.

References

Blumer, H. (1969). Symbolic interactionism: Perspective and method. Berkeley, CA: University of California Press.

Boje, D. M. (1991). The storytelling organization: A study of story performance in an office-supply firm. Administrative Science Quarterly, 36(1), 106-126.

Boje, D. M. (1995). Stories of the storytelling organization: A postmodern analysis of Disney as "tamara-land". Academy of Management Journal, 38(4), 997-1036. Denning, S. (2001). The springboard story: How storytelling ignites action in knowledge-era organizations. Boston: Butterworth Heinenman.

Boje, D. M., Luhman, J. T., & Baack, D. E. (1999). Hegemonic stories and encounters between storytelling organizations. Journal of Management Inquiry, 8(4), 340-361.

Boyce, M., E. (1995). Collective centring and collective sense-making in the stories and storytelling of one organization. Organization Studies, 16(1), 107-137.
Calhoun, C. (1995). Critical social theory. Oxford, UK: Blackwell Publishing.

Carriger, M. (2010). Narrative vs. PowerPoint: for leaders, it may not be a matter of fact. Strategy & Leadership, 38(2), 52–56.

Denning, S. (2004a). Telling tales. Harvard Business Review, 82(5), 122-129.

Denning, S. (2004b, May 24, Storytelling is a fundamental skill of management. Financial Times, pp. 16.

Denning, S. (2005a). Telling your leadership story. Leader to Leader, 2005(37), 21-25.

Denning, S. (2005b). Transformational innovation: A journey by narrative. Strategy & Leadership, 33(3), 11-16.

Denning, S. (2006a). Effective storytelling: Strategic business narrative techniques. Strategy & Leadership, 34(1), 42-48.

Denning, S. (2006b). Tell your story: Transform your leadership. Leadership Excellence, 23(5), 16-17.

Denning, S. (2008a). How leaders can use powerful narratives as change catalysts. Strategy & Leadership, 36(2), 11-15.

Denning, S. (2008b). Stories in the workplace. HRMagazine, 53(9), 129-131. Porter, M. E. (1980). Competitive strategy: Techniques for analyzing industries and competitors. New York: The Free Press.

Fisher, W. R. (1985). The narrative paradigm: An elaboration. Communication Monographs, 52(4), 347-367.

Fleming, D. (2001). Narrative leadership: Using the power of stories. Strategy & Leadership, 29(4), 34-36.

Gold, J. (1996). Telling stories to find the future. Career Development International, 1(4), 33-37.

Gold, J. (1997). Learning and story-telling: The next stage in the journey for the learning organization. Journal of Workplace Learning, 9(4), 133-141.

Marshall, J., & Adamic, M. (2010). The story is the message: Shaping corporate culture. Journal of Business Strategy, 31(2), 18-23.

Martin, J. (1982). Stories and scripts in organizational settings. In A. Hastorf, & A. Isen (Eds.), Cognitive social psychology (pp. 225-305). New York: Elsevier-North Holland.

Marzec, M. (2007). Telling the corporate story: Vision into action. Journal of Business Strategy, 28(1), 26-36.

McConkie, M. L., & Boss, R. W. (1994). Using stories as an aid to consultation. Public Administration Quarterly, 17(4), 377-395.

Morgan, S., & Dennehy, R. F. (1997). The power of organizational storytelling: A management development perspective. The Journal of Management Development, 16(7), 494-501.

Neilson, G. L., Martin, K. L., & Powers, E. (2008). The secrets to successful strategy execution. Harvard Business Review, 86(6), 61-70.

Parkin, M. (2004). Tales for change. London: Kogan Page.

Porter, M. E. (1980). Competitive strategy: Techniques for analyzing industries and competitors. New York: The Free Press.

Porter, M. E. (1985). Competitive advantage: Creating and sustaining superior performance. New York: The Free Press.

Porter, M. E. (1996). What is strategy? Harvard Business Review, 74(6), 61-78.

Poundsford, M. (2007). Using storytelling, conversation and coaching to engage. Strategic Communication Management, 11(3), 32-35.

Reamy, T. (2002). Imparting knowledge through storytelling. KM World, 11(6), 8-10.

Reamy, T. (2002). Imparting knowledge through storytelling. KM World, 11(7), 12-13.

Searle, J. (1995). The construction of social reality. New York: The Free Press.

Shaw, G., Brown, R., & Bromiley, P. (1998). Strategic stories: How 3M is rewriting business planning. Harvard Business Review, 76(3), 41-43.

Swap, W., Leonard, D., Shields, M., & Abrams, L. (2001). Using mentoring and storytelling to transfer knowledge in the workplace. Journal of Management Information Systems, 18(1), 95-114.

Wilkens, A. L. (1983). Organizational stories as symbols which control the organization. In L. R. Pondy, P. J. Frost, G. Morgan & T. Dandridge (Eds.), Organizational symbolism: Monographs in organizational and industrial relations (Vol. 1 ed., pp. 81-92). Greenwich, CT: JAI Press.

Tables

Table 1 - Pearson's Chi Square Test of Significance – Single Choice of Competitive Advantage

	Competitive Advantage Single Choice			
Actual	Differentiation	Focus	Cost Leader	
Non-Narrative	36 (52.98)	21 (15.28)	24 (12.74)	81
Narrative	68 (51.02)	9 (14.72)	1 (12.26)	78
	104	30	25	159

$\chi^2 = 35.76, p < .001$

*expected values in parentheses

Table 2 - Pearson's Chi Square Test of Significance – Multiple Choice of Competitive Advantage

TOTAL	Competitive Advantage Single Choice					
Actual	Single	Diff-Focus	Diff-Cost	Focus-Cost	All	
Non-Narrative	4 (6.15)	27 (42.55)	30 (20.51)	11 (7.18)	9 (4.61)	81
Narrative	8 (5.85)	56 (40.45)	10 (19.49)	3 (6.82)	0 (4.39)	77
	12	83	40	14	9	158

$\chi^2 = 37.33, p < .001$

*expected values in parentheses

Table 3 – Corporate Study - Pearson's Chi Square Test of Significance – Single Choice of Competitive Advantage

	Competitive Advantage Single Choice			
Actual	Differentiation	Focus	Cost Leader	
Non-Narrative	1 (5.50)	8 (5.00)	3 (1.50)	12
Narrative	10 (5.50)	2 (5.00)	0 (1.50)	12
	11	10	3	24

$\chi^2 = 13.96, p = .001$

*expected values in parentheses

Table 4 – Corporate Study - Pearson's Chi Square Test of Significance – Multiple Choice of Competitive Advantage

TOTAL	Competitive Advantage Single Choice					
Actual	Single	Diff-Focus	Diff-Cost	Focus-Cost	All	
Non-Narrative	0 (0.00)	6 (8.00)	0 (0.50)	6 (3.50)	0 (0.00)	12
Narrative	0 (0.00)	10 (8.00)	1 (0.50)	1 (3.50)	0 (0.00)	12
	0	16	1	7	0	24

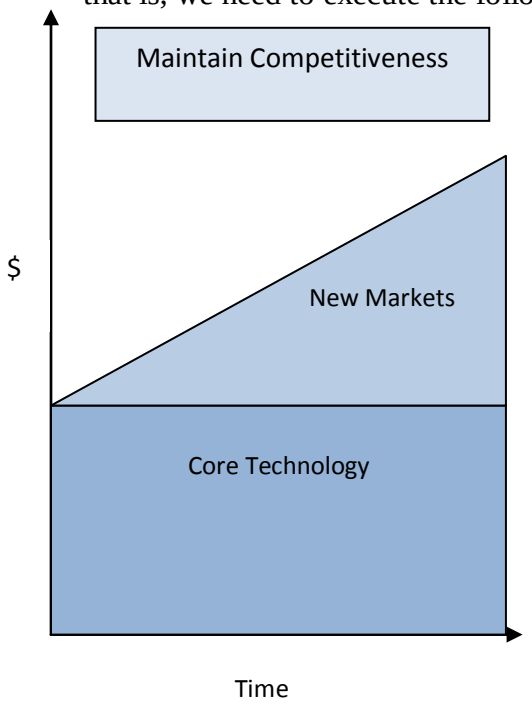
$\chi^2 = 5.57$, $p = .062$

*expected values in parentheses

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 stratgy:



- 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
1	2	3	4	5

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
1	2	3	4	5

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).

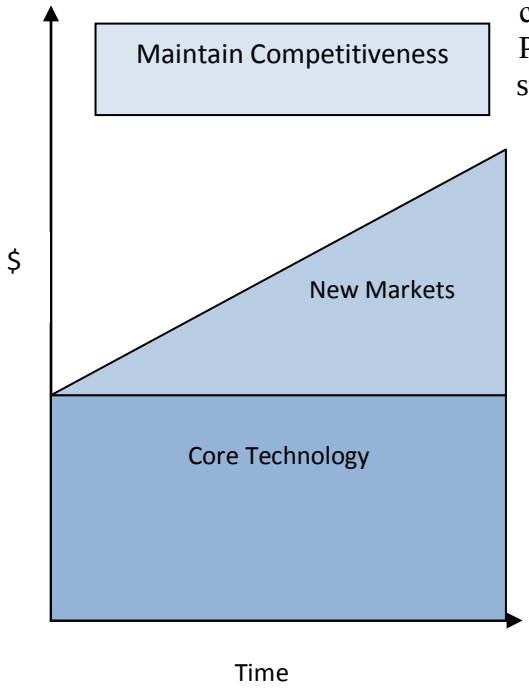
6. Age:

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
1	2	3	4	5

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
1	2	3	4	5

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: