



## The Role of Storytelling in Affecting Organizational Reality in the Strategic Management Process

John W. O'Neill

The Pennsylvania State University

### ABSTRACT

This article analyzes the role of stories and storytelling in organizations, and in particular, develops propositions regarding how different types of stories might affect socially constructed reality in different ways, and thus may have different types and levels of utility in influencing the strategic management process. In analyzing stories, this paper develops a comprehensive model describing the different story types and their roles in impacting social reality in organizations. The story typology is developed based on time (i.e. story memorability and longevity), the level of story color, and the level of employee need fulfillment met by the story, and stories are categorized as descriptive, anecdotal, script, and epic.

### Introduction

Like enduring stories, organizational strategies are long-term processes. Strategies and strategic planning focus on long-term objectives and processes of organizations. Strategies are “the means by which long-term objectives will be achieved” (David, 1999, p. 10), while strategic planning is “the process by which an organization makes decisions and takes actions that affect its long-run performance” (Lewis, Goodman, and Fandt, 1995, p. 120). Strategic planning is not necessarily a single, idealistic process, however, but rather there are a cacophony of processes through which strategies are achieved in organizations, including not only autocratic processes, but also transformational, rational, learning, and political processes (Barbuto, 2001). In all cases, however, strategies focus on the long-term, and therefore, analyses of the process of strategy should consider organizational circumstances that are not merely temporal. In addition, regardless of the processes through which strategies are achieved, to have any true meaning, strategies must be communicated throughout the organization, i.e. “Communication is a key to successful strategic management” (David, 1999, p.15).

Storytelling is a way through which organizational strategies are communicated.

Stories abound as communication mechanisms in organizations because they serve numerous functions, but some organizational stories are more temporal than others. Stories exist because they provide coherence to members of organizational sub-cultures (Browning, 1992; Dandridge, Mitroff, & Joyce, 1980) while often simultaneously creating and maintaining organizational tension and stratification among different sub-cultures and different levels of the organization, e.g. administration v. non-administration (Helmer, 1993). Stories also serve to reduce uncertainty for organizational members (Brown, 1990), become storehouses for organizational

intelligence (Kreps, 1990), transmit organizational beliefs and generate commitment (Boje, Rosile, Dennehy, & Summers, 1997; Martin & Powers, 1983), guide or control organizational members' behavior (Wilkins, 1983), legitimize and reinforce power and political relations among organizational members (Mumby, 1987), are a key part of members' organizational sense making (Dennehy, 1999; Boje, 1991), and assist with the socialization process for new organizational members (Brown, 1985). Brown (1990) further suggests, “understanding an organization's stories may be critical to understanding the organization itself” (p. 185).

In recent years, there has been an increased interest in the implementation of organizational culture and organizational symbolism used as an alternative to, or in conjunction with organizational structure in the strategic management of organizations (e.g. O'Neill, Beauvais & Scholl, 2001). Much of this interest has focused on stories and storytelling. Weick and Browning (1986) have gone so far as to state that “stories are not a symptom of culture; culture is a symptom of storytelling” (p. 251). Putnam, Van Hoeven, and Bullis (1991) maintain that stories “constitute a symbolic reflection of the beliefs, values, and ideologies of organizations” (p. 87).

In analyzing the roles of stories in organizations, this article will attempt to answer the following question: Do different types of stories have different types and levels of impact on socially constructed reality in organizations, and thus, different types and levels of utility in influencing the strategic management process?

This article analyzes how organizational stories, as indicators of socially constructed reality, possess different meaning given different social situations. Further, this article considers the role of story memorability in organizations because story longevity is consistent with the long-term nature of the development and implementation of strategy.

### Defining “Story”

Numerous definitions of organizational story have been proposed. Browning (1992) defined stories as “communications about personal experience told in everyday discourse,” (p. 285) reflecting the role of stories as the reporting of historical events through normal organizational conversation. Gabriel (1991) defined organizational stories as: “poetic reconstructions of events in which the accuracy of the narrative is sacrificed in the interest of fulfilling vital needs and desires, sometimes unconscious ones, shared by organizational participants” (p. 428) indicating that the organizational story can serve employee needs, perhaps such as reducing stress and uncertainty or fulfilling self actualization of organizational members by providing explanations regarding events that have occurred in the workplace, though the extent to which the story accurately portrays such events varies. Gabriel’s (1991) definition highlights the creativity of the organizational story, meaning that the story fulfills vital needs and desires through being colorful enough to evoke some emotion in the listener. Boje, Luhman, and Baack (1999) posited that organizational stories describe workplace actions and experiences whether real or imaginary. Brown (1990) essentially defined organizational story as a conversational unit exhibiting a story grammar, including a preface, recounting, and closing sequence; ringing true to organizational membership; and having relevance to membership.

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These definitions convey the belief that the organizational story is a type of communication with often-questionable accuracy in order to be relevant and to satisfy various needs and wants of multiple organizational members. Further, these existing descriptions begin to address the concept that some stories may lack any ontological meaning in the organizational setting, i.e. some stories, by their very nature, do not serve to fulfill the sometimes unconscious needs and desires of organizational members, about which Gabriel (1991) wrote, or they lack sufficient color to evoke any substantial emotion in the recipients, and thus do not possess any epistemological bearing on organizational members’ sense of reality within their organization. Such temporal stories probably have limited utility in the organizational strategy process.

For the subject analysis, the definition of story, drawn from the existing literature, will be:

*a discourse which has been repeated by some organizational member to other organizational member(s) to fulfill some need, and which possesses a degree of color, evoking emotion in the listener(s), and resulting in some memorable quality regardless of whether the communication is based on actual events, is mythological in nature, or exists somewhere in between.*

This definition will be developed throughout this article concurrent with the proposition that a story influences socially constructed reality in an organization, and thus, through socially constructed reality, may influence the process of strategy.

### Stories, Socially Constructed Reality, and Strategy

The organizational story may lack accuracy, but it does not lack meaning to the recipients. The story serves to shape organizational members’ beliefs regarding what is real within the organization. Organizational participants do not usually directly express their assumptions regarding the meaning inherent in any organizational activities (Wilkins, 1983). Rather, they usually imply meanings through cultural artifacts, such as stories. In analyzing the concept of organizational culture as a metaphor for conceptualizing the organization, Smircich (1983) distinguishes that stories produce and transform the meanings that define the essential nature of the organization. These essential meanings underscore the basic values members hold concerning an organization and the validity of its activities (Jones, 1983), such as the process of strategy.

Though many organizational stories may be quite inaccurate based on historical events, such stories are no less important than more accurate ones. In fact, such inaccurate stories may prove to be more telling regarding an organization’s perceived

reality based on different storytellers' accounts (Gabriel, 1991). The embellishments, omissions, and differences between different versions of the same story would not be obstacles to an inquiry into a social reality, but rather would in themselves prove to be significant clues. Such clues, while perhaps not significant regarding the history of the organization's strategies, would be significant regarding what various employees believe happened in the strategy process, and why.

Peters and Waterman (1982) described strategic stories they encountered in the organizations they investigated, many about heroic deeds of the organization founders, such as the Bill and Dave stories at Hewlett-Packard, the Bill Marriott stories at Marriott International, the Sam Walton stories at Wal-Mart, and the Walt Disney stories at Disneyland. These stories were typically raised to the level of folklore within the organizations, and generally involved heroic and inspirational components of early organizational strategies. Such stories clearly relate organizational values and strategic direction. However, these stories communicate their messages in symbolic, rather than in literal form. As a result, such stories are more memorable than stories lacking the symbolism (Gabriel, 1991).

It is through stories that organizational members can communicate the messages regarding the fundamental values of an organization (Deal & Kennedy, 1983). A story possesses the capability to take past events in the organization's history and bring them to reality in the minds of the organization members. In addition, although stories are concrete in nature, they contain a flexibility allowing alternative interpretations (Brown, 1990). Unlike structural aspects of organizations, stories are not inflexible. Therefore, they are capable of being applied as expressions of meaning for a variety of circumstances. Some stories may evolve as the needs of an organization and its members evolve over time. In the "Learning Approach" to strategy (Barbuto, 2001), the strategy process involves continual learning, interaction, and flexibility, rather than a predetermined outlined plan of action. Thus, organizational stories can serve to flexibly bring historical strategic decisions to current organizational reality.

Stories bring order, reason, differentiation, and integration to organizational activities (Brown, 1990). Through these actions, stories create a coherent system of meaning that houses the combination of values of the organization members (Myrsiadis, 1987). In addition, as organization members gain seniority and familiarity within the organization over time, they can better express organizational values through stories (Brown, 1985), such as those pertaining to the process of strategy.

Organization members use stories as symbolic structures to relate the significance of activities in terms of organizational values, goals, traditions, and expectations (Mitroff & Kilmann, 1976). Stories serve as an effective vehicle for transmitting an organization's culture and revealing organizational members' perceptions regarding their work environment. By functioning to manage meaning and create reality, stories illustrate acceptable behaviors consistent with organizational values (Dandridge, Mitroff, &

Joyce, 1980). In other words, stories provide an implied and symbolic form of interpretation of events in the history of the organization, and the story serves to frame those events in the organization's own terms.

Stories also can manage meaning and create reality retroactively through interpretivism. Wilkins (1984) notes that stories can generate commitment to values by interpreting events for individuals who become members subsequent to the occurrence of the actual events, such as strategic decisions, on which the story is based. Thus, a story can also serve to recount the significance of an important strategic decision to employees who may have been part of the organization when the decision was made, but who do not completely understand the importance of the event or how the event reflects the organizational culture. Similarly, it is conceivable that a story could reflect the significance of important organizational processes, such as the development of strategy, for employees who both have and have not been party to the organizational strategy process.

In order for an organization to achieve strategic competitiveness, managers must encourage and communicate innovation (Menger, 2001). It has been argued by Weick and Browning (1986) that when combined with storytelling, managerial communications are more effective in conveying meaning than managerial communications without the story component. Managerial influence may be achieved symbolically by using stories with imagination and creativity (Dennehy, 1999; Dandridge, 1985). Thus, stories assist management in

affecting individual perceptions about strategy and in presenting cogent messages regarding acceptable organizational values, meaning, and practices.

According to Schein (1985), when stories are told to new organizational members, new members will accept the stories as the correct way to perceive, think, and feel in relation to problems and uncertainty. In reducing uncertainty, stories assist new organization members in understanding the complex circumstances in which they are operating (Weick & Browning, 1986). In other words, stories function as socially constructed cognitive structures aiding in comprehension and understanding the strategy process while serving employee needs, such as reducing uncertainty.

Significant parts of the organizational culture literature take a mechanistic view (Meek, 1992). For example, there is discussion of levers that may be pulled (Storey, 1992) and of potent and less potent mechanisms (Schein, 1985) to strategically alter culture. Beech (2000) found empirical evidence that managerial stories can influence organizational culture change as part of a strategy to improve organizational performance. However, Beech (2000) also found that changed attitudes of employees are not always in the direction intended by managerial action, nor are changed attitudes always beneficial to the organization.

While storytelling may be an effective tool of symbolic management, storytelling is a natural human phenomenon and its presence is widespread throughout organizations

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regardless of the intent of senior management (Brown, 1990). Stories coming from the lowest-ranking members of the organization will reveal the value and belief systems of members of that rank as easily as stories from senior management revealing their values and beliefs. While members of senior management might possess an advantage in presenting the values of the organization due to their greater ability to develop strategies and to reward and/or punish employees, members at all levels of the organization have the power to express cultural values through storytelling, i.e. to express their opinions regarding the viability of strategies. This shared power results in the existence of a set of multiple, sometimes contradictory stories in existence within the organization, e.g. multiple realities may exist.

Browning (1992) suggests that stories provide coherence to sub-cultures. Stories are a rather personal method of communication: they are usually told in relative privacy. Stories function to create boundaries of sub-groups, according to Browning (1992). Thus, while executives may be telling stories regarding the benefits of certain strategies, line employees may be simultaneously telling stories about the idiocy of the same strategies. For example, executives may be spinning stories about their own heroics while others are discussing the strategies in tragic terms (Beech, 2000).

In Helmer's (1993) empirical study of a harness racetrack, he noted the existence of multiple realities based on storytelling. He explored how organizational tensions and stratifications among administration and non-administration, drug-users and non-drug-users, and men and women, were produced and reproduced through storytelling. Helmer maintained that stories created and sustained symbolic oppositions enabling members to position themselves relative to others in the organization. In this case, storytelling served to stratify the organization members based on authority, ethics, and gender. Thus, while organizational executives control some of the storytelling regarding strategies and values in organizations, they do not control all of it.

### **Toward a Comprehensive Model of Organizational Stories**

While storytelling is an effective means of creating and communicating socially constructed reality, it remains unclear which types of stories are relatively more or less effective in such creation and communication, and ultimately which types of stories are most enduring. Numerous different types of organizational stories have already been identified, among them "fantasy" (Putnam, Van Hoeven, & Bullis, 1991); "comic," "tragic," and "epic" (Gabriel 1991); "romantic," "humorous," and "dramatic" (Browning, 1992); and "epic/heroic," "romantic," "tragic," and "ironic" (Beech, 2000). However, these story types have yet to be organized into a single story typology framework.

Given the previously presented definition of organizational story, it is clear that much discourse that occurs in an organization fails to completely live up to the definition of story because the communication lacks color, and therefore lacks the resulting emotional appeal, memorability and enduring quality of colorful stories. Thus,

stories

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can range from possessing very low to very high levels of *color*. Color is defined here as structural elements, including lyricism, picturesque description, and vivid detail; and plot content such as heroic, comedic, and/or romantic elements, such as are present in the previously described Walton, Marriott, and Disney stories. Other good examples of story color can be found in the Pulitzer Prize winning memoir, *Angela's Ashes*, where Frank McCourt (1996) describes his youth in Limerick, Ireland:

*When I look back at my childhood I wonder how I survived at all. It was, of course, a miserable childhood: ... the poverty; the shiftless loquacious father; the pious defeated mother moaning by the fire; pompous priests; bullying schoolmasters; ... Above all -- we were wet. Out in the Atlantic Ocean great sheets of rain gathered to drift slowly up the River Shannon and settle forever in Limerick. ... It created a cacophony of hacking coughs, bronchial rattles, asthmatic wheezes, consumptive croaks. It turned noses into fountains, lungs into bacterial sponges. ... From October to April the walls of Limerick glistened with the damp. Clothes never dried: tweed and woolen coats housed living things, sometimes sprouted mysterious vegetations. In pubs, steam rose from damp bodies and garments to be inhaled with cigarette and pipe smoke laced with the stale fumes of spilled stout and whiskey and tinged with the odor of piss wafting in from the outdoor jakes where many a man puked up his week's wages. (pp. 11 - 12)*

In fact, the movie version of *Angela's Ashes* has been faulted for failing to capture the color of McCourt's (1996) bestseller. Morgenstern (1999) indicated that the movie "ignores the poetic richness of Frank McCourt's language" and concluded, "How could the movie hold its sliver tongue?" (p. A16) These observations reinforce the proposition that story color influences the memorability and enduring qualities of stories, and ultimately, in an organizational context, the most enduring stories will be most influential on the long-term organizational process of strategy.

Stories that are lower on the color scale will tend to lack memorability and be less enduring, while stories higher on this scale will be more memorable and more frequently repeated by those listening to the story. It is also conceivable that stories may evolve over time, gaining color along the way, and thus becoming more memorable. These stories will be more enduring because they have evoked a deeper level of human emotion. In summary:

*Proposition 1: Stories that possess higher levels of color will be more memorable and enduring than stories that do not.*

Employees seek ways to serve their needs, such as reducing uncertainty (Weick & Browning, 1996). Some stories lack longevity because they do not serve common employee *need-fulfillment* systems, conscious or unconscious, shared by the organizational members, and, therefore, the stories are relatively less enduring. Examples of need fulfillment would include reducing stress, dissonance, and

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uncertainty among those telling the story, i.e. the storyteller feels better having told the story. Alternatively, the storyteller may be seeking higher-level needs such as self-actualization, for example. Again, the story serves the needs of the storyteller, and it is the intentions of the storyteller that are most relevant. Stories often say as much about the storyteller as the subject of the story (Gabriel, 1998).

While the storyteller may or may not intend to fulfill fundamental needs of the listener, the listener independently makes a determination regarding whether or not the story has done so, and therefore, whether to repeat the story. Thus, stories can range from having very low to very high levels of employee need fulfillment. Stories which are low on this scale will not be frequently repeated, while stories high on this scale will be frequently repeated because of their fulfillment of employee needs and wants. Certain organizational stories are probably more memorable and enduring over time because they serve to fulfill the needs and wants of employees experiencing challenging or trying situations which occur frequently in the organization. Stated alternatively:

*Proposition 2: Stories that fulfill more specific needs of employees, such as reducing stress and anxiety, will be more memorable and enduring than stories that do not fulfill such needs.*

Organizational stories endure in the memories of employees (Kreps, 1990), but they also endure through employees repeating them. Thus, storytellers function as a moderator variable.

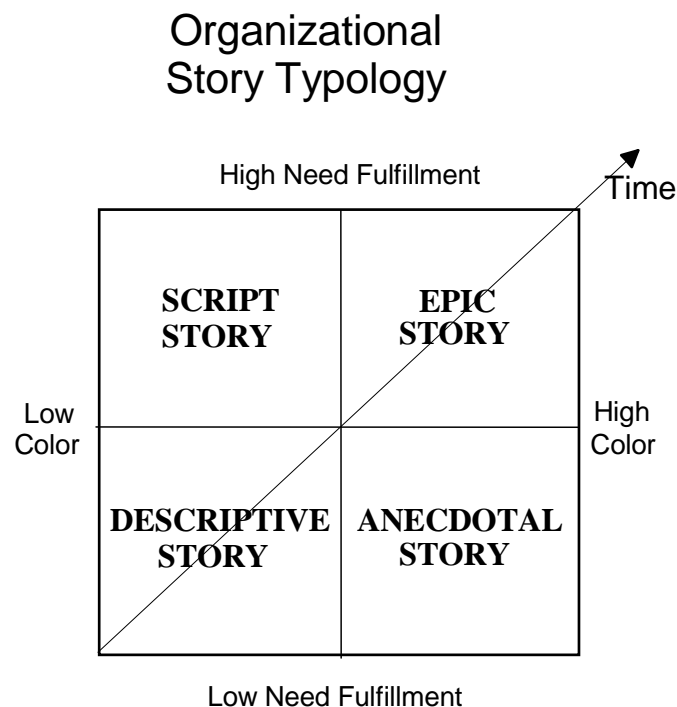
Employees decide for themselves what needs are fulfilled when they tell or retell a story. Boje, Luhman, and Baack (1999) found that at Disney, story plots, characterizations, and meanings changed over time depending on who was retelling the story. Thus, complex stories may become simpler in time because only certain needs may be widespread in the workplace. Similarly, other stories may gain complexity over time because of increasing employee needs.

Also, storytellers decide for themselves how much color to include when telling or retelling a story, i.e. some people are better storytellers than others (Dennehy, 1999). Thus, as with need fulfillment, story color can increase or decrease over time because of the influence of storytellers as moderators.

Some stories are relatively devoid of both color and employee need fulfillment, and thus fail to endure. Based on this concept, as well as the previous propositions, a comprehensive model of organizational story typologies is presented below where stories that are devoid of both color and employee need fulfillment would be located at the axis where the "X" and "Y" continuums intersect in the lower left-hand corner of the model. Stories with high levels of both color and employee need fulfillment would be located in the upper right-hand corner. Thus, the *time* continuum extends from the lower left-hand corner of the model to the upper right-hand corner, indicating that

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stories with characteristics placing them in the upper right-hand corner are more memorable, enduring, and influential to and from the process of strategy. Conceivably, stories could both influence the strategy process proactively by impacting the beliefs and values of strategy formulators prior to strategy formulation, and could retroactively influence group-level beliefs, values, and practices, i.e. stories could be a method of strategy formulators and others communicating about strategy to organizational stakeholders once strategy has been developed.



Based on the model, the following are descriptions of the four story types presented.

#### Descriptive Story - Low Color, Low Need Fulfillment

A descriptive story is a story that may be quite detailed and accurate; however, the descriptive story lacks color in the form of structural elements, such as lyricism, as well as plot content elements such as comedy, tragedy, or heroics. While the descriptive story may possess elements that are very timely and helpful to the recipient,

the descriptive story does not contain cultural elements serving to relate to a common group-level need such as reducing stress or uncertainty, or providing self-actualization to organizational membership. Some descriptive stories that are relatively low on the need fulfillment scale may actually increase employee needs, through the creation of stress and/or uncertainty.

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An example of a descriptive story would be a chief information officer's verbal report to her supervisor regarding a new computer installation that recently occurred at a manufacturing plant. While from the point of view of the person making the statements comprising this verbal report, this communication may feel very important, and may even be quite memorable, such communication has limited longevity as a story among employees listening to it in the workplace because there may exist only limited stress and/or uncertainty surrounding the situation on which the employee's account is based, for example. Therefore, the descriptive story is not retold over long periods of time and it has limited impact on the organization process of strategy.

In its absolute most basic form, a descriptive is entirely devoid of any color or employee need fulfillment whatsoever. Such a basic descriptive form of narrative would be located at the axis (i.e. intersection of color and need fulfillment continuums) in the model. Therefore, given the previous definition of organizational story presented in this paper, such a basic and extreme form of communication would not actually be considered to be an organizational story, but would merely be a simple narrative. However, stories located in the lower left-hand quadrant, but not actually located on the axis, would be considered to be types of organizational stories with limited strategic impact.

#### Anecdotal Story - High Color, Low Need Fulfillment

An anecdotal story is a story that may be quite amusing and entertaining, and in some cases, it may be very timely. The story usually possesses color such as comedic, tragic, ironic, and/or heroic elements. Further, the anecdotal story may fulfill the needs of the storyteller, such as to rationalize one's behavior or magnify one's importance. In this case, the anecdotal story may be quite revealing regarding the storyteller because these types of stories often say as much about the storyteller as the subject of the story (Gabriel, 1998). The anecdotal story survives for a moderately long period of time in the organization because of its color and because it is usually enjoyable for the storyteller to tell. While anecdotal stories may or may not be seen as funny by storytellers, they are structured like many jokes, complete with background, set-up, and punch line.

An example of an anecdotal story in the workplace would be a senior manager telling a colleague about how her tenure at the company has earned her four weeks of vacation a year, but ironically, because of her increased responsibilities, she never has any opportunity to actually take a vacation. While such a story may have an impact on the organizational strategy process, the duration of its impact is limited.

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#### Script Story - Low Color, High Need Fulfillment

A script story possesses little color; however, it endures for a moderately long period of time in the organization. The story does not function so much to amuse or entertain, but to serve a specific purpose -- it manages to reduce employee stress or uncertainty, or to otherwise serve the needs of a multitude of employees. While elements of the script story may evolve as the employee needs evolve, the general nature of the script remains more or less intact for long periods of time due to its applicability to specific situations frequently occurring in the workplace. The script is recited by employees in the same rote fashion as a song or prayer the employee may have learned as a child. Such stories typically will be recounted to new employees or customers as the correct way to perceive, think, and/or feel (Schein, 1985). Script stories can be described as a form of consensual schema. Consensual schema implies that individuals have a certain similarity in the way they cognitively process and evaluate information (Sims & Lorenzi, 1992).

An organizational example of the script includes manager narratives as to the reasoning for various unpopular decisions, policies or procedures, such as a senior manager commending an employee for hard work on a project that was ultimately canceled to emphasize that solid work does not go unnoticed in the organization. While such a story may exist in the organization for a moderate duration, its impact on the strategy process is somewhat limited.

## Epic Story - High Color, High Need Fulfillment

The epic story is the unique story form that appeals to both the person's sense of entertainment and the person's need fulfillment. As a result, the epic is retold over and over again. While the story may evolve, the fundamental lessons or values remain intact. The true epic story is not only commonly known by most organizational members, but is usually repeated outside of the organization in the local community or within the organization's industry due to its entertainment value. As a result, some employees may tire of the story; however, the values are not lost and the story's momentum continues (Gabriel, 1991). Epic stories are rich in comedic, tragic, or heroic elements, such as an organization leader overcoming major difficulties to found the organization, grow the organization, or overcome a major crisis. These stories provide to employees a constant beacon of the organization's long-term strategic values.

Typical examples of the epic story include those regarding the founders of Hewlett-Packard, Marriott, Wal-Mart, and Disney, as previously discussed. One example of an epic story frequently told to new employees at Disneyland