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Modern Company Myths:

The Influence of Organizational Stories  
on Creating Commitment

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Abstract

Organizational stories have been found to increase commitment to organizations. However, what kind of stories achieve this effect remains unclear. This research links the increased-commitment-effect to two themes of “creation” and “overcoming a challenge.” These themes are functionally similar to mythical themes found in anthropological research. I argue that organizational stories based on these themes are more effective in generating commitment than other stories. To test this prediction, groups of subjects participate in a bogus computer-based allocation game. After establishing a baseline level of group commitment, subjects are led to believe that they will represent a certain larger team for the remainder of the game. Information on this larger team is given in the form of four different organizational stories, three of which are based on the theme of creation, challenge, or both. The fourth story contains no mythical elements and is based on a different theme commonly found in organizations. After administering the four stories, commitment levels are measured. Groups then receive negative feedback on their performance and subjects are offered to leave the group in favor of an apparently more successful group. Responses to this offer are measured.

Storytelling is an important device of human sense-making. We all tell stories about things that are important to us, that we think are worth being remembered and shared with others. Good stories can educate, which is why they are used by teachers, orators and demagogues to make a point and firmly anchor it in the memory of the listeners. Seldom are these stories truly accurate accounts of events. Rather, they are selective accounts that stress certain aspects while downplaying others, usually in accordance with the role of the narrator (Baumeister, 1997).

Not surprisingly, storytelling also pervades the world of modern organizations. As an organizational phenomenon, storytelling was first described by Selznick (1957) and Clark (1972), but subsequent research failed to follow up their lead. While myths, legends and fables have for long been a legitimate object of analysis in anthropology, it was the renewed interest in the concept of culture during the early 1980s that “rediscovered” storytelling in organizations (see e.g. Pettigrew 1979; Martin 1982; Martin et al. 1983). Unfortunately, the following wave of publications on organizational stories did not lead to a unifying definition of organizational stories. Most researchers are rather vague on clarifying what distinguishes organizational stories from other types of stories. While certain motives may be more prevalent in organizational stories, the distinction between organizational stories and other types of stories is not one of content. Rather, the concept of an organizational story usually refers to a shared account as opposed to an individual account. Some researchers, like Gabriel (1991), refer to any story that is told repeatedly in an organization as “organizational.” This approach appears unsatisfying, because it does not distinguish between individual and shared accounts. Other researchers, like Covin et al. (1994), insist that the motives of a story need to be shared by a “sufficient” number of members of an organization for the story to become an organizational story. While this approach seems to be more promising, it still does not answer the question of how many

members constitute a “sufficient” amount. The question becomes even more difficult when the researcher abandons the view of organizational cultures as monolithic and unifying. If one takes into account the diverse sub-cultures of an organization, it becomes clear that an organizational story need not be shared by all, or even the majority of the organization’s members to be “organizational.” So far, the decision on which stories are organizational and which are individual has been largely at the discretion of the researcher. A clearer definition of when a story becomes “organizational” is clearly called for, but beyond the objects of this paper. This present research adopts a conservative position that assumes an organizational story is usually shared by practically all of the organizational members.

As stated above, most research on organizational stories assumes that stories are symbolic expression of an organizational culture. This approach views organizational culture as a system of interrelated symbols and meanings, as “the fabric of meaning in terms of which human beings interpret their experience and guide their action” (Geertz 1973: 173). Organizational culture manifests itself in three forms: artifacts (logos, architecture etc.), collective actions (rites, rituals, ceremonies etc.) and collective mental structures (myths, sagas, stories etc.). Figure 1 illustrates the different manifestations of organizational culture.

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Since organizational stories express the values and norms of an organization, they play an important role in establishing and reproducing the social structure within an organization. Stories are an effective means of conveying the interpersonal norms that govern an organization. They are especially suited to introduce newcomers to “how things are done around here” (Ouchi

& Johnson, 1978); it is easy to follow stories and there is a higher probability that their content will be remembered, compared to other forms of communication (Martin & Powers 1983).

Apart from the socialization of new members, such stories are also important for maintaining and legitimizing institutional arrangements (Wilkins 1983; Hansen & Kahnweiler 1993). They are means of “third order control” (Perrow 1979), that is of controlling decision premises within organizations. Stories are especially suited to tie the members of a group together and to generate a feeling of commitment among them (Clark 1971; Martin & Powers 1983). They achieve this effect by adding an emotional element to formal membership in the organization, thereby creating loyalty that on occasion leads to a quasi-religious dedication to the organization (Tommerup 1990).

It should have become clear that questions of organizational control occupy a central position in the literature on organizational storytelling. Stories may be used to propagate the management’s philosophy among employees (Wilkins 1983), and a good story may increase organizational efficiency, because it acts as a prescriptive rule that governs employee behavior (Peters & Waterman 1982). However, most studies in the area of organizational storytelling were based on ethnography. The use of experimental designs has been largely eschewed for methodological reasons. Most researchers on organizational stories have been working in the interpretive tradition which holds that reality is socially constructed (Berger & Luckmann 1966). This epistemological stance denies the existence of an objective perspective, because the process of understanding is always a subjective experience. According to this ‘emic’ perspective, all knowledge is situational and ideographic (Biermann, 1994). This understanding makes ethnographic studies the preferred research method, while traditional quantitative methods such as experimental laboratory methodology are dismissed as inappropriate. However, this dismissal

comes at the cost of the well-known strength of the experimental method, namely generalizability and control. Especially the question of generalizability is problematic for ethnographic case studies, and findings seldom claim to hold for other settings (cf. Morgan & Smirich, 1980). Similarly, experimental settings can control for other factors than stories, while ethnographic case studies out of necessity include a number of other influences that may be confounded with the effect of organizational stories.

In short, the experimental method offers additional insights into the storytelling phenomenon, and researchers ignore this method at their own peril.

An exception to the ethnographic trend is the research conducted by Martin & Powers (1983), which showed that supporting a management philosophy statement with an organizational story increased the subject's commitment to that philosophy. Martin & Powers used an experimental design to show that stories were more likely to increase commitment than other means of communication, such as abstract statements and quantitative data. To explain this effect, the authors pointed out that explicit forms of conveying a management philosophy, such as mission statements, run the risk of being neither memorable nor believable. Often, they are simply dismissed as forms of corporate propaganda. To overcome this credibility problem, implicit forms of communication, such as rituals and stories, appear especially suitable. Implicit forms of communication transmit "tacit knowledge" (Polanyi, 1967), or knowledge about the organizational culture that is inferred rather than thrust upon the employees in an open way. Because implicit forms of communication allow for different interpretations, they should be used when ambiguity is advantageous, for example when communicating nuances in management philosophy (Martin 1982); when there are diverse and conflicting interests in a group, then it is much easier to rally behind a symbol that will allow for diverse and conflicting interpretations.

Martin & Powers' research mainly focused on why stories as implicit forms of communication are superior to explicit forms. However, there remains the question of what sort of stories are a more effective in increasing commitment. What content of stories is more (or less) likely to produce the desired effect, and for what reasons?

### Organizational Stories and Mythical Themes

Although organizational stories deal with a potentially unlimited number of themes, two motives have emerged as especially prevalent: (1) the founding of the organization and (2) overcoming severe challenges to the organization (Clark 1972; Martin et al. 1983; Martin et al. 1985; Mahler 1988). The motifs may also occur in combination to form an “organizational saga” (Clark 1970; 1972). These concerns with creation and overcoming obstacles are closely paralleled in anthropological research on myths in primitive societies. Such myths are sacred narratives that at the same time generate and reflect the values and beliefs of a society (Malinowski 1948). Myths serve a number of functions in tribal societies: they maintain and express solidarity among members of a community, legitimate the power structure of the community's institutions, and validate the rituals of the tribe (Cohen, 1969; Martin, 1982). But myths are not restricted to “primitive,” tribal societies. As Edelman (1976) has shown, myths also exist in modern societies, where their function is to justify special privileges or duties and to reduce social tension in the face of injustice and social inequality. Four mythic archetypes that represent the essence of human experience are identified: creation, birth and adventures of a hero, the virgin birth, and the quest (Campbell 1949). These archetypes are visions of how the world is ordered as well as sources from which other stories draw their structures (Culler 1975:222).

In an organizational context, myths have largely been treated as popular untruths, not as a means of creating commitment. Attempts of linking anthropological theories to organizational storytelling have been far and few between (Bowles, 1989; Gabriel 1992; Mahler 1988). Still, a comparison of the four mythical themes with the main motifs of organizational stories shows that the mythical themes of (1) creation and (2) birth and adventures of a hero are quite similar to the organizational stories about (1) creation of the organization and (2) overcoming severe obstacles. An analysis of these themes might explain why such organizational stories generate commitment. A myth is, above all, a sacred narrative. As such, it is removed from the sphere of the profane and its truth and validity cannot be questioned. One cannot rationally examine the “truth” of a myth, because to do so would already reveal a lack of believe in it; any critical researchers must necessarily remove themselves from the group of the believers (Durkheim, 1972; Thiel 1988). A myth is also not an ideology, because its essence is metaphysical, whereas an ideology may be subject to rational examination and critique (Bowles 1989). A creation myth, then, generally legitimizes present arrangements by rooting them in a mythical past (Eliade 1954); a story about the founding of an organization should similarly be more effective in generating commitment if it connects present organizational practices to a “mythical” founding time. On the other hand, a myth about the birth and adventures of a hero generally involves several challenges to the hero, which are overcome by a supreme and often supernatural effort. Frequently, the lineage of a tribe is linked to this hero, leading to an identification with his positive qualities. In a similar fashion, an organizational story might more effectively generate commitment by recounting how a challenge to the organization was successfully overcome, thereby creating an “indebtedness” of new members to the effort of their predecessors.



In essence, the mythical stories of “creation” and “challenge” apparently create commitment through telling a sacred, unquestionable tale that legitimizes present arrangements. This tale is reinforced by an emphasis on the uniqueness of the organization; the commitment is justified by claims that their organization has special, desirable attributes, not characteristic of other organizations (Kanter, 1972; Martin et al. 1983). The effect in creating commitment to the organization should be even more prevalent if both story elements are combined, as in the case of the “organizational saga,” where the founding itself is seen as a supreme effort in the face of adversity (Clark 1972).

### The Present Experiment

While previous research was not designed to answer what elements of stories generate commitment, the argument here states that organizational stories will be more effective in creating commitment towards the organization if they contain either of the two mythical elements of (1) creation and (2) mastering a challenge. A further prediction is that organizational stories based on the combined theme “creation-plus-challenge” will be more effective in creating commitment than stories that use only the “creation” or the “challenge” theme. To test these predictions, the following experiment compares the effect of stories that contain one or both of the mythical elements with the effect of a standard story that does not contain mythical elements. For the experiment, participants are placed in groups of five and engage in a bogus computer-based stock trading game. A baseline level of commitment to the group is established through positive feedback on group performance. The baseline level is checked through a first set of dependent measures. After this, each group is given one of four stories about a larger team, which they are going to represent in the stock trading game. This design of a sub-group within a

larger group parallels the situation commonly found in most larger organizations, where individuals belong at the same time to an office, bureau, subdivision etc. and to the organization as a larger unit. Since most organizational stories refer to the level of the larger unit, the experiment similarly administers the stories at this level, thereby offering the subgroups an “artificial history” through placing them within a larger team.

Three of the four stories given contain one or both elements of creation and challenge, while the fourth story contains neither element. After the participants familiarize themselves with these stories, the second set of dependent measures for commitment is administered. Finally, negative feedback on group performance is introduced and the participants are made an offer to leave the group for a more successful one. Responses to this offer make up the last dependent variable. The design is thus both between and within subjects.

## Method

Participants and design. Participants are randomly assigned to the cells of a 2 (“creation” component: present versus absent)  $\times$  2 (“challenge” component present versus absent). Within the cells, they are randomly assigned into groups of five. A total of 200 participants would take part in the study, allowing for ten groups of five participants in each cell.

For this experiment, students are approached in the university canteen and asked to participate in a virtual stock exchange game where they could earn money. They are told that the game is sponsored by a large stock brokerage firm to evaluate new ways of trading stock on the Internet. The students could then sign up for sessions that last approximately one hour, for which they would receive \$10 as remuneration. At the end of each session, the participants are fully debriefed, paid and asked not to discuss the experiment with fellow students.

Procedure. For each session, 20 participants are scheduled. On arrival in the laboratory, the participants are greeted by the lab assistant and randomly assigned to one of four groups. They are then led into a room with four tables and asked to sit at their table as a group, while they receive the instructions about the experiment. They are told that they will participate in an interactive, virtual stock exchange game designed to test new ways of investing in stock via the Internet. The game is divided into rounds that take about 15 minutes each. At the beginning of each round, the players are given a certain amount of resources in the form of “virtual dollars,” which they then invest in a portfolio of virtual business firms, according to their individual evaluation whether the stock of these companies will go up or down. Information about the companies can be bought in exchange for virtual dollars. It is pointed out to the participants that while they make their investment choices individually, their performance will be evaluated only as a group. Participants are also told that at the end of the session an extra cash prize of \$100 will be awarded to the most successful group, as a performance incentive.

After clarifying any questions, the participants are told that before they can participate in the actual game, they have to complete a test round. All participants are then taken to individual carrels with computers, where they complete the resource allocation task described above. The task actually allows a large number of possible allocation decisions, none of which intuitively appear to be optimal. During this time, the participants are not able to observe each other’s choices and are told not to discuss their choices with each other while completing the task. While the participants were led to believe that their performance in this task matters, the task is actually bogus and scores are irrelevant.

After this test round, the first manipulation of group commitment is introduced. Each group is taken to a separate room and given feedback on the group performance in the allocation task. All groups are told that their overall performance was above the level that such groups achieve on average (\$36,000 return as opposed to \$29,000 for the average group). The participants are told that this is a good score and that they qualified to take part in the actual stock exchange game. This manipulation is intended to achieve a baseline level of commitment to the group. To check this baseline level, the first set of dependent measures is administered. The first two questions are intended as manipulation checks. The participants are asked for their group score during the test round and how their group scored compared to the average group performance (1 = much below average, 5 = much above average). The next three questions tap group commitment (cf. Ellemers, Spears, & Doosje, 1997) by asking how strongly the participants feel about their group ("I am glad to belong to my group/I feel strong ties with the other group members/I identify with my group:" 1 = not at all, 9 = very much). The next two questions measure commitment through individual mobility ("If my group did not perform as well as before, I would still stay with my group/If offered to leave my group for another group, I would turn down that offer:" 1 = not at all, 9 = certainly). The last two questions measure commitment through a willingness to defend the group against negative feedback ("If my group got into trouble, I would stand up for it/If my group was criticized by somebody else, I would defend it:" 1 = not at all, 9 = certainly).

Commitment through stories manipulation. After establishing the baseline level of commitment, the commitment manipulation through stories is introduced. The participants are informed that they can only join the actual game as part of one of four larger broker teams that have already been competing with each other for several months. Each of these broker teams,

they are told, is made up of a number of small groups like the one they are in. A rigged drawing is held to determine which broker team each group will join, assigning each group to one of the four story conditions. Each group is then given information about their broker team in the form of a story. The group members have five minutes to familiarize themselves with the information about their broker team. For this, they are asked to choose one of their members, who reads out loud to the others the story about their broker team. This is intended to mimic the storytelling situation in a group setting. The stories vary according to the respective conditions.

In the “creation” condition, the story describes how the broker team was originally established by a single person, the founder. The mythical elements contained in the “creation” story refer to the personal qualities and the vision of the founder. No references are made to challenge conditions. A short version of the “creation” story is: “The ‘Vision Team’ was founded by Simon Webster, a student with a vision. Simon was determined to be successful in the new world of electronic trade and to build a team as an example of excellence. He gathered around him a group of friends, and under his guidance they started building a team that could match any of the broker teams. ... You are now part of this team, and it is up to you to continue the tradition of excellence that Simon started.”

In the “challenge condition,” the creation of the group is deliberately left out. The story given in this condition instead tells of how the broker team successfully overcame a tremendous challenge. A short version of the “creation” story is: “Being successful in the electronic-trade business can be tough, it’s a jungle out there, and only the best survive. ... When the ‘Spirit Team’ ran low in resources and was threatened with being pushed out of the game, it was up to every member of the ‘Spirit Team’ to rise to the occasion. And they did, with dedication and enthusiasm they overcame tremendous odds to come back and show the other teams that there is

no replacement for dedication and the will to overcome any challenge. You are now part of this team, and it is up to you to live up to this example.”

In the “creation-plus-challenge” condition, both elements of creation and of overcoming a challenge are present. A short version of the “creation-plus-challenge” story is: “When Simon Webster founded the ‘Glory Team’, many prophesied that in this tough environment, his young team would not last long. But Simon refused to give up his vision of establishing his team as an example of excellence. He gathered around him a group of friends, and together they decided to build a team that could match any of the other broker teams. And they did, with dedication and enthusiasm they overcame tremendous odds to show the other teams that there is no replacement for having a dream and the will to overcome any challenge. ... You are now part of this team, and it is up to you to continue this tradition and live up to it.”

In the “standard” story condition, a story is given that contains neither the elements of creation nor that of challenge, but instead focuses on team spirit and being a team player, which stresses the advantages of being in a group as opposed to being alone. A short version of this “standard” story is: “In the ‘Unity Team’, we believe in team players. ... When Simon Webster got into the electronic trade game, he soon found out that alone, he could get nowhere. But when he joined the ‘Unity Team’, he soon found out that in this group, where people believe in standing up for each other, the sky was the limit. ... You are now part of this team, and it is up to you to show the true team spirit that makes this team so special.”

After the participants have familiarized themselves with the stories about their broker team, they are once again reminded that during their participation in the game, they will represent their larger broker team, not just their group. They are then taken back to their individual carrels for the second round. At this point, the second set of dependent measures is

administered. The questions asked are identical to those of the first set of dependent measures, except for the manipulation checks, which are dropped for the second round. In addition, the same dependent measures are administered for commitment to the larger broker team. The participants then complete the second round of the allocation task.

Negative feedback manipulation. After the second round, the negative feedback on group performance is introduced. Each group is again taken to a separate room and told that this time its overall performance was clearly below the level that the other three groups achieved (\$22,000 return as opposed to \$28,000, \$29,000, and \$31,000 for the other three groups). The participants are again reminded that they represent their larger team, but that if their performance remains at this level, they might not earn as much at the end of the game as the members of other groups. The participants are then taken back to their individual carrels. Shortly after they begin the second round of their allocation task, they receive an on-screen message, which is apparently from the lab assistant. The message states that although their group did poorly during the last round, as an individual they did rather well on the task. Because of this superior performance, the lab assistant apparently offers to place the participant in another broker team for the final round, thereby increasing the participants' chances of earning a higher reward. The on-screen message includes a reply button, that allows the participants to send a short message to the lab assistant, indicating their answer to the proposition. The participants also have the choice to ignore the message and not send an answer. Answers to the proposal are coded for the willingness of the participants to accept the offer. However, there is no further round, and at the end of this round the participants are debriefed and paid, with the cash prize for the best group performance being distributed among all participants.

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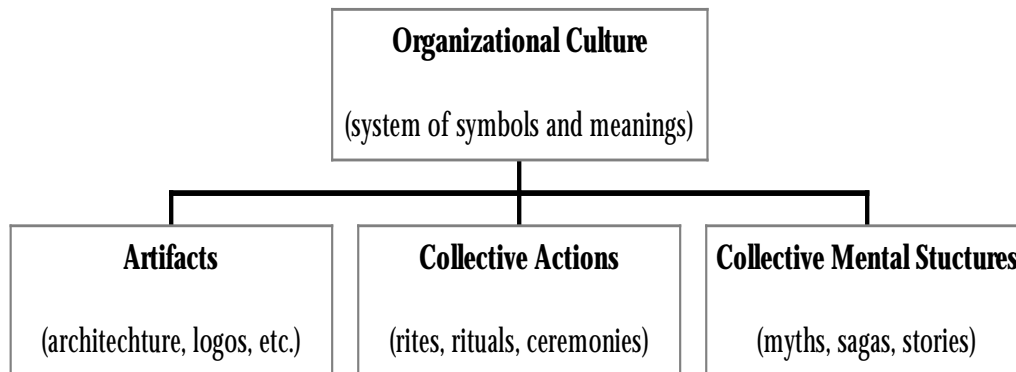
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Figure 1

Manifestations of Organizational Culture



Note. This figure was adapted from Alvesson & Berg 1992: 78.