



A Discourse on Organizational
Storytelling:
Creating Enduring Values in a High-
tech Company by Storytelling

Ph.D. Dissertation

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Sammendrag på dansk

Denne afhandling handler om organisatoriske fortællinger. Fortællinger betragtes grundlæggende i enhver kultur som formidler af mening og forståelse af verden for det enkelte individ. Fortællinger kan fortælles på alle niveauer i organisationen; de vurderes af modtagerne ud fra kriterier som troværdighed, og hvorvidt de giver mening til hændelser for den enkelte, der gør det lettere at agere i den organisatoriske dagligdag.

Der fokuseres både på fortællingernes formelle og uformelle funktion i organisationer. Gennem formelle fortællinger kommunikeres ledelsens visioner om virksomhedens fremtid og dens værdigrundlag. Formelle fortællinger kan eksempelvis have form af perspektiveringer i årsregnskaber, af taler på medarbejdermøder, af indlæg i interne og eksterne medier, samt af bøger og foldere skrevet af ledelsen. Formelle fortællinger afspejler det billede ledelsen gerne vil kommunikere til både interne og eksterne interessenter. Gennem formelle fortællinger påvirker ledelsen organisationskulturerne.

Uformelle fortællinger er fortællinger af en mere ukontrollerbar og dybtliggende karakter i organisationen. Uformelle fortællinger er fortællinger, der giver mening til ellers paradoksale og flertydige hændelser i organisationen for den enkelte medarbejder. Oplever en medarbejder eksempelvis en situation, hvor vedkommende har handlet i overensstemmelse med organisationens værdigrundlag, men finder at handlingen bliver taget ilde op i organisationen, og derefter rådfører sig med en kollega, kan situationen blive forklaret af kollegaen i form af en fortælling. Denne fortælling vil dykke ned i organisationens historie, og forklare hvorfor en bestemt handling, der ellers virker rationel i forhold til organisationens værdigrundlag med videre, ikke er *comme il faut* i den givne situation; fortællingen giver mening til situationen, så medarbejderen bedre kan gebærde sig i lignende situationer i fremtiden; fortællingen bidrager til en større forståelse af elementer i organisationens kulturer.

En organisations kulturer består af elementer med forskellig grad af synlighed. Normer og antagelser ligger dybt og underforstået i organisationskulturerne. Heri findes også de værdier, organisationen bygger på. Disse værdier formes over tid gennem forskellige påvirkninger af organisationens kulturer. En måde hvorpå disse værdier påvirkes er gennem de organisatoriske fortællinger. Da værdierne ofte ligger underforstået i organisationen, kan de være svære både at fornemme for nye medarbejdere og kommunikere eksplicit for andre medarbejdere. Denne funktion varetager fortællingerne i organisationen. Det er gennem fortællingerne, at elementer af kulturen

kommunikeres i organisationen. Herved lærer medarbejderne, hvad der er acceptabelt i organisationen og hvad der ikke er. I fortællingerne kommunikeres dette eksplicit, men der gives også en implicit fornemmelse af organisationskulturerne i fortællingernes morale, der således bidrager til at medarbejderne kan agere med øget sikkerhed i andre situationer.

Et sådan fokus på fortællinger i organisationer, hvor det understreges at fortællinger giver mening til flertydige og paradoksale situationer, har ansporet til at afhandlingen er afgrænset til at være beskæftiget med en ledelses- og organisationsteori, der især er af relevans for virksomheder i forandringsrige organisatoriske omgivelser. Især højteknologiske brancher er kendt for sådanne forhold, hvor virksomheder tilstræber en høj grad af fleksibilitet og forandringsparathed. Det forventes, at medarbejderne kan arbejde selvstændigt, mens ledelsen anlægger en ledelsesform, hvori der snarere sættes eksempel, og værdier og visioner kommunikeres, end ledelse ved styring og kontrol af medarbejderne.

I afhandlingen anvendes en case til illustration, forståelse og perspektivering af den teoretiske fremstilling. Blandt andet diskuteres det, hvordan organisatoriske fortællinger kan fungere i virksomheders hverdag i et nødvendigt samspil med andre elementer. Den valgte case er Hewlett-Packard med specielt fokus på den danske afdeling i Birkerød. Det er en virksomhed, der har opbygget en fleksibel organisationsform siden sin opstart i slutningen af 1930'erne, og som har sit forretningsgrundlag i en højteknologisk branche. Derudover har virksomheden opbygget et stærk værdigrundlag gennem 'The HP Way', hvor formelle fortællinger har spillet en væsentlig rolle.

Afhandlingen er opdelt i fire større dele. I første del opstilles en bagvedliggende ramme for ideen om organisatoriske fortællinger. Det er et forsøg på at gå bagom ideen om organisatoriske fortællinger, for at give en bedre og bredere forståelse af hvilket udgangspunkt ideen om organisatoriske fortællinger kan have i videnskabsteorien, og hvilke konsekvenser, det medfører. Der tages et social-konstruktivistisk udgangspunkt, hvor individers virkelighedsskabelse diskuteres, hvorefter en behandling af 'fortællende' videnskabelse, sat overfor den såkaldte videnskabelige videnskabelse, gives. Der bliver set på, hvilke konsekvenser det har for organisationsforskningen at placere ideen om organisatoriske fortællinger i en konstruktivistisk ramme, og hvad det indebærer af udvidede muligheder for at præsentere forskningen stilistisk. Ligeledes bliver der set på organisatoriske fortællingers inspiration fra litteraturvidenskaben, og del 1 afsluttes med en behandling af, hvad denne del har underbygget: Ideen om organisatoriske fortællinger.

Efter en omfattende behandling af det videnskabsteoretiske udgangspunkt i del 1, er anden del beskæftiget med den organisationsteoretiske kontekst for organisatoriske fortællinger. Der bliver fremført det argument, at den socio-teknologiske udvikling har medført en i den grad øget udviklings- og forandringshastighed, især i højteknologiske og vidensbaserede industrier, der betinger nye vilkår for den måde, hvorpå ledelse og organisation håndteres. Det er især i virksomheder, der befinder sig i denne omgivelsesmæssige sammenhæng, at organisatoriske fortællinger spiller en væsentlig ledelsesrolle i tæt sammenhæng med symbolsk og værdibaseret ledelse. Indledningsvist i del 2 bliver denne omgivelsesmæssige udvikling behandlet gennem teorien om en postmoderne æra, i hvilken forbindelse det argumenteres, at denne udvikling betinger nye organisations- og ledelsesformer. Dette uddybes med en postmoderne måde at forstå den organisatoriske sammenhæng på - en form for postmoderne epistemologi eller tænkning om organisationer. Dette fører over i en redegørelse for organisations- og ledelsesteori, der korresponderer hertil: En revision af visionsledelsen, der fører over i et fokus på værdierne i organisationen; en værdibaseret og symbolsk ledelsesform, hvor ledelse udføres ved fokus på organisationens værdisæt, og kommunikeres i symbolsk form gennem fortællinger i og om organisationen og dens ledelse. I del 2 ses der ligeledes på denne ledelsesforms rolle i forhold til udvikling og påvirkning af en organisations kulturer, hvor det netop er afgørende, at en organisations værdisæt er tæt integreret i medarbejdernes forståelse af de organisatoriske kulturer.

I tredje del introduceres afhandlingens empiriske case, Hewlett-Packard. Hewlett-Packard præsenteres gennem 6 fortællinger om signifikante hændelser gennem Hewlett-Packard's historie, der giver et betydeligt billede af 'hvordan man gør ting hos Hewlett-Packard'. Det er et indblik i Hewlett-Packards organisationskultur set gennem en udenforståendes synsvinkel. Del 3 bygger i høj grad på sekundært materiale som artikler i aviser og fagtidsskrifter, internt materiale fra Hewlett-Packard, samt bøger om og af Hewlett-Packard. Del 3 bliver således fremstillet gennem formelle fortællinger.

Fjerde del bygger derimod på en række interviews med ansatte ved Hewlett-Packard. Hele fjerde del er struktureret som et fiktivt møde mellem en ph.d.-studerende, en personaledirektør, og en administrerende direktør. Mødet tager udgangspunkt i det teoretiske oplæg om ideen om organisatoriske fortællinger, som den ph.d.-studerende leverer, hvorefter dette diskuteres i forhold til den praktiske hverdag i Hewlett-Packard. Herigennem anskueliggøres organisatoriske fortællingers praktiske anvendelighed i organisationer, og det diskuteres hvorvidt andre ledelsesmæssige foranstaltninger bør understøtte et fokus på organisatoriske fortællinger i forbindelse med værdi-

baseret ledelse. Afslutningsvist gives en epilog, i hvilken de tre aktører hver kort kommenterer på hvilken måde, de hver især har fundet diskussionen nyttig, og den ph.d.-studerende angiver endvidere forslag til videre forskning i organisatoriske fortællinger med fokus på uformelle fortællinger.

Summary in English

This dissertation is concerned with organizational storytelling. Stories are in every culture considered a media for providing meaning and understanding of the world for the individual. Stories can be told at all levels in an organization. They are evaluated by their recipients on a such criterion as verisimilitude, and to what degree the stories make sense out of events encountered by the individual.

Focus in on the function that both formal and informal stories have in organizations. Formal stories can communicate management's visions about the company future as well as the set of values which the company emphasizes. Formal stories can for instance have the form of management's speeches at employee meetings, vision and value statements in internal brochures, and books written by the management. Formal stories reflect the image of the company that management prefers to communicate to both internal and external stakeholders. Through formal stories management influences organizational cultures.

Informal stories are of an uncontrollable and fundamental character in an organization. Informal stories are stories that make sense out of otherwise paradoxical and ambiguous events in the organization for the individual employee. If an employee for instance is in a situation where he or she has acted in accordance with the organization's set of values but the action is resented in the organization, and he or she subsequently consults a colleague, then the event can be explained in the form of a story. This story will, based on the company history, explain why an otherwise rational action according to the company's values is not *comme il faut* in that specific situation. Thus the story gives meaning to an ambiguous situation so the employee is able to act with increased understanding of the organizational cultures in future situations.

An organization's cultures consist of elements with different degrees of visibility. Norms and assumptions lie deeply rooted and implicitly in the organization's cultures. Also the values that the organization is build on can be found here. These values are shaped over time through different factors which influence the organization's culture. One way in which these values are shaped and thus influence the organizational cultures are through the organizational stories. When values in organizational cultures lie implicit, they can be hard both to get a sense of for new employees and to communicate explicitly to other employees. This function is thus maintained through organizational stories. It is through the stories that elements of the cultures are communicated throughout the organization. Hereby employees learn what is acceptable in the organiza-

tion and what is not. In the stories this is communicated explicitly, but also an implicit understanding or intuitive understanding is communicated in the morale of the stories, which thus contributes to an increased ability for employees to act appropriately in the organization in other situations.

A focus on stories in the organization, in which stories are emphasized as means for making sense to paradoxical and ambiguous situations, has been an incentive to limit the dissertation to be engaged with a management and organization theory that especially is of relevance for companies in change-intensive organizational surroundings. Especially high-tech industries are known for such conditions where companies emphasize a high degree of flexibility and the ability to adapt to frequent changes. It is expected that employees are able to work autonomously while management ascribes to a managerial form in which examples are set and values and visions are communicated, rather than a managerial emphasis on directing and controlling.

In the dissertation a case is set forth to illustrate and to put the theoretical set up into perspective. Among other things it is discussed how organizational stories can function in the organization's every-day life in a necessary interaction with other elements. The case consists of the company Hewlett-Packard with emphasis on the Danish site at Birkerød. It is a company that has build up a flexible organizational form since its start-up in the late 1930s, and which has its business foundation in a high-tech industry. Beside this relevance to the theoretical part of the dissertation, the company has build up a strong set of values through the 'HP Way' in which formal stories have played a considerable role.

The dissertation is divided into four parts. In the first part a framework for understanding the background for the idea of organizational stories is presented. It is an attempt to go behind the idea of organizational stories in order to provide a better and wider understanding of a possible foundation for organizational stories in the philosophy of science, as well as discussing the consequences of applying organizational storytelling in organizational analysis. A social constructivist starting point is taken in which the individual's construction of social reality is discussed, which leads into a discussion of the 'narrative' and 'paradigmatic' or 'scientific' mode in knowledge creation. The consequences for organization research of placing the idea of organizational stories in a constructivist frame is discussed, as well as the implications of increased possibilities for presenting research findings. Inspiration to the idea of organizational stories from literary theory is considered, and part 1 is concluded with a discussion of the topic that this part has led up to: The idea of organizational stories.

In the second part the idea of organizational stories is put into the context of organization and management theory. It is argued that the socio-technological development has led to a speed-up in relation to development and change in organizations, especially in the high-tech and knowledge based companies, which leads to new conditions for the ways that managing and organizing are handled in organizations. Especially for companies under these conditions the idea of organizational stories in close connection with managerial approaches as symbolic and value based management is highly relevant. Part 2 takes its point of departure in theoretical considerations about a postmodern era for high-tech and knowledge based companies, and it is argued that these developments condition new organizational and managerial forms. This is elaborated with a postmodern way of understanding the organizational context in such companies; a kind of postmodern epistemology or thinking. It leads to a discussion of which managerial forms correspond to these postmodern conditions for high-tech and knowledge based companies. The 1980s idea of vision management is revised, leading into a focus on values in organizations. A value based and symbolic managerial form is suggested in which management is carried out by focusing on the values in organizations and is communicated through stories in and about the organization and its management. Furthermore, in the second part, a discussion of how this form of management influences and corresponds to the organizational cultures, and the importance of an organization's set of values being closely integrated with employees' understanding of organizational cultures, is emphasized.

In the third part, the dissertations empirical case, Hewlett-Packard, is introduced. Hewlett-Packard is presented through 6 stories about significant events in Hewlett-Packard's history, which provides a good image of 'how things are done at Hewlett-Packard'. It is an insight into Hewlett-Packard's organizational culture seen from an outsider's perspective. The third part is largely based on secondary material such as articles from newspapers and journals, internal material from Hewlett-Packard, as well as books about and by Hewlett-Packard. The third part is thus set forth as formal stories.

The fourth part is based on a considerable amount of interviews with employees at Hewlett-Packard, and it is structured as a fictitious meeting between a Ph.D. student, a personnel manager, and a managing director. The meetings' starting point is a theoretical presentation of the idea of organizational stories given by the Ph.D. student, and the subsequent discussion between the three people is focused on the interaction between organizational stories and the practical every-day life at Hewlett-Packard. Hereby organizational stories' practical usefulness in organizations is illustrated, and it is furthermore discussed whether other managerial measures should

support an increased focus on organizational stories in relation to value based and symbolic management. In conclusion an epilogue is set forth in which each of the three actors shortly comments on the way they have found the discussion useful, and the Ph.D. student gives a suggestion of further research in organizational storytelling with a focus on the informal organizational stories.

Table of contents

Sammendrag på dansk.....	iii
Summary in English.....	vii
Table of contents.....	xi
List of figures.....	xiii
List of tables.....	xiv
Preface.....	xv
Chapter 1. Introduction.....	1
Research objectives and questions.....	2
Methodology.....	4
Structure of the dissertation.....	5
A note on progress in organizational theory.....	6
Part 1: Basic assumptions about philosophy of science and organizational research.....	9
Chapter 2. The position of narrative within the philosophy of science.....	12
‘Enacting’ social reality.....	12
Peculiarities of a symbolic-interpretative approach.....	18
Summary of chapter.....	21
Chapter 3. In the beginning: A discussion of two kinds of organizational knowledge.....	22
Two modes of knowledge: Paradigmatic and narrative.....	23
Summary of chapter.....	29
Chapter 4. Considerations on research methodology within the narrative framework.....	30
Narrative: Fact or fiction in organization studies?.....	32
Summary of chapter.....	36
Chapter 5. Techniques and terminology of literary theory in organizational analysis.....	37
Summary of chapter.....	44
Chapter 6. Presentation of research findings: New possibilities and consequences.....	45
Summary of chapter.....	47
Chapter 7. The role of stories and storytelling in organizational analysis.....	48
Providing an understanding of stories and storytelling.....	48
Stories, storytelling, and organizational research.....	55
Summary of chapter.....	58
Part 2. The setting of contemporary organization theory.....	60
Chapter 8. Setting the stage: Rupture in organization and management theory - issues in the 1990s.....	64
The postindustrial or postmodern organizational perspective.....	67
The difference between so-called modern and postmodern organizations.....	69
Inspiration from the modernism/postmodernism discussion in organizational analysis.....	70
Postmodernity as epoch.....	73

Postmodernism as epistemology	74
The idea of postmodern thinking	76
Integrative and flexible organizational forms in Danish companies: Towards postmodern organizational dimensions.....	79
Summary of chapter	80
Chapter 9. Organizational symbolism: Suggesting a tool for uncovering underlying factors of organizational culture	82
Culture in organizations: Establishing levels of organization and discovering the underlying factors.....	89
Summary of chapter	96
Chapter 10. Visions and values in management and organization	97
Management by vision creation	98
Values in organizations: Uncovering stability in unstable times.....	101
Summary of chapter	106
Chapter 11. Implications for management and organization theory: Recent trends	108
Organizations in ambiguous surroundings.....	108
The nature of organizations.....	113
An emerging role of improvisation and intuition in management and organization	115
Managerial activities in change: A brief insight	117
Summary of chapter	119
Part 3. Stories about significant events in Hewlett-Packard: Uncovering the organizational culture.....	120
Chapter 12. A story about significant event number one: The start-up of Hewlett-Packard	124
Implications	129
Chapter 13. A Story about significant event number two: Salary cut to avoid lay-off and borrowing.....	130
Implications	135
Chapter 14. A story about significant event number three: The photocopying room episode.....	136
Implications	136
Chapter 15. A story about significant event number four: The lock busting episode	137
Implications	137
Chapter 16. A story about significant event number five: Making the corporate philosophy, the HP Way, explicit.....	138
Implications	147
Chapter 17. A Story about significant event number six: Packard's intervention to maintain emphasis on the corporate philosophy	148
Implications	150
Part 4. Analysis and conclusion	151
Chapter 18. The fictitious strategy meeting that has taken on a brainstorm character	155
Epilogue	192
References	195
References directly related to Hewlett-Packard.....	206

List of figures

Figure 1. Objectives and research questions.....	4
Figure 2. Illustrating narrative distance.	39
Figure 3. Basic elements of narrative theory and its relation to organization theory.....	41
Figure 4. Some conclusions from a research project on organizational stories.	57
Figure 5. Sources of inspiration to and significant periods in organization theory.....	61
Figure 6. The functions and types of organizational symbolism.	87
Figure 7. Schein’s levels of culture and the interaction between the levels.	91
Figure 8. A simple figure of organizational processes.	105
Figure 9. Strategy development as a dynamic process.	111
Figure 10. Organizational values at Hewlett-Packard.	144
Figure 11. Corporate objectives at Hewlett-Packard.....	145
Figure 12. Strategies and practices of the HP Way.	146
Figure 13. Understanding the origin of the words, hoshin kanri.	158
Figure 14. The process of Hoshin Management.....	159
Figure 15. A managerial form continuum.....	185
Figure 16. Organizational imperatives for Hewlett-Packard.....	188

List of tables

Table 1. The narrative mode in organizational analysis: A conceptual framework.....	10
Table 2. A typology of research within the narrative mode.....	11
Table 3. An attempt to compare functional and symbolic approaches to culture studies.....	20
Table 4. Contrasting the paradigmatic and the narrative mode.....	28
Table 5. Narrative versus fictional approaches to organizational analysis.....	34
Table 6. Four narrative positions in relation to voice and perspective.....	42
Table 7: Organizational dimensions of modernity and postmodernity.....	70
Table 8. Postmodernism as epoch and epistemology.....	73
Table 9. Elements of postmodern knowledge: Five epistemological notions.....	76
Table 10. Rate of return and value added in four organizational types.....	80
Table 11. Three perspectives on culture and cultural change in and around organizations.....	94
Table 12. Layers of value in organizations.....	103
Table 13. Old and new assumptions about the environment.....	110
Table 14. Basic theoretical positions and their relation to Hewlett-Packard.....	182

Preface

This dissertation is the final outcome of three years work which began in early 1996. Many roads have been investigated before I ended up with this interesting subject. A great help was the work carried out in relation to the DISKO research project, a project on flexibility and innovation in Danish companies, which played a large role in the early phase. It gave me time to think the project through, and straighten out my thoughts on organization studies. And in the process of writing the second of the research reports (Jørgensen et al., 1998) I came across Hewlett-Packard, and suddenly it hit me. Now I knew what the topic precisely should be, and it was about time.

I have visited three Hewlett-Packard sites during the research period and have been received with an immense kindness. I will not try to hide that I have found the managerial and organizational style that has been constructed over a large number of years at Hewlett-Packard interesting. Of course, it has its flaws, and I have not tried to hide it in the dissertation. It wouldn't be appropriate, and no one would learn much from painting an idyllic picture of Hewlett-Packard. Hewlett-Packard is a company that was founded in 1938, and from the very beginning the founders made a company based on the flexible organizational form that in the 1990s have become *the* organizational fashion (Nymark, 1998a). And thus, it is no wonder that the managing director of the hearing aid manufacturer, Oticon, spent an amount of time seeking inspiration at Hewlett-Packard before making his radical and now famous organizational change at Oticon, which has been the subject of numerous both Danish and international articles, books, and dissertations (e.g. Morsing, 1995; Jensen, 1998; Peters, 1992: 201-206).

Organization research, I have now learned, has nothing to do with being well prepared, and then start researching. The study develops over time in an interactive process between the researcher and the research topic. The outcome can never be predicted, it has been a journey into the unknown. But I have learnt much over the years, and for that I am grateful.

Many people and institutions, to whom I am indebted, have been both supportive and helpful during the last three years in which the work on this dissertation has been carried out. I especially wish to mention Colin Gill for kindly inviting me to spend eight magnificent months as a visiting scholar at University of Cambridge; Bengt-Åke Lundvall for commenting the dissertation, and for inviting me to join the DISKO research project which has been a tremendous experience from which I have learned much; Department of Business Studies at Aalborg University

for providing me with financial means for making this work possible, and for housing me; Anna Gitte Lund for our always ongoing discussions about the limits and borders of management and organization analysis, and art; Jørgen Gulddahl Rasmussen for his encouragement, support, numerous discussions on organizational behavior, and for his commenting of the dissertation; Reinhard Lund for his help on both the dissertation and the DISKO research project; my contact persons at Hewlett-Packard, Rune Sørensen and Pia Møller. During my research on Hewlett-Packard I have never met the answer 'no' to anything at the visited HP sites at Ipswich, Århus, and Birkerød, which has been a both impressive and pleasant experience; all the Hewlett-Packard employees that have taken time to talk to me, and even stood up to all my following phone calls; Ina Drejer for proof reading the dissertation and, along with Keld Laursen, for being the cornerstone of a strong social environment of young researchers at the department that I couldn't imagine having been without.

Søren R. Nymark,

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Chapter 1. Introduction

So-called knowledge-intensive companies in high-tech industries have become of major importance in modern economies and organization studies. As these have become more central, so have the studies of their managerial and work processes in environments characterized by turbulence and instability in the environment, lack of well-defined organizational boundaries to the external community, and a high degree of employee autonomy and self-management. This changes the rules of management and organization design. Berg addresses the point of interest well as he states that:

“The key question here is how organization and control are achieved when a formal authority structure has been rejected, when the authority pattern is ambiguous or when action norms are based on highly questionable rationality assumptions. The dilemma has led to an alternative conception of management as a cognitive and emphatic process whereby an organization starts from an idea of its mission and position to create, shape and direct ideas, values and actions.” (Berg, 1989: 208)

In this dissertation, the focus will be on the organizational culture, often defined as the social glue that keeps the organization together (Siehl & Martin, 1984: 227), and the transfer of cultural understanding in organizations. In organizational conditions as just described, stability in and understanding of an organization’s values must be central in the organizational culture. Therefore, focus will be on how to maintain and transfer a shared understanding of the organizational culture. The claim will be that it can be done by storytelling, and this will be explained in the context of a narrative framework.

This dissertation seeks to develop a framework on a nascent theoretical approach in organizational science by combining theoretical elements from organization science and other disciplines for building a comprehensive understanding. For instance, inspiration for a narrative approach is sought from the techniques and thoughts in literary theory. It is the belief that the trespassing of boundaries between the scientific and narrative community can be very rewarding to the development of organizational research. It can be claimed that it already has been done for long in relation to organizational understanding, presentation of scientific results, and in relation to qualitative research methodology. However, the objective here is just as much to develop a comprehensive understanding that clearly takes the use of the narrative approach into an organizational research and analysis context.

The narrative approach can roughly be said to be a distinctive and definitive turn away from the rigor of natural science as the inspiring standard for organizational research. From literary theory

organization analysis has already borrowed deconstruction, poststructuralism, and postmodernism from which organizational understanding and research has developed further by applying significant and relevant topics to the field of organization studies. Now literary theory is approached again for inspiring and supplementing both organizational research methodology and the understanding of organizations. The concepts or notions of symbolism and culture in organization science are closely related to the narrative approach that will be illustrated in the following.

The aim of a narrative approach is to give an insight into the underlying notions and assumptions that relates it to organizational symbolism and culture. The narrative approach provides thus as framework for an underlying understanding of issues in the latter parts of the dissertation. The focus will be on what it means to say that an organization is constituted by its stories, and how that relates to the reality of organizations. Organizational stories will be seen as means for transferring the foundational understanding of organizational culture to new members of an organization, and to maintain and develop the perception of the organizational culture for members that has been with the company for a longer period of time. For grasping the idea and potentials of organizational storytelling large parts of the dissertation has been devoted to theoretical elements which aims at proving a conceptual foundation for understanding the idea of organizational storytelling.

Thus the idea of organizational stories and storytelling is pervasive in the dissertation. The idea of organizational storytelling is set forth theoretically, and in the last part of the dissertation a practical illustration of how organizational storytelling can function in a high-tech company is given. By now, it is clear that there is no best way of doing things in organization theory as to constructing organizations and conducting leadership. Rather there is a need for consistency in the coordination of all the different elements that is involved in an organization, which will be attended to in the present case building on studies of the high-tech company Hewlett-Packard. Thus the last part of the dissertation will be also be concerned with whether ‘soft’ organizational and managerial issues such as symbols, values, and stories can function in an organization without other measures.

Research objectives and questions

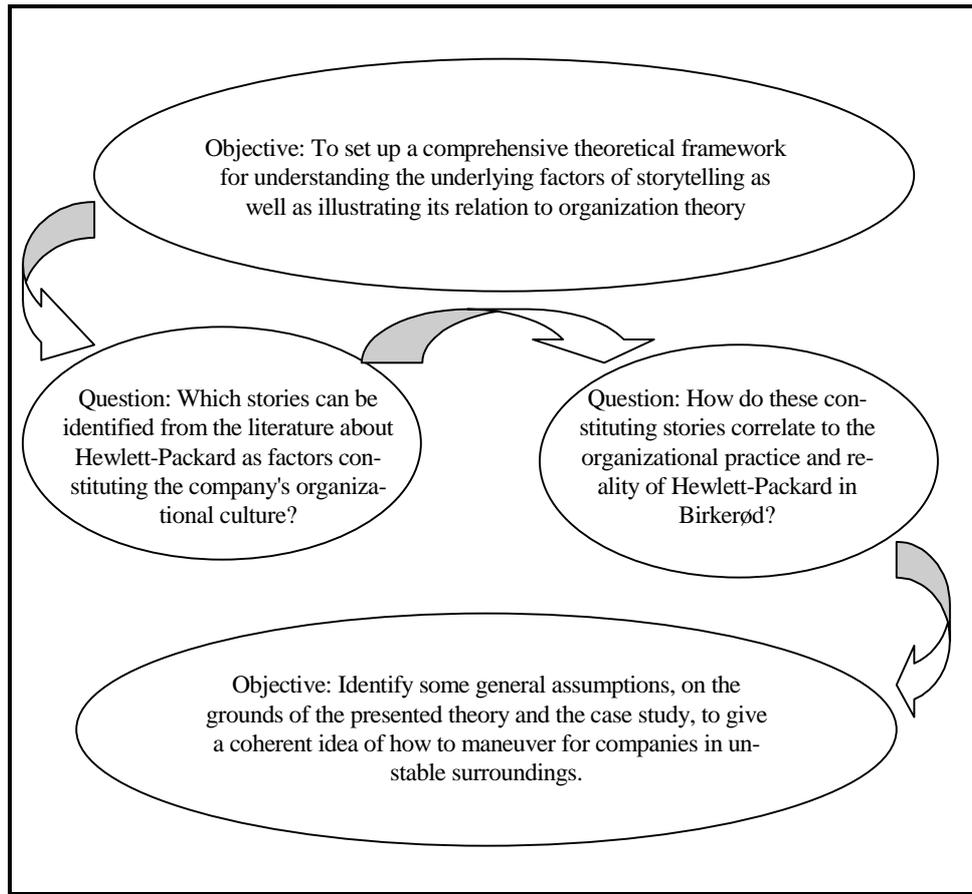
The main objective is to give a perspective on which factors or relations can be said to constitute organizations in what has been called a post-industrial society among other things (Heydebrand,

1989; Whitaker, 1992). When change and turbulence seems to be the only stable factors in an organization's environment, then there is an urge to dig into the organization's culture to establish which factors seem to have been stable over a longer time in order to provide the organization with something consistent over time. It is destructive for an organization if the perception is that everything floats without any clear or fixed points of stability. It is a search for those basic values that give meaning, provide insight and understanding for members of the organization.

This main objective is given by the objectives and research question of the dissertation as illustrated in figure 1. The first objective is to set up a framework for conceptual understanding of the narrative perspective as underlying organizational research and perception as well as illustrate it in relation to contemporary organization theory. The narrative framework is the theoretical foundation for organizational storytelling. It is a reflective position that takes a step back in relation to organizational storytelling, and thus provides a theoretical frame for organizational storytelling.

Two questions are related to the empirical part. The first is to identify the stories in Hewlett-Packard that constitute the understanding of the company's culture. The second question is how well these stories correlate to the organizational reality or everyday practice at Hewlett-Packard's site at Birkerød and what the consequences are. The last objective is to identify some general assumptions for companies about how to maneuver in turbulent surroundings based on the theoretical and empirical findings in the study.

Figure 1. Objectives and research questions.



Methodology

In an attempt to understand organizational culture and its transfer, a theoretical position closely related to the symbolist-interpretive is adapted. Symbolic-interpretive research understands the notion of symbols as ‘anything that represents a conscious or unconscious association with some wider, usually more abstract concept or meaning’ (Hatch, 1993: 669). The interpretive approach is said to take ‘the existence of all aspects of culture as problematic, and seeks to understand the methods and practices by which its elements are created and sustained through ongoing interpretive processes, which construct and reconstruct the culture as a realm of significant meaning. From the interpretive point of view significant meaning is embodied in the symbolic actions which create the culture’ (Morgan et al., 1983: 19). This is further elaborated in the section called ‘Peculiarities of the symbolic-interpretive approach’.

The concern is to study and understand a single organization’s culture (Schultz, 1990, 1995), which is pursued at the high-tech company, Hewlett-Packard. The empirical study can thus be

classified as a single case study (Yin, 1984; Flyvbjerg, 1991; Eisenhardt, 1989; Arbnor & Bjerke, 1997).

However, the methodology applied for gathering information concerning the case is quite traditional. In the context of a descriptive study, there is reason to use only existing, secondary material and to collect data by means of direct observation, and interviews (Arbnor & Bjerke, 1997). Primary information has been gathered through open-ended interviews, and on-site observation (Maaløe, 1996; Silverman, 1993). Interviews have been conducted in order to get first-hand information about the interpretation of Hewlett-Packard as it is seen through the eyes of the employee. A large collection of secondary information has been gathered. This comprises brochures, internal company material, records of speeches by company executives, newspaper articles, and articles and books concerning previous studies of Hewlett-Packard.

As the focus is on the stories constituting the culture at Hewlett-Packard, it will be seen that it is not of importance to quote individuals, and thus the problem of confidentiality can, to a large degree, be avoided. Furthermore, it has for long been apparent in organizational analysis that what works well or 'excellent' in one company cannot successfully be implemented in another company as social phenomena are not to be understood, and do not exist, in a social vacuum (Jørgensen et al., 1998). Rather, a company can be inspired by studies of another company and use the inspiration for company specific adaptation. At Hewlett-Packard, they are aware of this fact and have allowed their identity to be fully disclosed.

Structure of the dissertation

The dissertation has been divided into four parts. The first part is concerned with setting up a conceptual framework for an understanding of the narrative mode. The suggested framework can be seen as an underlying frame for the idea of organizational storytelling. To display the thoughts, philosophies, research perspective, and organizational context that lies behind the work with organizational stories and storytelling. It signifies, by a certain scientific reflection, that it is more than 'mere' stories that are discussed. Therefore, the first and highly theoretical part is concerned with answering the question of what the perspective of the narrative understanding is in its relation to philosophy of science, to research methodology, and the difference between narrative and storytelling. Initially when the idea of stories in organizations was approached, the idea was hard to grasp. Therefore the framework, chapters 2-6, has been explored

in order to provide a conceptual understanding of the idea of organizational storytelling which is elaborated on in the last chapter of the first part.

The second part elaborates on these basic assumptions from the first part in order to provide an organizational context for such a narrative approach. It provides the link between the basic assumptions and contemporary organizational theory. It sheds light on the question of why the proposed perspective on stories is important in organizational analysis and under which conditions it is most relevant. The focus is on the changing conditions for companies in change-intensive and fast-moving industries. It is concerned with the changing managerial role from management giving orders and directions to management managing by emphasizing corporate values, and rather symbolizing an image, standard, or story for employees rather than telling them what to do.

Hewlett-Packard is investigated in the third section. This is an empirical section. Here Hewlett-Packard is introduced, and an important insight in its history is given as well as a number of significant stories. The significant stories are those that carry and constitute the company's organizational culture. 6 stories are put together largely from secondary material by the author and these give an understanding of the corporate stories of Hewlett-Packard. They illustrate how Hewlett-Packard likes to picture itself to different stakeholders. Through these stories it is for instance indirectly symbolically communicated how to behave at Hewlett-Packard to new employees.

Lastly, the fourth part gives an analysis of Hewlett-Packard in relation to the first two parts' theoretical stances combined with the role of the significant stories in Hewlett-Packard. Finally, Hewlett-Packard's Birkerød site is put into the context of the previous findings, and an illustration of how to deal with organizational stories in practice is set forth in relation to Hewlett-Packard at Birkerød. In the first three parts the hypothesis of storytelling and its function is set forth. The focus in the first three parts has been on the 'softer' issues of organization and management as values, culture, symbols, and stories. In the last part it is discussed critically how this functions and could function, and whether these 'softer' organizational and managerial perspectives can stand alone in an organization exemplified by Hewlett-Packard at Birkerød.

A note on progress in organizational theory

The field of organizational studies can be said to be developed through diverse language games (Mauws & Phillips, 1995). A language-game is a Wittgensteinian (Wittgenstein, 1958) notion,

predominantly introduced for organizational inspiration by Lyotard (1984), who understands language-games as a particular way of approaching the world and acquiring knowledge, through what generally is called a discourse. Discourse, however, can be defined as ‘the infinite play of differences in meanings mediated through socially constructed hegemonic practices’ (Boje, 1995: 998), each with its own rules and structure, and especially mediated in stories. A discourse may furthermore, emphasizing the intangible coherence between theory and practice, be conceived of as ‘a set of ideas and practices which conditions our ways of relating to, and acting upon, particular phenomena. Because a discourse is always embedded in social practice, it cannot be reduced to its ideational content any more than be seen as devoid of theory’ (Knights & Morgan, 1991: 253). This is closely connected to the idea of society as based upon its discursive constitution. Since all identity is relational then ‘all discourse is subverted by a field of discursivity which overflows it, the transition from elements to movements can never be complete. The status of the elements is that of floating signifiers, incapable of being wholly articulated to a discursive chain. And this floating character finally penetrates every discursive (i.e. social) identity’ (Laclau & Mouffe, 1985: 113).

The language of organization is an ongoing discourse where ideas and vocabulary is worn out from time to time, and new words and metaphors are sought. The point of organizational studies is to participate in the continuous development of metaphors and renewal of the language games of organization and management. This is in order to inspire, give new insights, and improve the understanding of the complex phenomenon of organizational life for students, other researchers, and people in the practical world of business and management.

What especially postmodern and poststructural approaches have taught is that there can be no ‘complete’ or ‘correct’ perspective. Notions and terminology are being developed by scholars contributing to their individual research community, and thus creating pools of knowledge in an organizational process, which is local to the community and recursive for the community’s survival. There exists a number of competing views, none more correct than the other. Each is showing another aspect of the inexhaustible reality of organizations and each new perspective adds to the ongoing conversation on the nature of organizing.

The addition of the narrative mode provides organizational theorists with new ways to talk about organizations and new things to talk about, expanding the play of texts on which the field depends. Classical and modernist inspired approaches to organization analysis are thus being increasingly challenged at the margins. Wittgensteinian philosophies of language, ethnomethod-

ological approaches, postmodernism to name a few have all combined to make these older discourses look increasingly dogmatic (Parker, 1992).

The field of organization science is created and maintained by a community of organization scholars often inspired by other research and scientific areas and traditions. The fields that have contributed to organizational development are for instance anthropology, philosophy, sociology, social psychology, and psychology. Organization scholars are engaged in an exercise of sense-making as conceptual terminology is invented and theoretical meanings are constructed. The inspiration and development of organization science is also brought along from managerial and organizational reality, which makes empirical research an important and integrated part of the organizational research pursued. However, the empirical data are not an objective representation of external reality; they are rather a subjective reflection of researchers' theoretical perspectives, values, and intellectual commitments (Astley & Zammuto, 1992: 448). Organizational researchers should not be considered as 'engineers fixing problems for managers but as suppliers of conceptual and symbolic language for the use in organizational settings' (Gergen & Thatchenkery, 1996: 371-272) for inspiration to managerial and organizational development. Thus, organization theory can be regarded as constituted in and by reflective and reflexive analyses of organization. By the abstract descriptions and interpretations of these processes of organizing, it is seen that there is no 'single or "best" form of theory or organization theory but, rather, that there are many possible theories of organization' (Gephart, Boje & Thatchenkery, 1996: 2-3).

In the light of these reflections, a dissertation has been written. Such reflections have laid the foundation for presenting a contemporary organizational discourse that aims at offering a coherent tale in the fragmented and confused state of post postmodern organization theory.

Part 1: Basic assumptions about philosophy of science and organizational research

The picture of how the world looks is called ontology and the belief about how knowledge about the world is acquired is called epistemology. Since the way of acquiring knowledge about the world is influenced by the way that the world supposedly looks, an epistemology implies an ontology (Björkegren, 1993). Positivists have argued that scientific knowledge was characterized by the use of scientific methodology, which was considered a method of inquiry that was objective and quantitative. Popper (1986) argued further that even more important than an objective and quantitative method of inquiry was that the research results were falsifiable, which means that only direct observable phenomena can be investigated scientifically. If not, it was metaphysics instead of science.

Kuhn (1962) suggested, rejecting Popper's position, that what is perceived as scientific knowledge is determined by the prevailing scientific paradigms, what was called language games in the first chapter. Kuhn argued further that what counts as production of scientific knowledge takes place within the framework of the paradigms' theory and methodology conventions. In real life, scientists do not try to falsify, as was Popper's argument, but to verify their theories. Statements are considered as true when they are trustworthy; when people judge that they represent things the way that things really are, according to Searle (1995: 219). It is clearly a subjective view that will be elaborated in the coming section on social reality. When it becomes impossible to explain away anomalies, a paradigm-shift occurs where old theories are replaced by new ones and by a new vocabulary that can explain the anomalies (Kuhn, 1962).

Thus, the two modes use different criteria of truth. Within the paradigmatic mode the criteria is based upon verifiability or fallibility by external validation building on a Popperian position in the philosophy of science (Popper, 1972). The narrative position, on the other hand, does not depend upon validation but rather upon verisimilitude, plausibility, internal coherence, and persuasiveness (Holmgaard, 1998: 225). As such, it is seen that the paradigmatic and the narrative orientation ascribe each to one of the classical criterias of truth. The paradigmatic orientation is closely related to the correspondence theory whereas the narrative orientation applies to the coherence theory (Føllesdal et al., 1992). The correspondence theory emphasizes that 'truth' is based upon the degree of correspondence with reality whereas the coherence theory emphasizes coherence and internal consistency.

Mishler observes ‘that we often speak of validating rather than discovering the meaning of. And we are tempted to speak of such things as objectivity, truth, proof, and methodology where I believe we mean to refer to the more human and social qualities of communicability, generalizability, plausibility, and interpretability’ (1986: 110). These two positions can directly be related to the two modes of knowledge that will be discussed in this part.

A framework for understanding the underlying notions or basic assumptions of human nature, research methodology, and a balanced view of the acquiring of knowledge will be set forth in this part as elaborated in table 1. Part 1 is thus set forth as a conceptual framework for understanding the narrative set-up in order to give a comprehensive frame that is a fundamental and underlying factor for the following parts in regard to organizational storytelling. In table 1, the individual chapters in this part can be seen as founding pillars for the conceptual foundation.

Table 1. The narrative mode in organizational analysis: A conceptual framework.

<i>Chapter/pillar</i>	<i>Explanation of contents</i>
2. The position of narrative within the philosophy of science	In this chapter, the narrative framework is positioned within the philosophy of science. It is related to a subjectivist stance, and a discussion of the position under the broad umbrella of social constructivism is given.
3. In the beginning: A discussion of two kinds of organizational knowledge	An elaboration of the two modes of knowledge is given. The difference and connection between scientific and narrative knowledge is elaborated and discussed.
4. Considerations on research methodology within the narrative framework	Consequence of progress in organization science in relation to the narrative framework is discussed in relation to research methodology.
5. Techniques and terminology of literary theory in organizational analysis	The narrative heritage from literary theory is related to terminology and techniques in organization theory.
6. Presentation of research findings: New possibilities	New possibilities are emerging as a consequence of a subjectivist epistemology in organization theory. An example is given.
7. The role of stories and storytelling in organizational analysis	This chapter highlights the ideas and functions of stories and storytelling in organization theory. It connects the present part on a narrative framework in organizational research with the next part on organization theory.

What Popper argued for is a scientific position that lies within the so-called ‘logico-scientific, scientific or paradigmatic’ mode. Kuhn argues for a more balanced view, which can be seen as a step toward the so-called ‘narrative’ mode, which has been the inspiration for this dissertation as it will be seen in the following. The narrative mode functions to create and entertain meaning whereas the paradigmatic mode is focused on determining truth-value. It is introduced by the words of Hägglund:

“The logico-scientific mode has over the centuries developed sophisticated and efficient ways to test truth. Hypotheses are constructed in certain ways, and tested for falsity. Knowledge is created through

rejected hypothesis. In order to find truth, we have to find what is not true. These testing procedures have led to our use of validity and reliability as instruments of truth control. We check for validity to know if our test measure what we intend to measure, and we check reliability to know if our tests are well constructed. The forms of how to find this out are widely accepted and reproducible. In the narrative mode, truth-value is determined through negotiation. If the narrative is convincing and well balanced in sequentiality and plot, it is accepted as truth. The story is sensitive to different social settings, and truth-value is locally produced and accepted. While this certainly would be a handicap when judged by logico-scientifically trained minds, it is an advantage in many other settings.” (Hägglund, 1997: 2)

Hägglund (1997) sets forth an illustrative scheme for understanding the applicability of the narrative mode as seen in table 2 as an illustration of the possibilities of the range in the narrative framework. These areas will implicitly be elaborated further in this part in order to create an understanding of the narrative mode as a kind conceptual framework.

Table 2. A typology of research within the narrative mode.

	<i>Looks for features in an individual context</i>	<i>Looks for function in a social context</i>
<i>Focus on deep levels</i>	3. Narrative as an underlying structure	4. Narrative as an organizing activity
<i>Focus on surface levels</i>	2. Narrative as the content of stories	1. Narrative as a way to write reports

Source: Hägglund (1997: 4).

The aim in this part is to set up a comprehensive and coherent foundation for understanding the underlying assumptions on which the idea of organizational storytelling is based. This will be explained in depths in the following chapter but Rappaport provides a glimpse of the idea:

“The narrative approach to understanding cognition, personality development, culture, and community is one that is emerging from several disciplines as a way to understand human experience, memory, and personal identity from the point of view of a person in social context. In its simplest form, the narrative approach means understanding life to be experienced as a constructed story. The stories that people tell and are told are powerful forms of communication to both others and one’s self. Stories order experience, give coherence and meaning to events and provide a sense of history and of the future.” (Rappaport, 1993: 240)

Chapter 2. The position of narrative within the philosophy of science

This chapter is concerned with describing and establishing the basic ideas about how individuals perceive their social reality. The chapter is divided in two. First, an elaboration of the ideas behind the construction of social reality will be given, then different academic schools under the broad umbrella of the notion ‘social constructivism’ will be discussed to illustrate what the present position is. A relatively pragmatic constructivism will be advocated in which arguments about the physical world as well as the solipsistic argument that nothing exist outside the mind of the individual will be discouraged. Secondly, the peculiarities of a symbolic-interpretive stance will be set forth as a founding element for organizational symbolism that will play a role later in the dissertation.

‘Enacting’ social reality

Weber once wrote that the social science, that is to be conducted, is supposed to be a science about reality. The objective of this social science is thus to understand the peculiarities of the reality of life that surrounds humanity (1977: 119). Weber can be seen as the founder of ‘subjective’ and phenomenological sociology (Burrell & Morgan, 1979). His works influenced Schütz and Schütz’s students, Berger and Luckmann, who subsequently wrote the seminal book *The Social Construction of Reality. A Treatise in the Sociology of Knowledge* in 1966 (Månson, 1996: 105). Their book established the notion ‘social construction’¹, which will be used in the following.

The basic principles and arguments were already given by Kant (1724-1804). He argued that a priori knowledge must precede any understanding based on empirical findings. All sense-data are structured, arranged, and thus understood by inherent, in-born organizing principles within man’s consciousness. A priori knowledge is by Kant seen as independent of any external reality. It is the product of human mind and the interpretive process that goes on within it. A position that also was taken by Nietzsche (1844-1900) who worked with the idea that ‘the world as perceived is the creation of the perceiving mind’ (Hayman, 1980: 72).

¹ Social constructivism is considered a broad notion under which a number of different notions are positioned with different, minor peculiarities. It is, for instance, constructivism, symbolic-interpretivism, phenomenology, and hermeneutism. See Burrell and Morgan (1979) for a good discussion of the origin of the ‘subjective’ stances in organizational analysis.

It is therefore claimed that objective proof of an idea or the like cannot be obtained independent of our own judgment and social construction (Daft, 1983: 543). Thus, the mind is not the mirror of nature, there are privileged representations and what is called truth is no more than a name for a historically located practice of justification (Rorty, 1979). The metaphor of holding a mirror to nature illustrates naturalistic inspired research as a pale and passive role (Gergen & Thatchenkery, 1996: 370). Knowledge and truth are created, not discovered by mind. The pluralistic and plastic character of reality is emphasized by Schwandt: ‘... pluralistic in the sense that reality is expressible in a variety of symbol and language systems; plastic in the sense that reality is stretched and shaped to fit purposeful acts of intentional human agents’ (1994: 125).

In organizational analysis, the position is commonly seen in the light of Weick’s (1979) enactment theory and Berger & Luckmann’s (1966) social construction of reality theory. According to Weick, the researcher creates the phenomenon that is sought studied. Hatch (1997) explains that enactment theory focuses attention on the subjective origin of organizational realities and refers to Weick’s explanation of the use of enactment as: ‘... *enactment* to emphasize that managers construct, rearrange, single out, and demolish many “objective” features of their surroundings. When people act they unrandomize variables, insert vestiges of orderliness, and literally create their own constraints’ (Weick, 1979: 164). Weick (1995) uses *enactment* to emphasize that people in organizational life produce part of the environment that they face. The term is used because of the suggested close parallel between what legislators and managers do. That is, they both construct reality through authoritative acts. An example that could be when people enact laws they create new features of an environment that did not exist before, why the environment is not seen as existing independent of, or detached from and external to, the people involved. As they act they create ‘the materials that become the constraints and opportunities they face’ (Weick, 1995: 31).

The social construction of reality suggested originally by Berger & Luckmann (1966) understands social order as produced through interpersonal negotiations and implicit understandings. These are built up via shared history and shared experience, and therefore the sustaining of social order is dependent on an ‘at least partial consensus about how things are to be perceived and the meanings for which they stand’ (Hatch, 1997: 42). For the social constructivist, categories of language are used to understand social fabric such as organizations. The social constructivist does not perceive this as real or natural in an objective sense, rather as the product of belief held by members of a community. The meanings and terms used in order to understand are invented

and sustained. Therefore, reality can be seen as only existing as a common social construction, by which humans see, interpret, and act (Alvesson & Berg, 1992). Shared meaning evolves based on collective action as the core of the organization and the reality shared by members of the organization hereby constitutes the basis of the organization.

However, the position here must not be confused with the *science* constructivist one. The position here is solely concerned with the generation of *social* reality, and does not make any claims about the situation of the physical world² (Collin, 1997: 5). Thus, within a subjectivist's understanding there are two important directions that need to be explained within the constructivist movement. They can be called social constructivism and plainly constructivism, or narrow and broad arguments, respectively, in the discussion of the range of constructivism.

Collin (1997) draws a much-needed distinction between what he calls the broad arguments and the narrow arguments in his philosophical discussion of constructionism. His claim is that the broad arguments are indefensible, whereas the more moderate positions, the narrow arguments, are viable. The plain difference is that the broad arguments overreach themselves by applying to all of reality, whereas the narrow arguments prove to be sustainable in virtue of their more modest pretensions because they only claim to apply to the *social* world (Collin, 1997: x-xi, 4). The broad arguments advance considerations about both the physical and the social world as constructed, whereas the narrow arguments limit the discussion to considerations concerning the social world.

The position in the present dissertation will be that of the position and arguments of human intentionality in a *social* reality and in places where notions about reality and the world are discussed, it will implicitly be the *social* reality that is discussed unless otherwise is stated. Collin explains that people view things from different cognitive perspectives, not that they live in different physical worlds, and it can be illustrated by people who observe the same landscape from

² Among representatives of a (science) constructivist position in relation to the physical world are H. M. Collins (1992), K. Knorr-Cetina (1981, 1993), M. Callon & B. Latour (1992), and B. Latour & S. Woolgar (1979). These writers are mostly interested in the construction of the physical world as for instance, facts concerning quasars, gravity waves, and microbes. They are therefore also referred to as the 'science constructivists'. Science constructivists see the generation of physical reality as the upshot of scientific activity and they are mainly interested in investigating the scientific research process (Collin, 1997: 13, 76-77). A good discussion is seen in Simondo (1993). On the more popular side, an argument against the so-called constructivist belief is Samuel Johnson's response to Bishop Berkeley's arguments by kicking a large stone while exclaiming 'I refute this' (Hospers, 1990: 64). The critique of the hard constructivist approach that Collin takes up as the broad arguments, is also seen in Searle's argument that one cannot prove rationality by argument because arguments already presuppose rationality (1995: 178).

different mountain peaks (Collin, 1997: 54). Reality is rather seen as a patterned process than as a structure of permanent, discrete objects (Collin, 1997: 83).

‘Social’ is meant as collective, and a phenomenon is considered social if it involves a plurality of human agents whose actions or plans are somehow mutually related (Collin, 1997: 5). When a group of people are working, or merely being together, some tacit norms will evolve specifying who does what, the individual’s status etc. Therefore, it is not of interest here to discuss whether or not human actions make up social reality in any causal or physical sense, but that human actions are collectively *constituting* social reality (Collin, 1997: 2). Social reality is constructed by the way that ‘humans think and talk about it, by the way they describe it and explain it, and by the agreements they reach about it’ (Collin, 1997: 91). Social reality is a product of the cognitive processes with which social agents continuously struggle with an ongoing construction of reality, as well as ‘... there are portions of the real world, objective facts in the world, that are only facts by human agreement. In a sense there are things that exist only because we believe them to exist’ (Searle, 1995: 1).

Searle distinguishes between institutional facts and brute facts. Institutional facts require human institutions for their existence; based on human agreement in contrast to brute facts (1995: 2). An example of a screwdriver is given as an object that is user and observer relative. It is a screwdriver only because people use it, or regard it, as a screwdriver (Searle, 1995: 10). Hereby, the discussion of narrow and broad arguments in constructivism, as engaged by Collin (1997), is taken up again in a more down-to-earth and exemplifying way. One way of distinguishing between issues relating to social constructivism and to constructivism, i.e. arguments about the physical world as discussed above, is to ask yourself, ‘could the feature exist if there had never been any human beings or other sorts of sentient beings?’ (Searle, 1995: 11). Observer-relative features exist only relative to the attitudes of the observers. This question asked by Searle does not take into account the physical things created by humans as the screwdriver. Another way of asking the question might be ‘could the feature exist if humanity were wiped out?’.

However, as the following example illustrates, Searle discusses the need to distinguish between brute facts and institutional facts. Brute facts, such as the fact that the sun is ninety-three million miles from the earth, exist independent of any human institutions; institutional facts, such as the fact that Clinton is president in 1998, can exist only within human institutions:

“Brute facts require the institution of language in order that we can *state* the facts, but the brute facts *themselves* exist quite independently of language or of any other institution. Thus the *statement* that

the sun is ninety-three million miles from the earth requires an institution of language and an institution of measuring distances in miles, but the *fact stated*, the fact that there is a certain distance between the earth and the sun, exists independently of any institution. Institutional facts, on the other hand, require special human institutions for their very existence. Language is one such institution; indeed, it is a whole set of such institutions.” (Searle, 1995: 27)

When this is said about human intentionality and humans as active creators of their social reality, it is thus of vital importance to try to understand the processes that create meaning associated with the actions of the individual (Schultz, 1990: 70). This is the objective in the present dissertation by the notion of storytelling as an underlying mechanism for human organizing and constituting.

Jensen (1996) connects storytelling to social constructivism. He argues that the crucial point about much of the recent social constructivist research is not as much that social phenomena, whether they are institutions or artifacts, are the result of non-rational social processes but that it has the form of negotiation or persuasion. It takes place in a space of rhetoric. Therefore, any understanding of such processes must take the form of storytelling and it is through the structure of narrative that new denotations and meanings are formed and sense is created. This leaves a possibility for new action and interaction. Through new stories, it is possible to create new understanding and self-understanding, which enables new agents in social reality to act in new ways. The telling of stories or the story in itself contains the possibility of change and only through stories about events in organizations are realities of these events created. Hereby the reality is structured as a story rather than a causal, rational chain of cause and effect and these stories take part in the interpretive struggle of everyday sense-making (Boje, 1995).

According to Astley (1985) ideas and theories go through a process of intellectual scrutiny and social negotiation, and are thus intersubjectively generated. The body of knowledge constituting organizational and managerial science is not an objective representation of organizational and managerial practice, as it does not simply reflect the events investigated and can not be described in a neutral and value free language. The researcher assigns meaning to the phenomena that are observed and experienced and are thereby as much in a process of creating as of researching.

The knowledge obtained by scientists is already subjective and biased through the selected observations of organizational practice. It is perceived as ‘rather than approach organizations as unbiased observers of the facts who passively record events in neutral theoretical descriptions, we already harbor conceptions of what is to be studied; our theories determine what will count as a fact in the first place’ (Astley, 1985: 498). Feyerabend (1975) argued that there are no ‘bare

facts', because it is already viewed in a subjective way and therefore is an ideational construct. Hereby, the 'facts' that are the foundation of our knowledge are theory-dependent. Theoretical and cognitive constructs simultaneously explain, describe and interpret whereby 'discovering truth is really a matter of creatively incorporating events into theories to make sense of them' (Astley, 1985: 498). There is no such thing as zero contexts for interpretation according to Searle (1979: 11) and Searle concludes that understanding the meaning of something is done only against a set of background assumptions.

'Social consensus' is the notion Collin (1997: 68) gives instances that are universally believed to be a fact. That there are no facts, only interpretations was Nietzsche's view, but as in the example of the sun by Searle, it may at least be agreed that there is something round and shining in the sky. Searle emphasizes that he is not showing that there is a real world but only that one is committed to its existence when one talks to somebody else. Otherwise, the alternative is always the tiring claim of solipsism, the view that one's mental states are the only thing that exists (Searle, 1995: 194). Kierkegaard often exclaimed that subjectivity is truth but hereby he did not take the solipsistic position. Kierkegaard meant that whether anything can become truth to a human depends on whether he can, fully passionately, seize it as his entirely personal truth; that it has no meaning to find the truth, if it does not touch and influence one's existence severely (Weischedel, 1994: 233). White rounds up well the discussion in establishing the following points:

"(1) Facts do not provide a foundation for knowledge nor are they a rational criterion for judging the validity of empirical assertions or theories. Facts are nothing more than well-established concepts that a community of scientists agree to. (2) Theories are networks of linguistic propositions that purport to describe and explain natural and social events. (3) Theories are a collection of concepts linked together in some inductive, deductive, or circular logical relationship. (4) Science may be usefully viewed as a 'learning machine' that corrects itself in the never-ending accumulation of knowledge." (White, 1992: 80)

However, consensus is usually not seen as something fixed or stable (Lyotard, 1984; Pruzan & Thyssen, 1990). It is rather a brief instance of insight and agreement that shortly after is followed by an intellectual struggle leading to further struggle. In much social science the research is not dominated by consensus, but by a victory for the force of argument, a temporary pause in the agonial play of a language game, where some interlocutors have won and others have ceded some terrain (Keohane, 1993: 157, 165). A claim can be raised and even tested, but it is still only contingently held as the argument can be reopened, and new evidence can be mustered. Hereby, meaning can be seen as being intersubjectively constructed and arising from the interplay be-

tween inquiring parties (Barry, 1996: 412). Czarniawska-Joerges emphasize that all inquiry is value-laden:

“Inquiry is an interaction. Knowledge is ideographic in character – attempts at nomothetic descriptions of the human world are in vain. Social phenomena are overdetermined and fruitless effort at establishing simple causality should be abandoned in favor of detecting patterns of action, events, processes. There is never a single answer to the question why an organization changed as it did but they are illuminating and instructive ways of describing how it changed when it did.” (Czarniawska-Joerges, 1994: 314)

In that case, no narrative is possible without a degree of tacit axiology (Radhakrishnan, 1994: 320). A narrative or the storytelling is thus neither value-free nor a purely descriptive act, and thus the ‘value’ that is ascribed to an object or project is in a sense anterior to itself (Radhakrishnan, 1994: 320).

Thatchenkery (1992) used a hermeneutic method to observe the difference between what people are saying that they do and what they actually do. It illustrates that in order to theorize about the organization with its diverse and struggling set of interpretive subcultures and members, it is needed to study the stories as abstracted artifacts as the stories take part in the interpretive struggle of everyday sense-making (Boje, 1995). In the research process, it is important that the researcher pays attention to her internal dialog, i.e. to pay attention to one’s own inward reflexivity. Hereby the researcher becomes an interpretivist whose own fantasies and dialogues must be included in order to understand others (Schultz, 1990).

Peculiarities of a symbolic-interpretative approach

Later in the dissertation, organizational symbolism will play an important part and therefore a brief introduction to the thoughts of the symbolic-interpretative will be given here. Symbolic-interpretative thought establishes the link between the arguments in the previous section regarding the constituting of social reality and organizational symbolism.

The interpretive part builds obviously on the same basis, as it is a part of the same paradigmatic understanding, as the social constructivist position. The interpretive approach is said to take ‘the existence of all aspects of culture as problematic, and seeks to understand the methods and practices by which its elements are created and sustained through ongoing interpretive processes, which construct and reconstruct the culture as a realm of significant meaning. From the interpretive point of view significant meaning is embodied in the symbolic actions which create the culture’ (Morgan et al., 1983: 19). It is concerned with disclosing and understanding the way social life is constructed as an ongoing activity, with understanding the genesis of meaningful ac-

tion, and with how individuals make sense of their situations. It is concerned with understanding how taken for granted aspects of everyday life are constituted through the medium of symbolic processes (Morgan et al., 1983: 22). Typical investigations in the symbolist movement are likely to be less concerned with prediction and instrumentality, than with understanding, meaning, and interpretation (Turner, 1990: 88). Interpretation is suggested to imply becoming aware of the importance of tacit understandings, of difficult-to-detect negotiations, and of other intermittent and intersubjective processes (Louis, 1985).

A sense-making metaphor is engaged, building on the idea that the reality of everyday life must be seen as an ongoing ‘accomplishment’, in which individuals attempt to create order and make retrospective sense of situations in which they find themselves. The analytical focus in the sense-making metaphor is on the processes through which individuals create and use symbols. It focuses attention upon the study of the symbolic process through which reality is created and sustained (Morgan et al., 1983: 24). Following this, Hatch explains symbolic-interpretive research as:

“If organizations are social constructions, then we reconstruct them continuously and could, if we were conscious of these processes, change them in the reconstruction process. Symbolic-interpretive research, in examining the subjective, social foundations of organizational realities, begins to make us conscious of our participation in organizational research.” (Hatch, 1997: 42)

The symbolic-interpretive mode focuses on the organization from a subjectivist epistemological position, which treats the organization as a subject whose meanings are to be ‘appreciated and understood’ (Hatch, 1997: 49), rather than as an object for measurement and analysis. However, symbol-interpretivists generally focus on symbols and symbolic behavior in organizations and the subsequent interpretation of these phenomena. Symbolic-interpretive researchers define a symbol as ‘anything that represents a conscious or unconscious association with some wider, usually more abstract, concept or meaning’ (Hatch, 1993: 669). This is closely linked to Searle’s discussion of language as partly constitutive of institutional facts. Searle defines the symbolic as ‘there are words, symbols, or other *conventional* devices that *mean* something or express something or represent or symbolize something beyond themselves, *in a way that is publicly understandable*’ (Searle, 1995: 60-61). Hereby, it can be argued that in the symbolic-interpretive position, symbolic forms are seen as organs of reality, since ‘it is solely by their agency that anything real becomes an object for intellectual apprehension, and as such is made visible to us’ (Cassier, 1946: 8).

The symbolic approach includes many small processes of interpretation, which are rich in detail but requires fewer data compared to a functional analysis. Symbolism is not dependent upon a specific kind of data or a particular ability of verbalization among the organizational members. The symbolic-interpretive approach draws upon the researcher's associations being created from what is observed, what is told, what is written, and what is un-told (Schultz, 1990: 120-121). Therefore, the symbolic-interpretivist approach is not a research process, that is strictly planned but an on-going process in which new discoveries or associations can lead to a need for more information.

In a discussion of a symbolic versus a functional approach to culture studies, Schultz (1990) summarizes her conclusions as shown in table 3. The functional approach is not the issue here and will not be discussed further but as it is a very well-known approach, it is used here for comparison. Differences in methodology are present as well but not significantly. For instance, the symbolist movement does not rule out the use of a questionnaire, but are more inclined to use methods as unstructured or semi-structured interviews or participant observation, supplemented by documentary analyses where it is appropriate because the data gathered by these methods lie closer to the aim of the organizational symbolist (Turner, 1990: 88).

Table 3. An attempt to compare functional and symbolic approaches to culture studies.

<i>Dimension</i>	<i>Functionalism</i>	<i>Symbolism</i>
Extent of re- search needed	A total analysis; few subsidiary results and with limited interest.	Many small processes of interpretation; many subsidiary results with independent interest.
Requirements of data	Begins from the one end and onwards; comprehensive data requirements (a wide range of data); high degree of verbalization needed.	Presuppose insight for choice of data; few data but data in depth needed; independent of high degree of verbalization.
Purpose	Comparative analysis of culture.	Study and understand a single organization's culture.
Costs	Very resource intensive.	Varying.
Analytic image	Variable.	Metaphor.
Analytic frame- work	Predefined framework: The levels and functions of culture.	Open framework: Opportunities for creation of meaning.
Analytical focus	Artifacts, values, assumptions.	Symbols, themes, worldview.
Analytical result	Model-building: Comparison between different cultures within the same model.	Creation of unique worldviews: A case study of each culture.
Analytical mode	Categorical: Listing of elements and discovering the relations between them.	Associative: Reading meanings and exploring the associations between them.
Key assumption	Culture develops when organizational members solve problems of external adaptation and internal integration.	Organizational members create meaning and define the organizational reality upon which they react.
Analytic result	A diagnosis of organizational culture and how it contributes to organizational survival.	An understanding of the symbols and meanings of the organizational culture and how they are created by the members of the organization.

Source: Schultz (1990: 121, 1995: 17) and Hatch & Schultz (1993: 21).

Summary of chapter

This chapter has been devoted to a discussion of ‘enacting’ social reality. It is concerned with how people construct the social reality, and argues that the importance of organizational life lies in the interaction between people. This position in which meaning and knowledge are products of social fabric created as products of belief held by members of a community rather than independent and objective facts is commonly called a social constructivist position. Thus organizational reality is an ongoing struggle about different meanings and interpretations of these.

It must be the responsibility for management to orient the employees’ different interpretations of the organizational reality towards a common vision; to have all employees to ascribe to a single overarching discourse of the organization. As will be seen later, it is suggested that storytelling is a means for envisioning and illustrating the organization; a means for communicating the road ahead to the employees. In this way management becomes a process of symbolic activity and it is the symbolic action of the management that creates the organizational culture. By storytelling about events, fictitious or not, the values and visions of a company’s culture are communicated by and to the employees.

Chapter 3. In the beginning: A discussion of two kinds of organizational knowledge

The issue of knowledge has been dealt with in several ways in organizational studies with the focus on knowledge, knowledge creating, and knowledge transfer (e.g. Boisot, 1995; Polanyi, 1983; Nonaka & Takeuchi, 1995).

However, the focus here will be on the difference between the so-called scientific and narrative knowledge, introduced as a continuation of the discussion between Popper and Kuhn in the introduction to this part. The discussion came to new heights with a report on knowledge, produced at the request of Conseil des Universites of the government of Quebec in Canada, and written by the French philosopher Jean-Francois Lyotard. The object of the study was the condition of knowledge in the most highly developed societies. Lyotard chose to use the word post-modern to describe that condition (Lyotard, 1984: xxiii). In other scientific areas, the discussion has been taken up as well. For instance, Bruner's (1986, 1990) interesting work in the field of psychology, and Czarniawska's (1997a, 1997b), and Czarniawska-Joerges' (1993, 1995) work in organizational analysis.

The two positions are largely displayed as dichotomous and mutually exclusive. However, as the idea evolves it is not possible to maintain the dichotomous position as both modes of knowledge overlap in certain areas and support each other in other areas. Narrative knowledge is seen as a basis for the core understanding of every-day life organizational reality whereas scientific knowledge is derived for instance from large-scale surveys. This argument will be elaborated later.

Several typologies will be used in elaborating these two contrasting modes. On the one hand, there is the narrative knowledge. It is also referred to as a narrative mode and a narrative position with sub-typologies as narrative thinking, and narrative structuring depending on the area that is referred to. On the other hand, there is the scientific knowledge. It is furthermore referred to as logico-scientific mode, paradigmatic position, paradigmatic thinking, and paradigmatic mode. In the following, the term paradigmatic will mainly be used in preference to the term scientific. The connotation of using the term scientific is misleading since it indicates that the opposing mode is not scientific, understood as something that cannot be accepted within a scientific community. Therefore the term 'scientific' is avoided, and paradigmatic is preferred. These differences in typology do not have any particular importance in relation to the following account of the two

contrasting modes. They merely indicate alternative instruments reflecting the scientific orientation of the different contributor's origin. It is, of course, important to remember that typologically founded theory is empirically unverifiable by its nature. Ideal types, as typologies, are not only a classification of observable phenomena. It is as much an 'embodiment of the theorist's sense of logical aesthetics' (Astley, 1985: 502). Searle adds to this balanced view of typologies and emphasizes that knowledge can be classified by subject matter, but there is no special subject matter called 'science' or 'scientific knowledge'. There is just knowledge, and 'science' is a name that is applied to areas where knowledge has become systematic, as in physics or chemistry (Searle, 1995: 151).

The contrasting of scientific and narrative knowledge has been set forth in order to illustrate their differences in origin although there also are cases of overlapping and complementarities. The views and methods behind scientific knowledge are familiar to the modernist perception of organization analysis or the positivist position in philosophy of science, and they have been severely debated in organization theory already. But by juxtaposing the scientific and narrative knowledge the idea behind the narrative approach to organization theory is easier presented and explained.

Two modes of knowledge: Paradigmatic and narrative

Lyotard (1984: 7) has emphasized that scientific knowledge does not represent the totality of knowledge; it has always existed in addition to, and in competition and conflict with, another kind of knowledge, which Lyotard calls narrative, as he says, in the interests of simplicity. Following this point Lyotard notes that:

"Scientific knowledge cannot know and make known that it is the true knowledge without resorting to the other, narrative, kind of knowledge, which from its point of view is no knowledge at all. Without such recourse it would be in the position of presupposing its own validity and would be stooping to what it condemns." (1984: 29)

Therefore, it is recognized that the conditions of truth, which also can be called the rules of the game of science, are immanent in that game. Lyotard states that 'they can only be established within the bonds of a debate that is already scientific in nature, and that there is no other proof that the rules are good than the consensus extended to them by the experts' (1984: 29). It is suggested that asking for 'true' representation of events puts narrative at the heart of historical inquiry: 'To ask for the significance of an event, in the historical sense of the term, is to ask a question which can be answered only in the context of a story' (Mishler, 1986: 159).

Hereby, it seems that the dualism of scientific versus narrative knowledge must be abolished in real life, and seen as complementary. As deduced from above, every kind of knowledge will be narrative knowledge in the sense that the unity of truth is built or conceived on the illusionary premises of a perfect (or singular) language as related or dominated by its scientific community. Whether it is called scientific or narrative knowledge, it is validated according to the discourse of its scientific community and therefore it must be considered a fictional or narrative text related to its inherent community in order to be considered scientific.

According to White (1992), Lyotard (1984) is inspired by the importance of narrative knowledge in Western culture before the Enlightenment³:

“Narratives were popular stories, myths, legends, or tales. Their function in society was to give legitimacy to social institutions. They also oriented social action because they gave meaning to life. People made sense of who they were and what they might aspire to by appealing to narratives. The stories people told and listened to organized their lives and told them how they should or should not act.”
(White, 1992: 81)

Jensen (1996: 76) highlights that knowledge is just as much knowledge of social structures and relations of meaning. Whereas earlier models of management were based on problem-solving models, taken from nature-based experience, present management models are related to the functions of the storytellers of the past. Only through the stories did events gain reality, and this reality was thus structured as a story rather than a causal chain. The traditionally labeled scientific knowledge, building on its positivist origin, builds its science on causality whereas the narrative position claims that reality is conceived from the story, disregarding sequentiality and time.

Scientific knowledge is contained in and transmitted by scientific texts, as Czarniawska (1997a: 7) sees it, whereas everyday knowledge is circulated in stories, and thus one can speak of narrative knowledge-creation. Lately, however, there has been an urge to recapture narrative knowledge for social science in general and for organization studies in particular. Czarniawska states that:

“... any attempt to trace the dividing line between narrative and scientific knowledge in texts regarded as representing one of the two kinds of knowledge, soon reveals that ‘science’ is closer to ‘narrative’

³ The project of the Enlightenment was to replace narrative knowledge with scientific knowledge. Scientific knowledge was believed to be the only type of knowledge that guaranteed truth. It was hoped that the introduction of scientific knowledge would bring a rational objective, science that would help natural and social forces. A rational, scientific attitude in the humanities and law would ensure moral progress, a just society, autonomous art, and happiness, it was further hoped. However, as White (1992: 81-82) concludes, although the natural sciences have shown impressive accomplishments, these hopes were never realized.

than one might think. There is an abundance of stories and metaphors in scientific texts, while folk tales and fiction build on facts and sometimes even play with formal logic. Thus many works in the humanities and social sciences suggest a rapprochement between the two kinds of knowledge and consequently between the two types of text.” (Czarniawska, 1997a: 7)

The rise of knowledge has been called scientific in order to differentiate it from the common sense everyday knowledge, whereas its importance has been put forward as a story or metanarrative in itself as a praise of its superiority. The scientific knowledge is based upon the natural sciences whereas the narrative knowledge rather is developed in the social or cultural sciences. Whereas natural science has inspired investigations aiming at explanation of phenomena, the social science has dedicated itself to interpretation and the focus on the particular⁴.

Zukier (1986) launched the notion of paradigmatic and narrative modes in goal-guided inference. Fundamentally, he identifies two basic orientations: the paradigmatic mode and the narrative mode. The two modes of knowing represent distinctive and irreducible cognitive competences. Each is characterized by a particular logic for organizing representation, understanding, and explanation. The two modes are to be deployed alone or together, deliberately or not, as a function of individual objectives and task representation.

Zukier takes the step of bridging the two modes of knowledge. This can for example be seen within research methodology. A questionnaire is commonly seen as a functionalistic or positivistic research technique which lies within the ‘tool box’ of knowledge-creation in the logico-scientific mode. However, a questionnaire can also be interpreted in several ways and provide interesting inputs seen through a perspective of narrative or storytelling. It can complement a series of interviews or be interpreted alone. However, the amount of research done within the narrative framework is still limited, and yet nobody has applied the technique of a questionnaire in an interpretive research frame. However, Boje argues that the use of ‘story-feedback’ as opposed to ‘survey-feedback’ provides more meaning because ‘stories ... are packed with more meaning and provide clearer images of the changes that need to take place than do survey numbers’ (1991: 14).

The two modes of thinking and knowing furthermore engage different criteria of truth. Within the paradigmatic mode the criteria is based upon verifiability or fallibility by external validation

⁴ However, Latour (1988) blurs the distinction and states that ‘explanation or interpretation depends on the intentions of the narrator’ (Czarniawska-Joerges, 1993: 10-11). Whenever a powerful explanation is needed, distancing is first achieved. Distancing enable managers to talk of ‘human resources’ before making cutbacks for instance and managers refer to the impersonal ‘management’ when announcing these cutbacks. Distance is ‘im-

building on a Popperian⁵ position in philosophy of science (Popper, 1972). The narrative position does not depend upon validation but rather upon verisimilitude, plausibility, internal coherence, and persuasiveness. It is said provokingly by Berg that ‘in organization and management science today it is not important whether a statement is true or false, but whether the fact or statement is accepted, saleable or valid for a larger audience’ (Berg, 1989: 214). Such a position might help question taken-for-granted assumptions and replace them by genuine reasoning. Hence the narrative position comes forward with a more flexible structuring and is accustomed to discontinuity, contradiction, and exceptions within its position (Zukier, 1986: 476).

The paradigmatic mode of thinking and knowing is constituted by the traditional scientific logic for description and explanation. Categories, schemata, and prototypes are examples of the equivalence classes involved in the construction and coordination of the paradigmatic mode. They are ordered in hierarchical systems, however, often with blurred and overlapping boundaries. As seen by Zukier the construction of and assignment to categories involves logic of classes and principles of induction. It tends toward context-free propositions, and formal time-less abstractions (1986: 474) as is characteristic of the scientific-normative model.

The second basic orientation, as seen by Zukier (1986: 474), is the narrative mode. It is characterized by the outcomes being stories, discourses, historical accounts, and everyday judgments. The narrative mode of thinking involves combinatorial rules of connectedness and relations of concatenation whereas the arguments are articulated in temporal sequences, around intentionality and action. Opposed to the paradigmatic mode, the narrative mode is seen as highly context-sensitive.

personalization’ and hereby explanations are build from the outside, whereas humans on the inside do not explain; they interpret in order to understand.

⁵ Karl Popper was an Austrian-born philosopher and is mainly known for his theories of fallibility and verifiability in the social sciences. Popper based his arguments against inductivism, the logical reasoning of a finite singularly instances towards the unlimited universal instance. Popper initially believed in the criteria of verifiability but came to realize the problem of induction that there always might pop an instance up that rejects a theory. Thereby, it is impossible to collect a finite number of observations to base a solid theory on. Instead he turned to a criterion of fallibility in which there is different degrees of fallibility, and thus theories must be as fallible as possible. An example can be the preciseness of an interval when using an interval in a specific theory. Hereby he claimed theories only to be scientific if they are falsifiable (Baert, 1998).

However, a basic premise of positivism which Popper’s theory relates to is that observations are not theory laden. Thomas Kuhn questioned later on Popper’s project by claiming that observations are theory laden, then they are fallible, and then Popper’s theory of falsification are fallible. Feyerabend questioned Popper’s project from another position. He claimed that scientists never or seldom have applied Popper’s ideas of falsification as criteria of a scientific theory. Scientists seem rather to be somewhat clumsy and experimenting, and if they had not been so, they would not made the important discoveries that they actually have made.

Although all thinking and inference is based on classification and categorization as set forth by Lévi-Strauss (1962), Zukier claims that the articulation between the categories is not to be structured like the paradigmatic, propositional model. Many everyday judgments and beliefs cannot be justified in inductive-deductive terms neither do they fit the systematic structure of scientific theory. Rather, the narrative mode does incorporate and move beyond the explanatory elements of the paradigmatic mode. As elaborated above, the two modes are not present simultaneously in everyday judgments, only in some aspects.

The narrative mode is rather seen as a kind of ‘horizontal’ orientation. It is mainly concerned with developing and uncovering sequential relationships of concatenation, conjunction, or combination. As such the narrative mode rather emphasizes what is called action-related structuring and the pulling together of available information into a connected narrative and pattern. Within the narrative mode, everybody can be the preferred narrator. This is in contrast to the paradigmatic mode in which emphasis often is placed on the expert in various fields. The difference is presumably due to the story told. Within the narrative mode emphasis is often placed on stories with a content of tales and myth as opposed to the paradigmatic mode in which the story emphasizes scientific testable hypotheses.

Furthermore, the narrative mode has another relationship with time than the paradigmatic mode has. It does not need to remember the past through written material, recording, and accumulation of the past through linear and tidy time. Rather, the collective memory in narrative finds support in storytelling and in the very act of reciting these stories, tales, and myths in which strict linearity is abolished and not important.

There is no strict way of defining or demarcating the paradigmatic mode from the narrative mode. It rather consists of some vaguely contrasting properties. General laws about causal relationships and with general, context-free properties, originally based on the model of the language of natural science is the main foundation of the paradigmatic mode. The narrative mode is oppositely concerned with the logic of human action and intentionality. It focuses on reasons rather than causes. Intentions, beliefs, goals, and the motivational underpinnings of behavior are a number of the characteristics of special concern for the narrative mode.

Zukier explains his view of the differences of the narrative and the paradigmatic mode as:

“... Narrative structuring is orientated toward intensive and rich accounts that seek to encompass as many features of the particular case as possible. Narrative structuring thus trade generality for comprehensiveness and articulates the multiple facts in an overall pattern that derives its persuasive-

ness from its verisimilitude. This, sequential, ‘horizontal’ pattern is considerably more flexible than the ‘vertical’ paradigmatic structure. It involves no prototypical attributes or other sharp criteria of ‘belongingness’ and relevance to a particular argument. Thus, narrative structuring can more easily accommodate and make sense of diverse or inconsistent information. This flexibility makes narrative structuring particularly appropriate, and more likely to be invoked, for the processing of information or in situations involving conflicts, tensions, contradictions, or exceptions. This flexibility, however, also makes narrative structuring more resistant to disconfirming evidence, not because of any inherent rigidity, but because conflicting information often can be plausibly reinterpreted or accommodated within the original argument.” (Zukier, 1986: 491)

According to Zukier (1986), narrative structuring draws on the argument of action: the agent, the action itself, the situation, the intention or goal, and the instruments of action. Furthermore, the narrative mode focuses on relationships of the parts to the whole, rather than the relationship of the instance to the general class of such events.

The paradigmatic mode, on the other hand, is seen as focusing on similarities and commonalities between various phenomena in order to classify and construct types that subsume the particular occurrences. It emphasizes a wide applicability of its propositions on the behalf of specificity and comprehensiveness of description. The contrasting narrative mode is more intensive as it focuses as much on difference as on similarities and emphasizes singular comprehensiveness for generality. Therefore Zukier sees the narrative mode as considering more aspects of a phenomenon although it thereby reduces the phenomenon’s prototypicality and its explanatory or predictive capacity.

Although the paradigmatic and narrative modes of thinking are, as previously stated, not mutually exclusive normally one or the other mode will tend to dominate. They are likely to be adapted to quite different research interests and positions as indicated by their inexhaustible characteristics seen in table 4.

Table 4. Contrasting the paradigmatic and the narrative mode.

<i>Characteristics of the narrative mode</i>	<i>Characteristics of the paradigmatic mode</i>
<ul style="list-style-type: none"> • Comprehensiveness and specificity; connectedness. • Can easily accommodate and make sense of diverse and inconsistent information. • Applicable in situations involving conflicts, tensions, contradictions, and exceptions. • Resistant to disconfirming evidence. • Concerned with the logic of human action and intentionality. • The motivational underpinning of behavior. 	<ul style="list-style-type: none"> • Generality; causality. • Subject to external validity. • Extensive with wide applicability. • Constituted by the traditional scientific logic for description and explanation. • Tends toward context-free propositions. • Causes rather than reasons. • Concerned with general laws about causal relationships.

Source: Based on Zukier (1986).

As the list of characteristics of the paradigmatic mode illustrates, its research objectives and research methodology are inspired from natural science research. The research is oriented towards improving the ability to control organizational phenomena through the development of causal laws with testable empirical validity. Hereby, researchers, for example, use surveys to count the instances of some observable phenomena revealed by a theoretical framework. The examination of the relationships between the objects, as revealed by the data, tests the causal links postulated by the theoretical framework. As will be seen below, this kind of research, incorporating the use of statistics, produces results that can be called non-narrative fictions.

Summary of chapter

In this chapter two kinds of knowledge-creation in organizational science have been discussed. The paradigmatic mode in organizational science is ascribed to the kind of research that has been called functionalistic in organizational analysis. It has a positivist origin and it is inspired by a natural science research methodology. It is primarily concerned with uncovering general, universally true laws and aims at context-free causal relationships. It is an approach that is appropriate for instance when examining the results gathered through large-scale questionnaires. However, it has little significance when it comes to analyzing the outcomes of single case studies.

The narrative mode in organizational science can be ascribed to a tradition which is commonly referred to as the interpretive paradigm in organization theory under which social constructivism is also found. In the narrative mode research is oriented towards comprehensiveness and it is highly contextual. It is resistant to disconfirming evidence and inconsistent information as it bases itself on the single unit of analysis, often the single company, division or group. It is concerned with human action and intentionality. Thus the narrative mode of knowledge-creation is in focus when the concern is as it is in the present dissertation with regard to uncovering values in the organizational culture for the individual employee, and the transference of the organizational culture to new employees.

Chapter 4. Considerations on research methodology within the narrative framework

A claim made by the influential organizational social psychologist Karl Weick is that ‘theorists often write trivial theories because their process of theory construction is hemmed in by methodological strictures that favor validation rather than usefulness’ (1989a: 516). A problem is that objectivity and accurateness has been preferred to morally appraisal and emotional engagement and that literature has been meant to manifest and illustrate, not to narrate (Holmgaard, 1998: 143).

What can be called culture-inspired social science and nature-inspired social science in organization analysis can be seen as parallel to the narrative mode and the paradigmatic mode. Bruner (1990a) explains that the paradigmatic mode of knowing is seen as requiring proof of truth or falsity, whereas the narrative mode concerns itself with a sequentiality to determine its plot and thereby its power as a story. The temporal ordering of events suggests a causality of which the recipients of the story will evaluate the plausibility. In this sense, the narrative mode consists in organizing one’s own experience with the help of a scheme that assumes the intentionality of human action.

Narrative is indifferent to extralinguistic reality, a characteristic which is compensated for by its extraordinary sensibility to the reality of conversation, as proposed by Bruner (1990a). Astley explains it like:

“No theory can simply ‘describe’ empirical reality in neutral linguistic terms; all theoretical perspectives are infused by the biases inhering in particular world views. The search for a standard list of variables is, consequently, based on a misapprehension, since differences in perspective between theoretical approaches cannot be resolved through an appeal to ‘objective’ truth. ... Because researchers adhere to different world views, they generate a variety of alternative perspectives as they impose different meanings and interpretations upon data. The field’s development is characterized not by increasing convergence upon an accepted body of knowledge but a growing divergence in research perspectives and approaches. Intense competition between rival paradigms prevails as advocates of diverse theoretical positions attempt to persuade others of the intrinsic superiority of their favored conceptual vocabulary. Scientific progress, in this view does not result from the instrumental acquisition of information about objective reality; it is the product of an essentially subjective process in which administrative scientists seek preeminence for their chosen paradigm as an end in itself.” (Astley, 1985: 497-498)

Thus, there are no structural differences between fictive and factual narratives, according to Czarniawska-Joerges (1993), as their respective powers of attraction are not established by their claim to be fact or fiction. Instead, these are negotiated. They are negotiated between the storyteller and the listener, the reader and the text, the text and the author, various readers and differ-

ent readings. Bruner sees it as the peculiarity of the narrative mode. Its value is created in use which illustrates the advantage of narrative knowledge.

The positivist philosophy of science is seen as creating positivist research that does not produce objectivity but the myth of objectivity as research is an interpretive activity. Astley & Zammuto criticize the positivist philosophy of science because ‘the rigorous observation, measurement, and analysis that characterize such methodologies produce falsifiable or replicable results, giving the appearance that knowledge is objective when it is, in fact, the product of an intersubjectively accepted protocol of research’ (1992: 448). The organization researcher must be aware that scientists do not acquire knowledge by uncovering empirical data to reveal the nature of external reality, ‘but by being socialized into the shared paradigms of scientific community with its shared theoretical traditions and attendant lexicons’ (Astley & Zammuto, 1992: 445). By the positivist’s superimposing theoretical models and assumptions on organizational phenomena, as Astley & Zammuto (1992) claim, the positivist researchers construct a separate world, a purely ideational world of hypothetical abstractions.

The organization scientists seek to understand, model, and explain behavior within and between organizations; Daft (1983) describes organizational research as essentially concerned with ‘storytelling’. Organizational research does not just report observations, it tells a story that imputes meaning and significance to those observations. Scientists do their job properly only insofar as they are creative in casting phenomena within an interpretive framework. The interpretive frameworks, not the observations, contribute to the knowledge of a phenomenon (Astley, 1985: 498). Astley & Zammuto explain these arguments:

“Like all storytellers, we need stimulus materials around which to construct our stories, and this is where empirical observation serves its role. We do not invent theories in a vacuum; observing managerial activity is the catalyst that galvanizes creative thought. Empirical observation serves as an excuse for theoretical work, but the theory so produced is essentially fiction. Moreover, in narrating theoretical stories, empirical research adds rhetorical power to the perspectives being expounded. Data exemplify and elucidate theory by placing it in contextual relief. By grounding abstract generalizations in empirical settings, we animate and embellish their conceptual meanings. Because data are always theory-dependent, empirical findings illustrate, rather than validate, the theories they reflect.” (Astley & Zammuto, 1992: 449)

Antonio delivers a strong critique of much research as he proclaims that ‘theorizing, today, is too easily confused with robotic application of abstract methodological principles, with writing about poorly read and undigested texts, and with mechanical adherence to empirical or normative doctrines’ (1991: 162). More pragmatically, Mishler (1986: 110) seems to strike a chord when he emphasizes that researchers are more interested in speaking about ‘validating’ than of

‘discovering the meaning of’. An interesting point discovered in the field of psychology is that ‘the reason why many theories are often criticized for being disconnected with the “real world” is not because they are too theoretical but because they are not theoretical enough and hence not practical’ (Chia, 1996: 52). This lies close to Lewin’s classic claim that there is nothing as practical as a good theory. However, it has been explained that the mind is able to penetrate abstract theories and concepts and recognize them as ‘explanatory principles’ (Bateson, 1972: 38) or ‘modes of abstraction’ (Whitehead, 1926: 73). Hereby the value of organizational inquiry lies in how effective the field is in continuously revising and stimulating these modes of abstraction.

A short conclusion that summarizes the considerations in this section can be given by the words of Gergen & Thatchenkery:

“... observational methods [have] enjoyed an elevated status. The more sophisticated the mesural and statistical techniques, it was believed, the more reliable and well nuanced the scientific understanding of the phenomenon. ... methodology does not itself place demands on descriptions or interpretations of data; findings do not inexorably rule between competing theories. This is so because our understandings of phenomena are themselves theory laden, as are the methods used in their illumination. It is only when commitments are made to a given theoretical perspective (or form of language) that research can be mounted and methods selected. The a priori selection of theories thus determines in large measure the outcomes of the research – what may be said at its conclusion. ... To ‘tell the truth’ ... is not to furnish an accurate picture of ‘what really happened’ but to participate in a set of social conventions, a way of putting things sanctioned within a given ‘form of life’. To ‘be objective’ is to play by the rules of a given tradition.” (Gergen & Thatchenkery, 1996: 363-364)

Narrative: Fact or fiction in organization studies?

Narrative, tales, and myths are essentially nothing new to organizational analysis. For instance, a narrative device, the use of metaphor, is considered a representational form through which humans both experience and conceptualize organizational life (Alvarez & Merchán, 1992). It has been widely accepted since Gareth Morgan’s influential book *Images of Organization* was published in 1986.

It is seen in the following that the fact and fiction as well as science and literature are not that far apart. That is, however, not to say that science and literature can substitute each other, but that they have more to learn from each other than previously assumed. McCloskey emphasizes the close connection between the scientist and the fictional writer:

“The fictional writer selects like the scientist, and invites the reader to fill in the blanks. Stories or articles can give only a sample of experience, because experience is overwhelmed by irrelevance: taking out the rubbish, bumping the table, scratching the back of one’s head, seeing the title of the book one was not looking for. What distinguishes the good storyteller and the good scientific thinker from the bad is a sense of pointedness. The vaunted parsimony of scientific stories is not the result of some

philosophy commending parsimony. It is a result of the way we read science, our ability to fill in the blanks, telling stories in our culture.” (McCloskey, 1990: 19)

To use the provocative characterization of narrative as fiction as do consistently Alvarez & Merchán (1992) is probably done quite deliberately. It has been done in order to emphasize the strong influence of the interpretive sociology on the assumptions that underlie the narrative approach. The term ‘fiction’ is therefore used to highlight the vague and borderless distinctions between fact and fiction in interpretive sociology. In a reality that is understood as socially constructed, objective facts or statements do not exist. Hereby the dualism between fiction and fact in scientific presentation is abolished. Empirical findings are interpreted several times in the process from for example the interview situation to the actual end writings. To continue the example of the interview situation, it can be said that there exist several layers of interpretation and transformation exist in the process from interview to text. It can be seen as an interpretation or as an act of sensemaking.

Bearing this in mind, the narrative approach’s presentation of empirical findings can not be rejected as imaginative rewritings of facts but must be seen as a careful act of interpretation that implies a necessary attention to validity. In the understanding that no presentation exists without interpretation, the researcher has broadened his range of methods of presentation. But at the same time he must strengthen his focus or attention on internal validity or coherence and reliability or trustworthiness as well as his research ethics. Phillips (1995) argues that the relationship between social science and narrative fiction always has been equivocal:

“On the one hand, the practices and products of writers (using the term ‘writer’ very generally to include film makers, poets, etc.) of narrative fiction: social scientists discover things, writers make things up; social scientists observe reality, writers invent alternative realities; social scientists apply scientific methods to the social world in order to test hypotheses in the interest of intersubjectivity and faithfulness to external reality, writers use illusion and deception in an effort to remain true to an internal world of subjective experience. On the other hand, the similarities between the practices of the two communities are equally striking. On closer examination, we find that social scientists often do what writers do: they create rather than discover, they focus on the unique and individual, and they use illusion and rhetoric in an effort to make their case. Similarly, writers often act like social scientists: they test ideas against evidence, they generalize, they pose testable questions about the social world, and they try to remain faithful to details of external experience.” (Phillips, 1995: 626-627)

As it is explained, many social scientists use and tell stories that look strikingly similar to the products of narrative fiction. For instance, ethnographies and case studies use narrative techniques and forms to explore the social world. Both social scientists and writers of fiction seek the same goal; to make a model of the world as they understand it and choose to describe it. They both seek to develop a deep understanding of social reality and basically they both ‘attempt

to explore the patterns of social interaction that characterize human experience and, using sets of practices developed by their community, to deal with the manifold complexity of social phenomena' (Phillips, 1995: 627). It is argued as well that the differences across social science and narrative fiction respectively are greater than the distance between two particular members of the two groups. Hereby the boundaries are severely blurred allowing both the members and their products of each community to slide back and forth between the two communities, consciously or unconsciously.

Phillips (1995) has set forth a framework for understanding and illustrating the differences between fiction and non-fiction against narrative and non-narrative in organization analysis. This is illustrated in table 5.

Table 5. Narrative versus fictional approaches to organizational analysis.

	<i>Non-narrative</i>	<i>Narrative</i>
<i>Non-fiction</i>	2. Survey data, Laboratory data, Content analysis.	3. Biographies, Case studies, Ethnographies.
<i>Fiction</i>	1. Theories, Mathematical models, Typologies.	4. Short stories, Novels, Poems, Films, Songs, Plays.

Source: Adapted from Phillips (1995: 630).

Each of the four quadrants represents a kind of hypothesis about organizations and how they function. Phillips explains his idea behind the narrative versus fictional approach:

“Each quadrant represents a particular kind of knowledge: theoretical, quantitative, or qualitative metaphors for organization. Each quadrant delineates a different way of representing organizational phenomena; each is a different kind of hypothesis about organizational functioning. While many purely theoretical texts exit in organizational analysis, and while they are clearly the dominant form of organizational metaphor produced by the community, many others involve the association of theory with one or the other quadrants. Most of the published texts in our field are ‘intertextual’ in that they draw on more than one of quadrants ... What we call ‘empirical’ research occurs when theoretical positions are associated with one of the other metaphors: theory and quantitative data producing naturalistic research; theory and qualitative data producing naturalistic or interpretive research.... Theories, constructs, mathematical models, and typologies are all ‘created by the human mind’; they are all different kinds of fictions which we find useful in thinking about the world of organizations.... Theories of organization provide us with ways of seeing organizational events and with ways of thinking about the structures underlying what we see [and] ... As organizational researchers, we produce these fictions and pass them on to each other, to our students, and to business and government. It is by producing fictions that are helpful in understanding, and perhaps in managing, organizations that we contribute to society as a whole.” (Phillips, 1995: 630-631)

As the first quadrant illustrates, it is mostly associated with development of models and theories constructed by human mind. The second quadrant is highly affiliated with the first quadrant by

providing the research appliance or tools and its results underlying the construction of the models in the first quadrant. The second quadrant contains what is labeled quantitative research methodologies that arise from a more 'natural science' approach to organizational analysis in which the correct appliance of the methodology legitimates the results that are produced. Then, what is called narrative non-fiction is seen in quadrant three. It is concerned with the writing of stories about experiences in organizations; with the stories that is passed on from the members of an organization in the interview situation; and with the narratives that are constructed about organizations and their members, often from secondary sources. The fourth quadrant contains the narrative fiction. As Phillips (1995: 633) understands narrative fiction, it is written work that tells a story. He builds it on Thompson (1990):

"The story generally consists of a constellation of characters and a succession of events, combined in a way which displays a certain orientation or 'plot'. The sequentiality of the plot may differ from the temporality of events, as when the story is told by means of counter-temporal devices such as flash-backs. The characters within the story may be real or imaginary, but their properties qua characters are defined in terms of their relations to one or another and their roles in the development of the plot." (Thompson 1990: 288)

To include the ideas of narrative fiction in the context of organizational analysis provides additional contact to the so-called every-day world of organizational 'real-life'. An additional way of combining the non-logical, non-rational, and purely experimental aspects of organizations with the theoretical models that make up organizational analysis. The four quadrants in table 4 are thus not to be understood as mutually exclusive, rather as co-existing at different stages of the research process. For instance, the techniques in the non-narrative non-fiction quadrant will be used for data collection at an early stage of the research process whereas inspiration can be sought from the 'narrative fiction' when writing up the final research report.

According to Phillips (1995), this leaves four overall arguments for applying narrative in organization theory even though it does not imply that all organizational researchers should apply these methods. Some researchers might be more inclined than other to appreciate the inspiration that a narrative understanding of organizations provides. Some researchers might reject them as unscientific, as neither rigorous nor testable whereas researchers in the field of interpretive sociology might welcome them.

The arguments are that it increases the available mode of representation and thereby allows investigation and discussion of a new range of objects. Second, it fits with the temperaments of some researchers who have been forced into traditional modes of research and allows them to pursue work in directions that were previously excluded. Third, it is often interesting to read, and

fourth, these alternative modes of representation emphasize the limitations of more traditional forms that have become ‘naturalized’. Barry & Elmes (1997), researchers in the field of strategic management, illustrate the similarity of fictionists and strategists:

“As authors of fiction, strategists are subject to the same basic challenge facing other fictionalist writers: how to develop an engaging, compelling account, one that readers can willingly buy into and implement. Any story the strategist tells is but one of many competing alternatives woven from a vast array of possible characterizations, plot lines, and themes. If we accept the notion that map reading is as important as map making, then the strategist’s problem is as much one of creating an inviting cartographic text as it is one of highlighting the right path.” (Barry & Elmes, 1997: 433)

Summary of chapter

This chapter builds on the topics and conclusions from the previous chapter that was concerned with two kinds of knowledge and knowledge-creation in organizational research. In this chapter the discussion is turned towards what could be called the truth-value of organizational research. It is seen that the borders between fiction and fact, between literature on fiction and literature on non-fiction are not as demarcated as some researchers might wish to think. Scientific organizational research has its limitations in objectivity, which, if treated appropriately, can be turned towards an advantage of organizational research. It provides the researcher with a wider scope of methods and sources of inspiration, depending on the aim of the research, which also was the conclusion in the brief section on symbolic-interpretive organizational research in a previous chapter. Organizational research does not just report observations, observations themselves are chosen, and the research tells a story that is imputed with meaning and significance based on the observations.

Like authors of fiction, writers of organization theory are subject to the same basic challenge facing other fictionalist writers: how to develop an engaging, compelling account, one that readers can willingly buy into and implement. As the organizational researcher must be aware of his/her subjectivity, the organizational researcher must also be aware of creating a story of the research that gives meaning and inspiration to the reader of the text; meaning and inspiration to the student, to the colleague, and to the manager.

Chapter 5. Techniques and terminology of literary theory in organizational analysis

Some of the notions from literary theory that are inevitable and recurrent in the narrative approach to organization theory are plot, event, and story. Stories ‘discipline by defining characters, sequencing plots, and scripting actions’ (Boje, 1995: 1000). In every story, there is a plot. The plot is a structure of relationships by which the events contained in the account are endowed with a meaning by being identified as parts of an integrated and meaningful whole (Czarniawska, 1997b: 18; White, 1981: 9; Ricoeur, 1981: 167). The plot thus structures the individual events into a story. Ricoeur (1981) classifies historical events as events that are more than a singular occurrence; they are a unique happening.

In the narrative approach, it is emphasized that events, that otherwise would be represented as lists or chronicles, are brought into one meaningful whole, the story, which indicates a dismissal of a clear linearity. Rather, preference is on events pooled into a whole from different places in time, with the aim being a coherent and consistent story. The plot is the conceptual structure that binds the events together (Bernstein, 1990: 5). A story can also be said to consist of a plot comprising causally related episodes that culminate in a solution to a problem. Explanation and interpretation are not seen as distinguished from each other. They are rather interlinked.

People are considered calculative thinkers who judge the reasoning in stories by the coherence of the story, which is called narrative probability, and how well the story corresponds to experience, which is termed narrative fidelity. Narrative probability, the formal component,

“... is concerned with issues of coherence, the degree to which the story is free of contradictions, and the extent to which the characters behave characteristically. To assess probability, an audience compares and contrasts a current story with other stories they have heard. They ask questions such as, have relevant facts or questions been omitted? The substantive component of narrative rationality, narrative fidelity, is concerned with truth qualities of a story. A true story is one that contains not just reasons, but good reasons which are grounded in history, biography, and culture.” (Weick & Browning, 1986: 249)

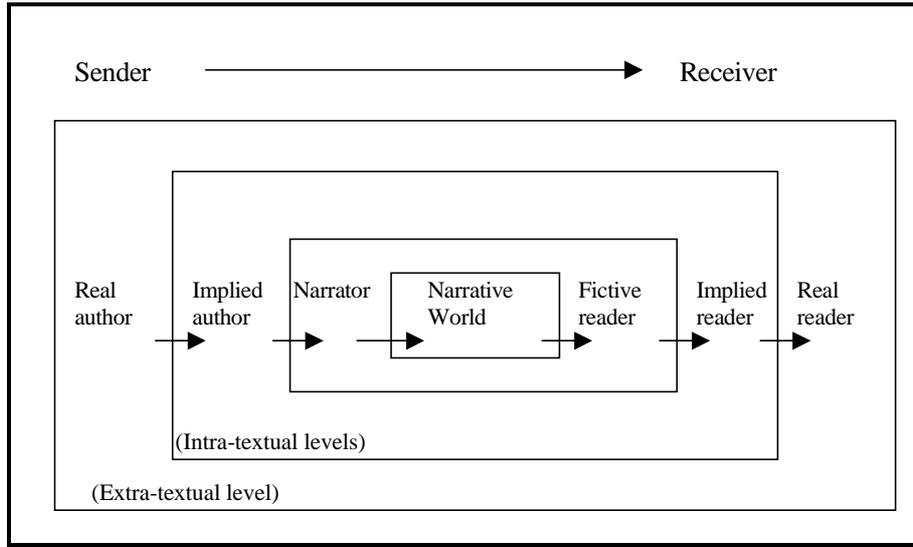
The plots are also called schemes. These are used to tie together actions and events through time and space. Three elements are central to the plot or the organizational ‘act’; the act as referring to the narrative that becomes enacted in social life. The events do not make sense alone; they need the plot to structure them into a meaningful story, in which the point to the story or what at times is called the ‘moral lesson’ in literary theory is delivered.

The difference between the two modes of knowing, the paradigmatic mode and the narrative mode, includes categories versus plots and facts versus sequentiality respectively (Hägglund, 1997). Meaning is created and order is produced through the plot in the narrative mode. The plot can be defined as the means by which events are brought into a meaningful whole and it connects the elements of the plot in a larger context, hereby creating understanding.

Information is placed in a plot where it becomes understandable, meaningful, and thereby explained. The narrative builds on our need to make things understandable, our need to understand the actions of others as part of a coherent whole. In the narrative mode, the connection is based on sequentiality understood as succession without implication of causality. Sequential connections do not seem to be considered completely analyzable and testable. It is not known how sequentiality connects the elements, and traditional logic is not adapted to disclose such connections as well as it is not important within the narrative mode. This sequentiality is the most attractive feature of narratives, because it is what makes narratives a good device for storing knowledge among humans. Humans do use categories, but they seem to connect them through sequentiality rather than through formal logic. It is the order of events and elements that gives a certain meaning, and the narrative thus becomes more sensitive to the type of connections while it also becomes more versatile and flexible (Hägglund, 1997: 1-2).

In a discussion of readings of novels and form of presentation, Bock (1988) builds upon a framework that uses a communication model of semiotic theory to discuss the problem of narrative distance as shown in figure 2 in order to examine the relationship between 'senders' and 'receivers'.

Figure 2. Illustrating narrative distance.



Source: Bock (1988: 230).

Figure 2 is an important analogy to organizational research. It gives an idea of the number of ‘filtering layers’ information goes through on its way from the research object (the narrative world), written by the researcher (the real author) towards the student, colleague et cetera (the real reader). In organization analysis, the terms narrative and story refers to thematic, sequenced accounts that convey meaning from the implied author to the implied reader.

It is emphasized by Kilduff (1993: 29) that writing is never neutral; it always requires interpretation, which Czarniawska-Joerges underlines:

“The fact that research amounts to text analysis is never as clear as when one returns from the field. Participant observation, surveys, sustained contacts or superficial interviews – all produce an avalanche of texts: field notes, interview transcripts, documents, letters, stories, tables. They do not all assume narrative form but the division is less important than ever here: they all have to be interpreted.”
(Czarniawska-Joerges, 1993: 12)

Furthermore, the observed relationships between social and organizational phenomena are subject to constant change because both the researcher and the object studied develop over time. Because the organizational object studied does not reflect stable realities, a form of praxis is engaged. Praxis is considered the free and creative reconstruction of social arrangements ‘on the basis of a reasoned analysis of both the limits and the potentials of present social forms’ (Benson, 1977: 5). Accordingly, praxis includes both description and an ethical commitment. Description that relates people’s own active reconstructing of the social relations and themselves

based on rational⁶ analysis. An ethical commitment in the sense that social science should contribute to the process of reconstruction and liberating human potential through the encouragement of new social formations. Praxis is here related to a kind of a dialectical process in which the researcher affects the research object as well as the research object affects the researcher in a continuously on-going process.

Hatch (1996) illustrates some of the techniques and notions from literary theory that might inspire organization analysis further. Here focus is on the role of the researcher that has changed remarkably with anthropologic inspiration and the rise of the interpretive sociology in organizational analysis. Literary theorists and social scientist are coming to recognize the similarities between social science and literature as Hatch explains:

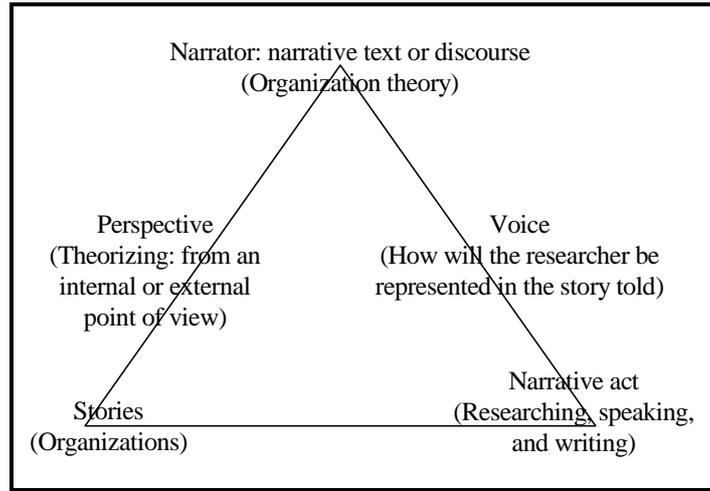
“From the perspective of social science, for example, research design involves creating the roles of subject and observer, establishing a context, and determining a sequence of action and event. This suggests comparing the social scientist with an author of fiction who develops character, situation, and plot. Furthermore, although research projects may demonstrate scientific achievement, the act of reporting is a narrative act. ... [It has been] argued that literature instructs us in the uses of language in the social science because the symbolic forms that humans use are in many ways similar, regardless of whether they are producing science or literature. ... I believe ... that application of literary theory to organizational text and issues opens organizational inquiry to new possibilities.” (Hatch, 1996: 360)

Inspired by Genette (1980), Hatch suggests that narratology should be seen as a means to understand the relationship between a narrator and the story told, and that the use of narratology implies that organization theory is constituted of discourses produced by researching, speaking, and writing about organizations (Hatch, 1996: 361).

Figure 3 shows a combination of the terminology of literary theory and organization analysis. It is built on Genette’s three aspects of ‘narrative reality’, which are illustrated in the figure along with their respective analogy to organization theory.

⁶ Supposedly, the idea is that people will question the images of them as presented through a rational analysis. Rationality tends to be based on a ‘rational irrationality’ when confining oneself in a social constructivist understanding. What might be seen as an irrational behavior by others will nevertheless have been the most rational for the individual in a certain situation presented with a limited number of choices.

Figure 3. Basic elements of narrative theory and its relation to organization theory.



Source: Adapted from Hatch (1996: 361).

In relation to organization theory, the narrative perspective deals with the relationship between the researcher and the organization studied concerning whether theorizing about the organization is carried out from an internal or external point of view. The difference has been elaborated in table 6. Narrative voice describes the relationship between the narrator and the narrative act. It deals with whether or not the narrator is a character in the organizational story told. According to Hatch, 'voice in literary theory is comparable to the question raised by sociologists of knowledge concerning whether the researcher is openly reflexive about his or her involvement with scientific work' (1996: 361). That is to say whether the researcher considers himself as an active, influential part of the object studied, i.e. related to the interpretive sociology or as a non-influential, non-participating observer, i.e. related to the functionalist sociology (Burrell & Morgan, 1979). It is elaborated as:

"The difference between objective and subjective forms of reflexivity lies in the perspective of the narrator. If the narrator views himself as an outsider would, the reflexive commentary is objective and thereby limited to what the narrator imagines any outside observer would be able or willing to say about the researcher. ... [It is argued] that social science falls between these two poles because social scientists cannot fully claim that the objects of their study are independent of their methods for studying them." (Hatch, 1996: 370-371)

It is due to the academic tradition of a scientific objectivist language that so far little attention has been given to voice and perspective in the representation of organizational analysis. It was

not until the arrival of *'Tales of the field. On writing ethnography'* by van Maanen in 1988 that awareness of the subject was raised in organizational analysis⁷.

However, Hatch goes a step further and sees narrative voice as an examination of whether the researcher should be included in the story told or not. Hatch considers hereby that 'applying the concept of narrative voice to organization theory involves examining the relationship between the researcher and the research act (collecting and analyzing data, speaking, writing, and publishing) and deciding whether or not the researcher will be represented in the research story told' (1996: 361).

The perception of the researcher within functional organizational sociology seen as an anonymous, external observer is the most common so far in organizational analysis. The narrator uses the voice of someone not directly involved in the events that is analyzed. Hereby the considerations of narrative voice and perspective are ignored or made invisible as if the narrator himself was excluded or invisible. This position is shown in quadrant 3. An example could be the well-known and interesting book *'The change masters'* by Kanter (1983).

The position described in quadrant 2 is considered the second most common narrative position. It is characterized by a 'minor character speaking in the first person in which the narrator tells the story using the voice and external perspective of a character observing events enacted by and for others' (Hatch, 1996: 363). This means that the position characterized is that of a narrator or researcher excluded from the thoughts of the main characters and their actions whenever the researcher is not observing them, but the minor character is present in the story as the storyteller. A good example, however not from the academic world, could be Watson's accounts of Sherlock Holmes' experiences (Doyle, 1930).

Table 6. Four narrative positions in relation to voice and perspective.

<i>Voice ('who says')</i>	<i>Perspective ('who sees')</i>	
	Internal analysis of events	External analysis of events
Narrator as a character in the story	1. Main character tells the story (Examples: Burrell, 1993; Rosen, 1990).	2. Minor character tells the main character's story (Example: Doyle, 1981).
Narrator not a character in the story	4. Analytic or omniscient narrator tells the story (Example: Rerup & Hildebrandt, 1996).	3. Narrator tells the story as an observer (Example: Kanter, 1983).

Source: Adapted from Hatch (1996: 362) and Genette (1980: 186).

⁷ Academic journals have their individual style, which means that researchers not only might have to manipulate the contents but also change both voice and perspective if they want to get their articles published as discussed in Boje, Fitzgibbons & Steingard (1996).

Quadrant 1 displays a rare situation in organization analysis. It is that of writing in first-person voice from an internal perspective of the main character. It is what is called a ‘confessional tale’ (van Maanen, 1988) and is predominantly seen in the foreword of books rather than in the main body. When it is seen, it often builds on the researchers personal first-hand experiences of events in which the researcher had played an active role. An example is Burrell (1993) in which Burrell tells about a conference presentation that was severely misunderstood. In main-character narratives, the narrator is not only restricted to speak of what an external observer can see and interpret, but can also speak as an insider who has privileged information (Hatch, 1996).

The analytic or omniscient narrator that tells the story as illustrated in quadrant 4 is that of a narrator that can adopt different positions at will. The narrator can at will move between the different positions and hereby choose the best communicative strategy for presentation. It can be used to exploit an interesting or specific point of view from different angles or characters as seen in Rerup & Hildebrandt (1996). However, it must be handled with care for at least two reasons. If not presented well, it can be too confusing for the reader because of the switching between perspectives and voices, and there is furthermore the risk of being perceived as a political rhetorician instead of having chosen the best communicative strategy.

Hatch (1996) is mainly concerned with the narrative position of the researcher and his reflexivity herein. The importance is explained as:

“In the sense that we claim research conclusions are based on some form of observation, what we say about organizations is predicted on what we see. Thus seeing and saying are generally believed to be sequentially linked modes of the research process: one related to data collection and analysis, the other to reporting. ... the position from which one sees does not necessarily define the position from which one says. The construction of the narrator in the narrative act mediates the relationship between seeing and saying, and in this way the relationship between the researcher and the scientific work is constructed from the positions of both seeing and saying.” (Hatch, 1996: 367)

Hatch (1996) believes that the most beneficial position of organization theory would be not to abandon the distinction of subjective and objective perspective, but rather be reflexive in acknowledging and appreciating the multiple perspectives, their advantages and disadvantages. What Hatch emphasizes is reflexivity in the research process as well as in the process of writing. It might be associated with Kierkegaard’s understanding of choices in life. In ‘*Either-or*’ the importance lies not in choosing *something* but in *choosing* (Kierkegaard, 1925). Nothing in life is easier, according to Kierkegaard, than to throw oneself into *something*, but thereby one only accepts coincidence and indifference. In *choosing*, one is put on an important task: To make a dif-

ference and commit to one thing and not to the other, not indifferently but with passion (Thielst, 1994: 137; Thomassen, 1995: 279).

The narrative reflexivity, as advocated by Hatch (1996), is about a deeper understanding of the choices that one makes when doing organization analysis. It is about consciously, and of course coherently, choosing ones position in philosophy of science, choosing research method, and presentational form: 'The use of narratology means that this study is not simply concerned with issues of representation, but also with research as narrative performance' (Hatch, 1996: 360-361).

Summary of chapter

The interest in narrative appeared first in organization theory with a focus on organizational stories and storytelling. Later, some of the interest has moved to narrating and narration as defined in literary theory. It is suggested that those who adopt literary approaches to narrating and narration within organization theory have investigated the implications of applying a variety of literary concepts, including narrative different styles. Also a clear distinction between the notion storytelling and narratology in organizational analysis is suggested in the chapter. Storytelling seems never to move beyond the issue of representation as it will be seen in a later chapter. Rather it might be said that storytelling is *applied* narratology when it comes to organizational analysis. However, as in the present dissertation, it is impossible to uphold a distinction between the two genres, but the focus at present will rather be on storytelling than on narratology.

The present chapter has been devoted to giving a brief insight into how the techniques and terminology of literary theory have been used in organizational research and from which areas the inspiration to organizational research has come. Emphasis is put on the plot as a structuring of individual events into a coherent and consistent story. The events are rather pooled into a story for the sake of coherence, consistence, and sense-making than for the sake of chronology and sequentiality. A story is evaluated on its probability and verisimilitude – on its ability to provide add-on value to the reader. Thus narrative reflexivity is discussed. The narrative reflexivity can be seen for the organizational researcher as taking a step back from ones usual writing style and communicative strategy to consider alternative presentational styles, depending on what is appropriate and which receivers one is addressing.

Chapter 6. Presentation of research findings: New possibilities and consequences

There are several ways of presenting one's empirical findings⁸. Among the more newly applied ways in organization studies is through a poem or through a novel, and Gagliardi (1990: 22-24) and Piccardo, Varchetta & Zanarini (1990: 261-265) show how empirical findings can be presented as a coherent story. It is thus suggested that organizational analysis is able to learn much from the ideas of local narrations. However, the present author is not capable of using such exotic structuring and presentational forms as poem writing but others have had experiences in adopting this form of presentation as explained in the following.

With the recent development in social science and organization studies especially, as seen so far in the present dissertation, new presentational forms can be appreciated within a frame of interpretive sociology. Clearly, that is a consequence of the discussion of voice and perspective in relation to the researchers narrative positioning and reflexivity as seen previously.

Richardson (1992) provides an example in her study of unmarried mothers in which she interviewed Laura May and presents her findings as a poem. Her empirical presentation is characterized as interesting and visionary from some sides and as quite odd and paradoxical from other sides:

“I transcribed the tape into 36 pages of text and then fashioned that text into a three page poem, using only her words, her tone, and her diction but relying on poetic devices such as repetition, off-rhyme, meter, and pauses to convey her narrative. Poetic representation plays with connotative structures and literary devices to convey meanings; poetry commends itself to multiple and open readings in ways conventional sociological prose does not. ... Academics had diverse responses: Oral historians have noted that the poem captures ‘essence’ in a way that prose does not and that there are methodological lessons here for them; women’s study audiences have discussed the poem as a method for revealing conventional forms of reporting ‘findings’ as patriarchal strictures – with poetry ‘feminizing’ the product and its production; and postmodernist theorists have discussed the work as an important turn for both theory and research on social science writing. Some interpretivists have welcomed the breach as an opportunity to rethink sociological representation. Other social scientists have challenged the ‘validity’ of the poem, demanding to see the transcript although not to hear the tape, see a videotape, or talk directly to Louisa May. Some feminist social scientists have assumed that I am Louisa May.” (Richardson 1992: 126, 133)

Richardson’s radical break from common sociological work and subsequent experiences underlines an important point in writing scientific reports, articles, and stories. Writing is something

⁸ McCloskey (1990a) emphasizes that the scientific report is itself a genre, whose conventions have changed from time to time, that ‘Kepler wrote in an autobiographical style ...; Galileo wrote in urbane little dramas. It was Newton ... who insisted on the cramping literary conventions of the Scientific Paper’ (McCloskey, 1990a: 16-17).

that has to be presented in such a way that it is meaningful to others, and that it is not something that exists independently and ready-told in mute facts themselves (McCloskey, 1990a). Gabriel (1995) points out that narratives are ‘events’ that are enriched, enhanced, and infused with meaning. Hereby stories are seen as clues or signs leading to a higher understanding in an organizational study. An elaboration of the role of the writer is suggested as:

“... this language and these symbols, are in a continual state of flux. Meaning can never reside within one term. It is continually slipping beyond our grasp. The task of the writer is therefore to recognize and expose this slippage, though never with the aim of creating a meta-discourse that can explain all other forms of language. If we are to look at organization (as a verb) in this way, we must continually recognize the impossibility of the formal structure. The myth of structure is simply one of the ways in which social life is continually constituted.” (Parker, 1992: 9-10)

Phillips (1995) argues that the importance of theories is that they make humans able to see the world differently. Narrative methods, in showing theories in action, provide more complexity and ambiguity to which the readers can relate their own concerns and problems. This increased ambiguity, it is argued, enhances the usefulness of theories for managers and researchers as ‘the introduction of characters and plots reduces the specificity and increases the complexity while simultaneously increasing the possibility of catching the reader’s interest. Writers depend on readers to infuse their writing with meaning; why not make the task as interesting as possible?’ (Phillips, 1995: 641).

If anything has been learned from interpretive sociology over postmodern theory, it is that the difference between rigorous presentation and, for example, the presentation through the poetic form has only to be enhanced by readability and warmth in presentation of empirical research. However, it must be emphasized again that the researchers’ ethics and situational understanding plays an increased role. First of all, the researcher has to structure the presentation according to the intended audience and second, the poem must, as Richardson emphasizes, be a clear representation of the empirical findings. Both these points illustrate the enhanced importance of research to ‘ring true’. Traditionally, quotes from interviews for instance have been included to legitimize, but as argued above it does not legitimize anything within interpretive sociology. It is just added to elaborate or emphasize the theoretical creation. Therefore the poem might be just as applicable and, furthermore, it is often more readable and might ring true for the reader to a higher degree. In his impressive dissertation, Ljungstrøm emphasizes the difficulties in saying anything about the reality and concludes: ‘In the end, we can only poetize’ (1998: 6).

Therefore, it is important to emphasize that empirical material included in a presentation needs to contribute with add-on value beyond the mere legitimational role.

Summary of chapter

In this brief chapter the presentational form has been discussed on the background of the previous chapter's discussion on the practical use of the narrative approach in relation to the researchers' communicative style. The consequences are that the scope of what is allowed in organizational research is widened as a consequence of the question that is raised on making reading scientific texts as interesting as possible. Of course, it is a subjective evaluation from one researcher to the next what is interesting for the reader and what is not, but the focus on readability and the importance of research presentations to 'ring true' for the reader is increased.

The most important consequence of this development in organizational research must be an increased focus and attention on the ethics of the researcher. Natural science inspired research can to a higher degree be tested for different measures of validity and reliability, while attention is turned towards a symbolic-interpretive approach, sense-making, verisimilitude, meaning, and plausibility are words that are used. And just because the outcome of research is set forth, for instance, as a story, it does not mean that traditional ethical rules of data collection can be compromised. There is a distinction between doing research and writing pure fiction no matter how it is presented.

Chapter 7. The role of stories and storytelling in organizational analysis

When is a focus on organizational stories most relevant? A number of empirical studies have been made in relation to, or with aspects of, organizational storytelling. For instance, Martin & Powers (1983) concluded on research on IBM that stories caused commitment, and that stories caused more commitment than other means of communicating information. Martin & Powers raise some concerns about organizational stories:

“If organizational stories are a particularly effective means of generating commitment, they are a potentially powerful management tool. From a management point of view, it would be useful to know whether in fact an organizational story is a more effective way to generate commitment than other forms of communicating information. It would also be useful to know the conditions under which an organizational story would lose its impact. From an employee’s point of view, different issues are salient. An employee needs to know whether to believe a given statement is true or whether to dismiss it as corporate propaganda. It is also useful for an employee to know if a particular form of communication, such as a story, is likely to be particularly persuasive. If so, the employee can be wary when information is communicated in this form. These concerns of top management and lower-level employees suggest that symbolic forms of management, such as organizational stories, are an important topic for researchers to investigate.” (Martin & Powers, 1983: 96)

A wide and delicate understanding lies behind the notion of organizational stories and their function, which is the focus of this chapter. It will be argued that storytelling is most applicable to explain something that has already happened (McCloskey, 1990a) although March (1995: 428) stresses stories in relation to the predictability of future dramatic changes in the environment of organizations. However, organization theory is entering a stage in which the emphasis on predictability is becoming less important due to consequences of the so-called post-industrial society as it is explained in a later section.

Providing an understanding of stories and storytelling

It has been proposed that man lives by stories (Mitroff & Kilmann, 1976: 189); that people in organizations are ‘natural, born storytellers’ (Boje, 1994); that man is ‘a storytelling animal by nature’ (Eco, 1983: 13); and the human race is even considered as ‘homo narrans’ (Fisher, 1994). In every epoch and culture, stories have been invented to give meaning and order to the world for the individual. It has been pointed out that ‘far from being a problem, then, narrative might well be considered a solution to a problem of general human concern, namely, the problem of how to translate knowing into telling’ (White, 1981: 1). A focus on stories is appealing for several reasons:

“They provide an effective vehicle for conveying an organization’s interpersonal norms. Stories happen naturally as a way of telling one’s perceptions of past events, problems, or people. Because they can be heard at all levels and within all personnel groups of an organization, stories enjoy widespread acceptance as a means of communication. They are easy to follow, generally entertaining, and are more likely to be remembered than other forms of written or oral communication. In addition, stories provide a shortcut for new members to learn about an organization’s culture. Stories differ from gossip and other forms of corporate communication in that they possess a setting, a cast of characters, and a plot that resolves some sort of crisis.” (Hansen & Kahnweiler, 1993: 1393)

Stories can be seen as socially constructed and negotiated accounts of past events that are important to members of an organization, and storytelling can be understood as a cognitive sense-making tool by which the organizational stakeholders incrementally and collectively reinterpret their stories of events as an ongoing dynamic process. Stories are often told about something illusive and not easily specifiable. The stories are negotiated in the sense that they develop over time and can be re-interpreted, and thus continues to evolve as new perspectives or aspects of an event is discovered. A story might rather be understood as a verb, storytelling, indicating that stories are continuous processes, always in the making. An organizational story can evolve over time by the input of several organizational members. The story, at a certain time, can thus be ‘composed’ by the input from several members each having contributed with minor parts, and it is the truth-value or verisimilitude in their assertions that determines whether, or to what degree, their contribution will affect a story. Thus a winner of telling the ‘true’ story can hardly be proclaimed. This story-telling or story-creating process is not something that is a conscious process in the organization. Elements that contribute to developing a story further can have various unintended origins in relation to the story. The only stories that deliberately might be constructed by e.g. management are those aimed at the surroundings in order to create a certain image of the organization.

The stories are a way of patterning through which all such intelligible narratives must be expressed in order for them to be considered as acceptable. Stories can be understood as a search for ‘patterning’ tendencies in order to provide the ability to tell coherent tales about organizing and ordering processes in the organization (Chia, 1996: 51). Through stories about events in organizations, the reality of these events is created. Hereby, the organizational reality is structured as a story rather than as a rational chain of cause and effect (Jensen, 1996). It is underlined by Weick and Browning (1986):

“The narrative paradigm also suggests that organizational researchers may have made a serious error in their studies of corporate culture when they treated stories as surface artifacts of shared values, basic assumptions, and shared beliefs. Stories, in context of the narrative paradigm, have ontological significance and may not just carry the culture but may also create it.” (Weick & Browning, 1986: 250)

Pointing out that most stories are not organized in a simple linear sequence, a general and less restricted definition is suggested: ‘We might conceive of narrative discourse most minimally and most generally as verbal acts consisting of someone telling someone else that something happened’ (Mishler, 1986: 148). This is further clarified and put in perspective by McCloskey:

“A story is something told to each other by human beings, not something existing ready-told in the very rocks or cavalry regiments or mute facts themselves. Niels Bohr once remarked that physics is not about the world but about what we as human beings can say about the world. Stories, in other words, are selective. In this they are similar to metaphors and models, which must select, too. We cannot portray anything literally completely, as another Niels Bohr story illustrates. He asked his graduate class to fully describe a piece of chalk, to give every fact about it. As the students found, the task is impossible unless radically selective.” (McCloskey, 1990: 18)

Infinite plays of different meanings construct the stakeholders’ knowledge, as the various stories of concrete events are translated into organizational construction or understanding. In this way, stories of the organization and organizational life discipline numerous factors into the same plot. Boje assumes that old stories ‘are recounted to frame current decisions according to the unfolding story-lines and thus, as social memory, keep the organization from repeating historically bad choices’ (1994: 435). The same can be said about the transferring of norms and assumptions in the organizational culture to new members in the organization as well as the re-constituting or maintaining of those cultural factors for established members. The stories function as a kind of organizational social memory that is continuously re-told and given to new members for cultural understanding. In such a sense, organizational stories are seen as constituting the organization and Fenollosa’s (1969: 377) conclusions from his work on the logic of art, that relations are more real and more important than the things they relate, make sense in relation to organizational stories as well.

If the stories are not being re-told, then they will gradually be forgotten, and disappear. As stories are diffused within the organization as well as externally, the social construct of the organization is maintained and developed: ‘Telling stories is fundamentally a memory reinforcing process. The more you tell the more you remember. The areas you dwell on when you talk are the areas your memory wants to, and does, reinforce’ (Schank, 1990: 141). The stories function as a collective organizational memory that can be said to be in a continuous stage of emerging. The organizational memory is not fixed, it is continuously being developed, and the stories about the organization play a major role:

“The stories are important indicators of the values participants share, the social prescriptions concerning how things are to be done, and the consequences of compliance or deviance. The stories may also indicate the social categories and statuses which are legitimate in the organization, and are thus an

important guide to what kinds of people can do what. Such information is crucial for the successful participation of organizational actors. ... Stories about the founding of the organization, about charismatic leaders, or about other significant events in the organization may serve a similar function of presenting an image of an organization which many participants value and which would therefore serve to unify them.” (Wilkins, 1993: 82-83)

Storytelling can be considered the act of stories. A fundamental way of creating meaning is through storytelling. In the telling of stories, events and phenomena are fitted into a sequence that is submitted to structural coherence, which is the logic of storytelling or of the narrative (Jensen, 1996). A link between storytelling and the notion of sensemaking can be given as sensemaking involves the verbal or conversational processes whereby people reflect on and discuss activities and events to determine the meaning of the actions and events. Sensemaking is often accomplished through storytelling (Gephart, 1991: 35).

The storytelling in organizations by the individual members or stakeholders contributes to the ongoing organizational establishment and maintenance of the organizational memory about past events, guidelines, culture et cetera:

“My theory of the storytelling organisation is that people participate in a wide variety of stakeholder groups to process information and manage the collective memory of the organisation through storytelling. I assume that healthier storytelling systems are not only more effective in the marketplace because the organisational intelligence is richer, they are also more meaningful places to work because story characters and plots are more enriching. The process of collective storytelling occurs as a multitude of tellers relate bits of story lines that convey story lines that one person may not know in detail, but in aggregate the full tale is collectively created, told, revised and maintained. ... In organisations, stories about the past are told from many points of view to highlight particular policies, decisions, and changes. ... Stories are created, old stories are remembered, some are revised, and stories about the future are performed in the collective dialogue among organisational stakeholders as they make sense of and even affect organisational change.” (Boje, 1991: 9)

When people cease to tell the stories of an event in writing or speaking, the maintained memory is lost. Through the discourses, the organizational stakeholders socially construct the organization as an ongoing process that is to be maintained, otherwise it will be lost. This idea of multiplicity of discourses communicated through a plurality of stories, as a way of interpreting organizational events, are inspired from the experimental fiction the French call *nouveau roman* which aims at providing multiple forms of discourses (Boje, 1995). Boje defines discourse as ‘the infinite play of differences in meanings mediated through socially constructed hegemonic practices, especially in stories’ (1995: 998).

In the organization, some discourses are more hegemonic than others and then the other discourses become marginalized. The organization is constituted by a number of stories that all are interpreted and re-interpreted as an on-going discourse on how to understand the organization

and its every-day life. Kermode emphasizes that all stories begin with an interpretation, and the story needs interpretation by the teller in order to be told (Kermode, 1981: 81). Therefore, Boje stresses that the organization consists of a number of stories, and there is no singular, correct story by which the organization can be understood:

“In its plurivocality, each story masks a diversity and a multiplicity of voices. As organizations evolve, new voice tells the organizational story lines, often changing the meaning of the stories or invoking change within the organization by revising the old stories. Lyotard (1984) assigned to postmodernism the task of breaking up the grand narratives, disintegrating the one story into a mass of individual or localized accounts, and moving to a more discursive metaphor, such as conversation, in order to focus on the language and discourse of social systems.” (Boje, 1995: 1030)

Storytelling should not be considered any best way practice for managers to influence their company. In an organization, a multiplicity of stories can be present and the interpretation of these depends on the individual as Boje (1995) cautions. It is seen that the stories that become established in a company in general derive from management actions that was dramatic, either because they came during a time of crisis or because they were out of the ordinary (Wilkins, 1984: 50). Thus, in that the stories’ function in organizations is to make sense for members, the issues of power in not relevant. It might be that management has a certain way of seeing or understanding the organization, and communicates this perspective to employees. A kind of a meta-story in the organization. However, if the management’s perspective is out of touch with what the employees experience is their daily work life, ‘counter stories’ will arise among the employees to allow for the divergence between what management says and what it does. The stories that make sense to employees in the organization are stories that are not affected by management. These are informal stories. Formal stories are stories that communicate official policy and how things are done in the organization both to internal and external stakeholders on a superficial level. Formal stories could urge employees to behave in a certain way in the organization⁹.

By the re-telling of a story, the human tends to concentrate on narrating clusters of significant events, rather than give an account in a chronological, linear fashion. Emphasis is, thus, rather on infusing the story with meaning than on giving a chronologically correct account of events. Some events can be used to give meaning to events that have taken place earlier, and are there-

⁹ An example of these formal stories is seen in part 3. Part 3 comprises 6 stories about Hewlett-Packard. The stories function both as a image of Hewlett-Packard to external stakeholders, and as a insight to new employees about how things are done at Hewlett-Packard. To give an account of whether these formal stories restrain members in their daily activities is not at issue in this dissertation. It would require a longitudinal action research study of the organization which the timetable has not allowed in this research. In this dissertation these formal stories are seen as a tool for sense making and guidance rather than a management tool for enforcing *one correct* story or perspective.

fore not put forward until most present events have been given. A good example is the psychologist Jerome Bruner's illustration of a reader's retelling of James Joyce's 'Clay' where it is seen that it is only the most significant events that are put forward and remembered in the retelling emphasizing internal coherence, rather than chronology (Bruner, 1986: 161-171). Hummel suggests the following characteristic of the story:

"As we hear the story, the events are not meaningful for us until we have read ourselves into the story. This is how a story, and the telling of it, functions in a fundamentally different way for us than does analytic science. Analytic science gives us events that are objective fragments of reality and leaves us detached from them; the story always gives us events that are intended to be coherent and meaningful to us, something that cannot happen unless we become involved with them." (Hummel, 1991: 36)

Stories 'are highly charged narratives building on events but enriched, enhanced, and infused with meaning' (Gabriel, 1995). Stories contain a flexibility that enables them to be retold in different ways and at different times, depending on the particular issue that is being explored (Mishler, 1986: 149). It is through new stories that it is possible to create new understanding and self-understanding, which enables new agents in social reality to act in new ways. The telling of stories or the story in itself is the possibility of change (Jensen, 1996) as it is emphasized that:

"One practical implication is that managers and change agents must be sensitive to the stories being told; to the forms in which organisations and selves are constructed; and in particular to others' images and constructions of key social entities and persons. People who wish to change organisations can do so by telling stories which modify the thematic content of the entities (organisations, families and selves) composed in stories – that is by changing stories." (Gephart, 1991: 42)

Weick (1995: 129) explains that stories allow clarity achieved in a small area to be extended to and imposed on a close or neighboring area that is less orderly. In this context, stories act as metaphors in order to enlighten what otherwise is hard to articulate. The further advantage of stories is that 'stories convince, not because they are truthful, but because they are lifelike, coherent, believable, and because they have verisimilitude' (Weick, 1989a: 527). According to Kirkeby (1998), the advantage of the story can be explained by a reference to the world of theatre. At the theatre the 'true' story is the one that seizes the audience and takes them through such a process of realization that they leave the theatre wiser and more insightful than they arrived.

The importance of stories in organizations is that stories 'discipline by being explanatory, qualitative simplifications, conceptual constructions, and perceptual themes that interpret and frame organizations and characters' (Boje, 1995: 1001). The discursive dynamics of storytelling does

not only 'enact'¹⁰ the position and existence of the organizational members and their community. The use of stories also shapes the course and meaning of human organization in which the organization is seen as consisting of a multiplicity of stories and interpretations that struggle in between each other. This multiplicity of stories constitutes the organization and can be seen as a metaphor to highlight the importance of seeing the organizational life as 'more indeterminate, more differentiated, more chaotic, than it is simple, systematic, monological, and hierarchical' (Boje, 1995: 1001). Polkinghorne emphasizes the connection between narrative and meaning further and elaborates:

"Narrative is a form of 'making meaning.' ... Narrative recognizes the meaningfulness of individual experiences by noting how they function as parts of the whole. Its particular subject matter is human actions and events that affect human beings, which it configures into wholes according to the roles these actions and events play in bringing about a conclusion. ... The narrative scheme serves as a lens through which the apparently independent and disconnected elements of existence are seen as related parts of a whole." (Polkinghorne, 1988: 36)

It is proposed that the storyteller recounting the discourse of the characters of a story arise from a natural human need to give meaning to things. Thus, it allows the constitution of an identity and can be seen as the very condition of individual and social existence (Alvarez & Merchán, 1992). Without narrative, it is suggested that it is impossible to make sense of our social experience, and thus it is impossible to frame expectations as the stories give meaning to the already experienced, which is a basic need for framing the coming. Without the narrative, neither human past nor future gives meaning as experience is framed in narrative (Wilkins & Thompson, 1991). Accordingly, Jensen (1996) points out that it is only through a story about how a person or a group of persons have risen, what they have done, what they do, and what they intend to do, that an identity is created and with it a sociality. In addition, it is through new stories that new possibilities are created.

The use of stories and storytelling in symbolic form constructs shared meaning for the organizational members. Both formal communication of managers and everyday conversation of organizational members are ingredients in the collective creation of shared meaning. A study by Boyce (1995) showed that storytelling was an effective form of constructing a collective sense.

¹⁰ 'Enactment' is probably best explained by Karl Weick who uses the term to explain enactment of the environment. He uses the word to emphasize that people in organizational life produce the part of the environment that they face. The word is used because of the suggested close parallel between what legislators and managers do. That is, they both construct reality through authoritative acts. The example is that when people enact laws they create new features of an environment that did not exist before, why the environment is not seen as existing independent of or detached from and external to the people involved. As they act they create 'the materials that become the constraints and opportunities they face' (Weick, 1995: 31).

Collective sense-making can be understood as the process where members of the organization interactively create social reality, which thus becomes the organizational reality. The members develop a body of shared and intersubjective meaning and act based on that shared meaning. Hereby shared storytelling can express shared experience and be used to construct a collective sense as well as providing the organizational code for social structuring:

“... we are engaging in ‘story-telling’ more than in ‘truth-telling’. But this does not imply that we are creating ‘mere’ stories. Although we are telling ‘stories’ we are telling them not only about ourselves, but also about something else more illusive and not easily specifiable. This is the organizing code through which all such intelligible narratives must be expressed in order for them to be rendered acceptable. Stories are ways of patterning. They are often more than just stories, however. ... These are enduring patterns of relations which provide the organizational code for social structuring. The search for such primary relational ‘patterning’ tendencies is an attempt to help us tell coherent tales about organizing and ordering processes which connect local outcomes with deeper, more enduring, cosmological assumptions. It is this making transparent of such local modes of ordering which reveal the nature of organizational relations and the character of human agency.” (Chia, 1996: 51-52)

Seeing the organization as an ongoing and recursive process, Chia emphasizes that what for instance is called ‘organizations’ or ‘individuals’ are precarious outcomes of this recursive social process. The stories have to do with the processes of organizing and ordering that generate relatively stabilized entities in the organization (Chia, 1996: 54). Thus, the main activity in organizations is concerned with telling, re-telling, and telling in a different way the story that the organization is in the middle of and has to proceed through. Knowledge about this organization is gained through stories about it and within it as others become acquainted with and re-tell with their understanding of what has happened and will happen through new stories (Jensen, 1996).

This is illustrated in a strategic management perspective:

“From a narrative perspective, the successful strategic story may depend less on such tools as comprehensive scanning, objective planning, or meticulous control/feedback systems and more on whether it stands out from other organizational stories, is persuasive, and invokes retelling. What the story revolves around, how it is put together, and the way it is told all determine whether it becomes one worth listening to, remembering, and acting upon. Thus, strategic effectiveness from a narrative perspective is intimately tied to acceptance, approval, and adoption. Further, this approach problematizes unitaristic notions of strategic success – it asks us to contextualize success, to view success as a social construction that is tied to specific cultural beliefs and practices.” (Barry & Elmes, 1997: 433-434)

Stories, storytelling, and organizational research

As a research method, storytelling has the advantage of ‘opening people up’ before discussing concrete issues in their own organization. The use of organizational stories is said to tap into the unconscious, qualitative phenomena that pervade organizations, and can thus be an important source of data for the organization that would otherwise be ignored or overlooked (Mitroff & Kilmann, 1975: 28). The focus on organizational stories is not to challenge ‘the facts’ but to en-

gage it with meaning. It confronts organizational researchers with certain choices: They can dismiss the stories as trifles of organizational life, which do not affect the basic realities of the organization (Gabriel, 1995: 481). Alternatively, organizational researchers can treat stories as clues or signs leading closer to the 'truth' about organization; truth being understood as coherence and verisimilitude.

Mitroff & Kilmann (1976: 191) give an example of how they have used stories in organizational research by 'forcing' groups of employees to come up with the single story that can reflect their understanding of the organization. In this way, the individual employee has an ideal or model to counterpoise their organization against, which facilitates her ability to explain herself. Research studies have suggested that information is more quickly and accurately remembered when it is first presented in the form of an example or story, and that stories tend to stick with humans longer than abstract ideas alone (Wilkins, 1984: 48-49). In a study by Mitroff & Kilmann, it was concluded that:

“... managers can more readily make up or recall a characteristic story about their real organization after they have first described their ideal. The reason is that ideal stories or images are not constrained by the countless number of complex details that go into the history of any real organization. In comparison to real stories, stories about an ideal organization are relatively unconstrained. The tellers of stories about ideal situations are not obliged to stick to reality or to account for it. Their images of the ideal are purer and simpler than their images of the real could ever be. In addition, images of the ideal are often easier to get at than are images of the real because everyone has some notion of an ideal. It is often easier to describe what one would like to have than it is to say precisely what's wrong with one's current environment.” (Mitroff & Kilmann, 1975: 20)

In his research, Wilkins (1984) learned that stories can be seen both as symbol (that provides understanding and inspiration) and script (as guideline) in such a way that they therefore function as both inspiring and guiding action. However, stories can only function positively in the organization culture if they are consistent with the daily actions of key position managers and with the formal systems, which these managers create (Wilkins, 1984: 51). Stories and the values they convey are thus being shaped from the actions of key people (Louis, 1983: 47). Wilkins draws a number of conclusions on organizational stories as seen in figure 4:

Figure 4. Some conclusions from a research project on organizational stories.

- They are concrete. That is, they have detail about specific people, specific actions, and often they provide description about the time period and place. It is probably clear why the story needs to be specific to be a script or guide to action but less clear why they must be specific to be a symbol. My observation is that paradoxically stories are most helpful as symbols when they are very specific and are connected in the minds of participants with the company philosophy. More abstract versions of a story don't provide as much opportunity for those hearing the story to vicariously experience the event ... is critical to the power of stories.
- They are common knowledge among some group of people in the organization. Unless a number of people know the story and know that others know it, people do not as a group begin to take it as background knowledge, as taken-for-granted fact upon which they base their action in this setting.
- They are believed by a group of people. While this characteristic is related to the story being common knowledge, it is somewhat different. One can imagine a fairy tale being common knowledge but what we are most interested in is what a group of people believes has actually happened. If they do not believe that a particular event occurred, it won't be able to serve as well as a script for how to get things done even though it could be seen as symbolic. ... the stories we are interested in will be believed, at least by some group of people to be history. While some may call such stories rumors, it is critical that in some group the story is seen as fact.
- They are typically about what I would call the social contract of the organization. That is, they most often have something to do with how things are supposed to be done on the one hand, and how people are treated and rewarded/punished, on the other. They are thus usually about the actions of influential people or about organizationally important programs which gives people clues about this kind of social contract. Stories which give people this kind of information are most influential in guiding and motivating action which is relevant to organizational performance. When stories are concrete, seen as common knowledge among a group of people, believed by them to be factual, and have to do with the social contract of the organization they are most likely to be symbolic and provide guides to action.

Source: Wilkins (1984: 47-48).

Wilkins (1984) suggests that an important difference between successful companies and less successful companies is that the former have a clear set of concrete examples of past management actions that is passed on informally from employee to employee as stories. The purpose of the stories is to make the company philosophy come alive to participants. These stories suggest to the employees that a particular philosophy is followed (Wilkins, 1984: 42). Stories are shaping culture in the organization as well as they may be used to understand and communicate the types of behavior and action that are and are not allowed in the organization. Stories are considered powerful in passing on a culture because they are like maps that help people know how things are done in a particular group. New employees want to know how to fit in and avoid major blunders in a new culture (Wilkins, 1984: 44). Therefore, new employees need a 'social map', which will point out both the dangerous and the safe areas. What seems rational and is

comme il faut in one organization might not be so in another, and organizational stories are an important way to map this social territory.

Stories thus help employees to make appropriate decisions on their own when rules do not apply to a particular situation. Stories enable employee understanding and thus the employees require less supervision. Managers do not have to tell employees what to do in each case. However, Wilkins (1984) emphasizes that:

“Stories need to operate in two different ways to serve as maps for participants which help to coordinate their actions in the service of a common purpose. The stories must symbolize the overarching purpose and philosophy in a way that inspires and teaches. However, they must also provide enough of a suggestion about how participants should act that they know what to do once they have been inspired. Stories are uniquely qualified to perform both functions simultaneously. Unlike abstract business themes, stories are concrete and allow participants to experience vicariously and thus better understand abstract values.” (Wilkins, 1984: 44-45)

It can thus be concluded that stories in organizations can be seen as having two main functions. One, as creators of consensual sense-making and understanding of the organization, thus they can be said to constitute the organization, and two, as requisites for the transfer of stories that explain elements of organizational culture to new members of an organization.

Often, when people are new in a company, they talk to their colleagues before talking to their superiors about something they do not understand. The answers they get are often communicated in small stories about events in the company past, and the stories about these events put the present into the context of the past and thus create meaning of the present to the individual and orients him/her toward the future.

Summary of chapter

This concluding chapter on the first part of the dissertation has discussed how narrative and storytelling are positioned and can function in organizational research. The first part of the dissertation has been set forth as a conceptual framework to give a coherent picture of the underlying idea in the hope that the idea and its potential in organizational research is easier to grasp.

In the present chapter emphasis has been on explaining the potential of stories and storytelling in organization development. The starting point has been that stories have been invented in every epoch and culture to give meaning and order to the world for the individual. In organizations, stories function for instance as a means for transferring norms and assumptions of the organizational culture to new members and for continuously re-producing the culture to established members. Stories function as a type of collective organizational memory that constantly is in a

process of being re-told and thus can be said to be in a continuous stage of emerging. Stories function in organizations as a social map for employees through which it is communicated what is acceptable and what is not in the individual organization or group. What seems rational and *comme il faut* in one organization might not be so in another.

There is no single correct story of an organizational culture. Organizational culture is constituted by multiple stories about events in the organization that infuse meaning on certain actions or events. The stories are not a tool for management; organizational stories are told and created both by management and employees. The stories that survive in the ongoing discourse on the organizational culture are the ones that seem most plausible, convincing and ring true to the individual employee that encounter the stories. Stories are events that are enriched, enhanced, and infused with meaning.

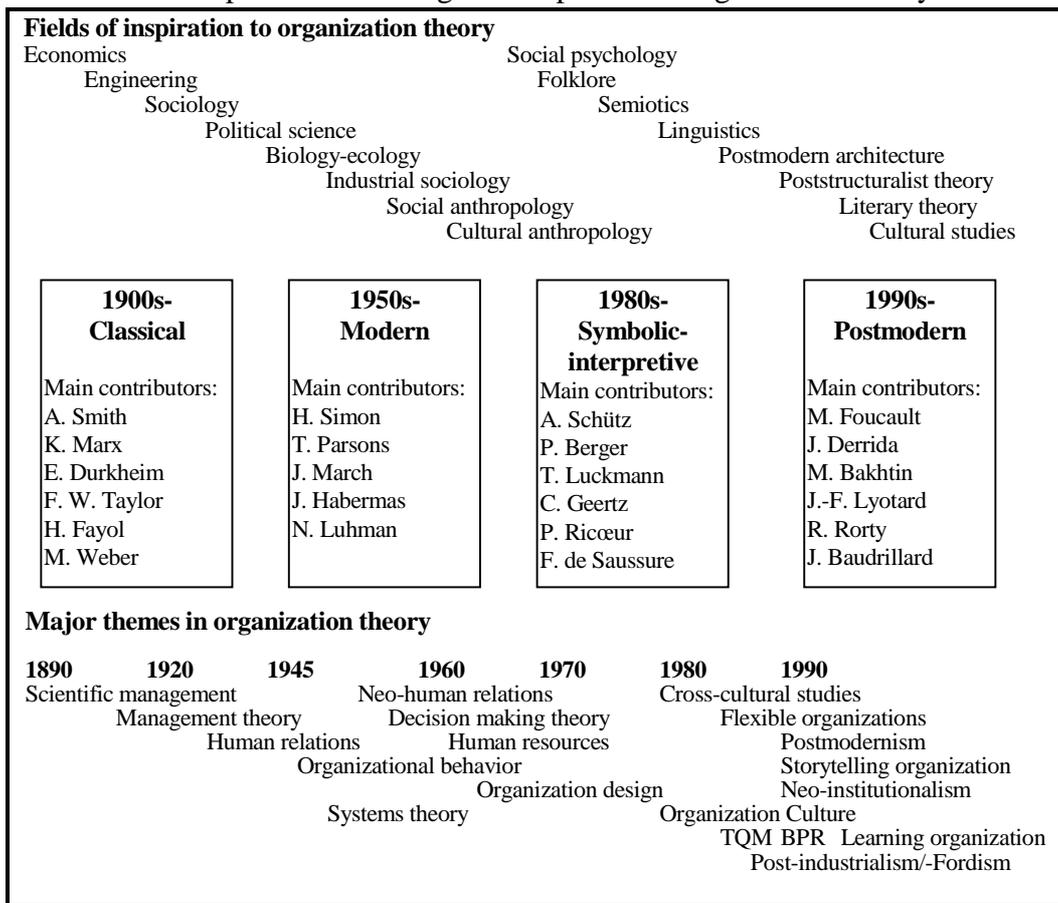
Part 2. The setting of contemporary organization theory

There is a broad debate about the difference between schools within and between modernism and postmodernism as well as a never-ending discussion about the origin of postmodernism. However, in the following, only what is perceived as contributing positively and constructively to the further development of organization theory has been integrated. Thus, the modernism/postmodernism debate in organization theory is used as an inspiration to and as an unavoidable part of contemporary organization theory. Instead of labeling and constructing different positions within modernism as for instance seen in Boje, Fitzgibbons & Steingard (1996: 62) the focus will rather be on developing a 'middle ground', where inspiration is sought and the two modes of postmodernism are seen as complementary. Complementarity concerning the two modes of postmodernism is a rarely seen position, but it is supported by Hassan (1993: 149-150). Broadly speaking, the epoch notion refers to the fact that society has moved towards a post-industrial society. The epistemological notion has been related to another way of thinking that can be seen as a necessary consequence of the shift in society, which has wide implications for management and employees of companies that operate in the environments most strongly affected by this shift in society. An example could be the high-tech industry. What is of importance is not to label organizations postmodern, postindustrial or otherwise, but to discuss what contributes to the fact thereof that some companies handle a more turbulent environment better than others.

The origin of what is labeled as postmodern ideas can be located as far back as the 17th century, and some even find inspiration in the writings of Aristotle (384-322 BC). For some, Nietzsche (1844-1900) is seen as the father of postmodernism, others ascribe the honor to Lyotard (1925-1998). Much inspiration to postmodern management thought can be found in Nietzsche's writings but the label 'postmodern' was not established until Lyotard used it in his seminal book on the postmodern condition of highly developed societies (1984). The focus in this part will be on the contribution to organization theory, but a good introduction to the inspiration and origin of the modernist/postmodernist discourse can be found in various readers, for example Docherty (1993), Best & Kellner (1991), and Anderson (1995). Postmodernism embraces a broad range of artistic, intellectual, and academic fields, according to Berg (1989: 202), including music, architecture, art, design, film, fiction, drama, philosophy, anthropology, and sociology as well as a number of ideas, thoughts, schools, and conventions.

It is important to point out, as Rouleau & Clegg (1992: 22) indicate, that it is the reflexivity of postmodernism in the epistemological discussion, which is most interesting in relation to research on organizations. However, the appeal for contemporary organization theory can presumably be found in postmodernism's 'preference for the loosely coupled (as in network structures), for the fragmented and temporary (as in project organizations), [and] for the ambiguous (as in matrix-structured organizations)' (Berg, 1989: 207).

Figure 5. Sources of inspiration to and significant periods in organization theory.



Source: Adapted from Hatch (1997: 5) and Warner (1994: 1153).

In figure 5 an illustration of the development in and inspiration to organization theory is suggested. Illustrations like this can always be discussed with regard to where inspiration came first, and whether or not a theme should be placed in the figure signifying the first time the theme is mentioned or when the theme has been established as a theme of significant importance for organization theory. Furthermore, here postmodernism is characterized as a period of inspiration but postmodernism in itself is elsewhere argued to be an epistemological stance rather than an era. The idea is mainly to attempt to give a vague overview of inspirations to organization the-

ory. As Hatch (1997: 375) points out, the perspective of narrative and storytelling are in their early stage of development, and she leaves intentionally these perspectives to future editions of her very enlightening and leading edge book.

The present part attempts to situate the first part into an organization and management theory understanding. The topics of the chapters support and elaborate on the ideas presented in the first part in an organization theory context. Furthermore, the part can be seen as a link between the philosophical first part and the empirical third part, specifying an organizational context.

The present part consists of four chapters and is assembled under the headline: *The setting of contemporary organization theory*. The first chapter, *Setting the stage: Rupture in organization and management theory - issues in the 1990s*, presents and discusses the idea of society in a postindustrial age, which in management theory has been called postmodern organization theory. Postmodern organization theory can be seen as an umbrella expression that comprises much of the so-called 'post'-theory in a management theory context. It is seen as the field of organization theory that comes closest to management practice. Thus, it is the field of organization theory that most appropriately provides a connection between the message of the empirical part backed up by the methodological and philosophical first part. It is a chapter that looks both at the consequences of a new era with new conditions for management and at the subsequent changes in management thinking.

The topic of the second chapter, *Organizational symbolism: suggesting a tool for uncovering underlying factors of organizational culture*, is organizational symbolism and culture. It begins by looking at the issues concerning organizational symbolism. Its base in the philosophy of science is closely connected to the issues presented in the first part as well as in the previous part on postmodern organization theory. Organizational symbolism views organizations as patterns of symbolic discourse. Organizations are sustained by shared meanings and shared realities created by a mode of language. The mode of language can also be seen as given by the peculiarities of the individual company's culture. Organizational culture, which is the topic of the subsequent chapter, is a system of shared symbols and meanings and it indicates that management is symbolic and has to be interpreted or deciphered in order to be understood. The chapter combines the two topics because of the closeness of organizational symbolism and culture. The conscious and unconscious levels of culture are explained as well as how it is possible to communicate the basic assumptions and values through storytelling. It is shown how a fragmentation view of organizational culture is most appropriate in the context of a postindustrial organization stand-

point. In the increasingly turbulent postindustrial society, new rules and ways of managing are sought.

The subsequent chapter, *Visions and values in management and organization*, deals with vision and value based management, which is an approach to management that is highly relevant in a postindustrial society. It combines the ability to envision stability in unstable surroundings, envisioning the basic values of a company, and securing the company's future by focusing on these values. The last chapter, *Implications for management and organization theory: Recent trends*, is a recapitulation and discussion of the main topics raised so far, and focuses on new and emerging conditions for management in a postindustrial society.

Chapter 8. Setting the stage: Rupture in organization and management theory - issues in the 1990s

Organizations and their way of organizing change with increasing acceleration caused by the rapid changes in information technology and knowledge-based competition. Zell emphasizes that ‘an increasing number of firms are recognizing that they must shed the rigid, hierarchical organizational structures that supported mass production and replace them with flat and flexible structures that enables them to respond quickly to changing customer demands’ (Zell, 1997: 3). ‘Flexible specialization’ is a term introduced to characterize such organizations: ‘The “flexible” aspect refers to restructuring of the labour market and the labour process, while the “specialization” aspect refers to the ascendancy of niche or specialist markets and marketing, as opposed to mass markets’ (Clegg, 1990: 209). In a market increasingly concerned with the individuality of customers, it requires tremendous flexibility in production systems¹¹ and in employees, to provide customers with variety and responsiveness (Zell, 1997: 14-15).

New organizational forms are emerging as a result of the transition from industrial to postindustrial capitalism, according to Heydebrand (1989). The transition is characterized by environmental turbulence, rapid change, increasing complexity, increasing uncertainty, and what Heydebrand calls ‘nearpermanent crisis conditions’ (Heydebrand, 1989: 323). The attitude is that everything has to happen fast: ‘Not only are you growing and changing even faster, but you think you can’t keep up because the marketplace is changing so fast’ (Zell, 1997: 50). For instance, concerning Hewlett-Packard’s re-organization efforts and strategy, it was said that ‘the whole economy is changing, society is changing, and organizations are stuck in a certain way of managing. We haven’t got a system that matches where we need to go’ (Stratford et al., 1996). This calls for new ways of managing and structuring the organizations.

New forms of information and technology are held to be a driving force of social and organizational change, leading to new opportunities as well as improved efficiency and flexibility (Thompson, 1993: 187). Evidence is given on the development towards flexible organizational forms with high labour responsibility, process variability, and product innovation as a consequence of the socio-economic development (Clegg, 1990; Gjerding et al., 1997; Whitaker, 1992).

¹¹ As an example, it can be mentioned that a company as Hewlett-Packard had around 18,000 product numbers in 1997.

Furthermore, Heydebrand emphasizes that the nature of postindustrial capitalism itself seems to generate higher levels of complexity and uncertainty, thus the postindustrial society might even be engaging in a self-fulfilling prophecy and it is thereby co-founding the unsettling effects of change (Heydebrand, 1989: 323-324). As a periodizing notion, postindustrialism, i.e. the description of the epoch succeeding industrialism is closely connected to postmodernism. The characteristics and notion of the postindustrial society have enjoyed wide recognition in organization and management theory (Berg, 1989: 202). It is often suggested that society is in a state of transformation: 'New forms of social being are emerging that have little relation to the capitalist or industrialist systems that have constituted us throughout the last century. Connecting these currents is an assumption that new times need new methodologies, and novel ways of looking at social processes' (Parker, 1992: 3).

Postmodern organizational forms are often inspired from service organizations. They are considered as small or are small subunits in larger organizations, computers mediate their production or service, and the emphasis on information technology has led to the label that companies are entering the information society. Especially the high-tech or computer industry has long been characterized by flat organizations, speed, flexibility, and teams. This reflects not only a critique of the modern and rational, but more importantly 'an awareness of greater technical and economic competence in the organizations for handling contradictions, complexity and tension' (Berg, 1989: 202). It is a consequence of a business environment that increasingly is being characterized by constant struggle and uncertainty.

Most knowledge-intensive companies are characterized by being dependent on complex communication processes. Their tasks are often uncertain and ambiguous, and agreement on problem definitions and solutions requires active communication and negotiation. Rather than being told what to do, employees determine themselves what needs to be done, how to do it, and their personal responsibilities. Thus their role in the organization can to a large degree be said to be self-created in an on-going negotiation based on the tasks and necessary actions the organization need to fulfill in order to anticipate the future. Emphasis on formal division of labor and managerial hierarchy will be strongly revised and downscaled to close to non-existing. Role definitions as well as the managerial processes are in fluid state:

"Role definitions are fluid, and many traditional managerial responsibilities, such as interfacing with the customer or determining work methods, is shifted to the employee. The result is usually a very loose work arrangement with managerial control concentrated on the outcome rather than the work process. Such conditions provide employees with a sense of liberation and capacity for negotiated

self-identity and reality, as well as potential for different operations of power and forms of domination.” (Deetz, 1997: 186)

Employment relations assume more complex and fragmentary relational forms, according to Clegg (1992: 36), which include subcontracting and networking. Managers and employees will be faced with some of the same problems as earlier but they will differ in their responses. The employees will largely be specialists, professionals, and experts who work in an organic, decentralized structure of project teams, task forces, and relatively autonomous groups (Heydebrand, 1989: 337). The organization structure can be considered as loosely coupled with an important element of frequent reorganization and centrifugal form. Much of the recent developments in organization theory have been concerned with developing concepts, models, theories, and metaphors to help to make sense of the chaotic and loosely coupled world of organizations (Berg, 1989: 211). Berg points out that ‘one key feature in [contemporary] organization theory is the recognition of ambiguity, uncertainty, irrationality and complexity as ways of characterizing relationships and paradoxes, conflicts, disharmony and dissonances as ways of characterizing the “tensions” within social systems’ (Berg, 1989: 211).

Many of these considerations can be related to a question of where the boundary of the organization goes. Network theory in neo-institutional organization theory raises that question. Rouleau & Clegg emphasizes that ‘it becomes much harder to draw a boundary round the organization when it grows, not by hiring people, but by initiating more sub-contractual relations with other organizations. The organization *per se*, if we define it in terms of the number of employees which it directly employs, does not change, but the nature of the activities which it is engaged in and the scale of the operation can change enormously without this essential unity [the organization] ... changing at all’ (1992: 12).

Deetz points out that in turbulent internal and external environments, organizations need to ‘have the capacity to mobilize incredible resources toward largely unpredictable ends in which their own mobilization serves as both a determinant and effect’ (Deetz, 1997: 185). The external environment is considered fragmented and unstable. Often the organization struggles to produce the environment to which it must adjust. Thus, adjustment, creativity, and adaptation are important factors in the strategic development of the organization.

The postindustrial or postmodern organizational perspective

One of the first organizational theorists to use the term ‘postmodern organizations’ was Heydebrand (1989: 327). One influence might presumably have been Lyotard’s (1984) report on the condition of knowledge in highly industrialized societies, another the increasing concern with ‘flexible firms’, globalization, and post-Fordism. In this book, Lyotard sets out to describe the ‘condition of knowledge in the most highly developed societies ... It designates the state of our culture following the transformations which, since the end of the nineteenth century, have altered the game rules for science, literature, and the arts’ (1984: xxiii). He decides to use the word postmodern to describe that situation.

The focus will be on an elaboration on the society perceived as moving towards a postmodern epoch and the consequences thereof, rather than on determining whether or not postmodern organizations exist. Clegg (1990) deals with a postmodern epoch and epistemology and in these areas some inspiration for contemporary organization theory can be found. However, the organizational development that Heydebrand describes is appealing to the flexible forms that are much discussed currently:

“... it would tend to be small or be located in small subunits of larger organizations; its object is typically service or information, if not automated production; its technology is computerized; its division of labour is informal and flexible; and its managerial structure is functionally decentralized, eclectic, and participative, overlapping in many ways with nonmanagerial functions. In short, postindustrial organizations or those emerging from the transition tend to have a postbureaucratic control structure even though prebureaucratic elements such as clanlike personalism, informalism, and corporate culture may be used to integrate an otherwise loosely coupled, centrifugal system.” (Heydebrand, 1989: 327)

It is not easy to define what is and what is not postmodernism. Instead the some ideas from the discussion can be seen as inspiring organizational research and practice. Postmodernism in organization theory has been through a confusing state of emergence and, as always when new ideas, theories and concepts are emerging, what is postmodern in general and what is postmodern in organizations in particular has been severely discussed. Some converted postmodernists such as Parker warn against the postmodern project in organization studies, and emphasize that the ultimate consequence of such a path is to give up entirely the notion of ‘truth’ and ‘progress’ (Parker, 1995: 553).

However, the position here is that the modernism/postmodernism debate is an important source for inspiration to contemporary organization theory, and further it raises some important questions regarding commonly taken-for-granted assumptions in organizational analysis. But, it is

important to remember Parker's words and keep it in mind to stay on the constructive side of the narrow line in the postmodern mess. Furthermore, it is emphasized by Alvesson (1995) that the modern/postmodern notion or discussion brings into memory other dichotomies in organization theory as Taylor versus Mayo, formal versus informal, and mechanistic versus organic. Alvesson goes on to ascribe the labeling to the preference of academic fashion (Alvesson, 1995: 1061-1062). Thus, the modern/postmodern discussion will presently be used as a source of inspiration of managerial and organizational understanding from a constructive and positive standpoint, and does not embrace the part of postmodernism that is seen to be nihilistic (Gergen & Thatchenkery, 1996: 357) or as avoiding responsibility (Parker, 1995).

When organization theory was encountered by the notion of postmodernity or postmodernism late in the 1980s, it seemed that the concern was about whether or not there could be some talk of a postmodern era. A few distinguished writers on organization theory even advanced the idea of postmodern dimensions in organizations as e.g. Clegg (1990 & 1992) and illustrated the postmodern dimensions by cases from Japan and Sweden. Later in the 1990s the interest in organization theory seemed to turn significantly to the idea of *postmodernism*, postmodern epistemology, perceived as a certain way of approaching the world. Some considered a postmodern epistemology, a 'hard' postmodern epistemology, in which all is relative, and for instance the very existence of organizations is disputed because organizations consists of employees each seeing the world from their own individual viewpoint, and any kind of unity is impossible. This was called a solipsist position in chapter two. The argument was by Collin (1997) called the broad constructivist argument which was considered indefensible. However, positions that are more moderate have been advanced, and it is from these that inspiration is sought in this chapter. The argument that the era and the epistemological position in postmodern organization theory can be seen as complimentary is advanced in this part. When companies find themselves in a 'new' era, it is argued that this calls for 'new' or re-considered approaches to e.g. managerial style. It has been chosen to view the notion and discussion as constructively contributing to further developments in organizational theory. Thus, it is underlined that the debate on postmodernism in organization theory is seen as a source for inspiration to organization theory as Hatch (1997) has pointed out in figure 5.

Thus the field of postmodernity or postmodernism in organization theory is a highly disputed one with both strong internal battles and clearly demarcated positions. Some even consider the idea of postmodernism in organization theory a mistake as e.g. Thompson (1993) who sees

postmodernism in organization theory as a ‘fatal distraction’. However, it must be emphasized that the aim of the chapter is not a discussion of the different contributions or an explicit advancement of a specific position. The arguments in postmodern organization theory that are advanced in the chapter are the ones which are considered constructive in supporting the topic of the dissertation, and in providing new and constructive insights for the development of organization theory.

The difference between so-called modern and postmodern organizations

According to Clegg (1990: 177) then modernist organizations can be characterized in terms of Weber’s (1971) typification of bureaucratized, mechanistic structures of control with emphasis on a fully rationalized base of divided and deskilled labour. Parker elaborates on the epistemological characteristics of modernism in contrast to the postmodern assumptions:

“There are ... many versions of modernism with divergent politics and methodologies, but at their core is a rationalism that is unchallengeable and a faith that is ultimately possible to communicate the results of enquiry to other rational beings. In contrast, the postmodernist suggests that this is a form of intellectual imperialism that ignores the fundamental uncontrollability of meaning. The ‘out there’ is constructed by our discursive conceptions of it and these conceptions are collectively sustained and continually renegotiated in the process of making sense.” (Parker, 1992: 3)

In distinguishing between modern and postmodern organizations, Clegg (1990) claims that where modernist organization was rigid, postmodern organization is flexible, and ‘where modernist organization and jobs were highly differentiated, demarcated and deskilled, postmodernist organization and jobs will be highly de-differentiated, de-demarcated and multiskilled’ (Clegg, 1992: 36).

Clegg lists a number of organization imperatives to give an idea of the difference between what he calls modernity and postmodernity as seen below in table 7. Furthermore, Gergen & Thatchenkery emphasize that organizational elements with positive connotations as ‘participatory performance, interactive decision making, reality creation, multicultural resources, and coordinating interpretations’ has been linked to postmodern dimensions of organization (1996: 373). In a similar way, what is called postmodern organization embraces the pursuit of what is called ‘technologies of sensitization’, which refers to bringing new and potentially useful ideas or practices into an organization continuously. Examples are various forms of skills and competency training, on-the-job education, values clarification, and diversity training programs (Gergen & Thatchenkery, 1996: 367).

Table 7: Organizational dimensions of modernity and postmodernity.

	<i>Modernity</i>	<i>Postmodernity</i>
Functional alignments	Bureaucracy Hierarchy	Democracy Market
Co-ordination and control in organizations	Disempowerment	Empowerment
Accountability and role relationships with regard to skill formation	Inflexible	Flexible
Relation of performance and reward	Individualized	Collectivized
Leadership	Mistrust	Trust

Source: Clegg (1990: 184, 203; 1992: 46).

Table 7 provides an overview of some of the notions ascribed to the labels of modernity and postmodernity, which clearly sees postmodernity as a positive contemporary management view. Furthermore, it is suggested that the potential for theory building is greater under postmodernist conditions than under modernist ones:

“Under modernism, an acceptable theory is constituted by years of ‘pure’ research by scientists before being ‘applied’ in the real world by practitioners, that is, by members of a separate culture. Under postmodernism, however, the essence of theory is not its database but its intelligibility. It is the successful communication of the intelligibility which provides the grounds for its usefulness. Theory and practice are inseparable ... We should be continuously in the process of absorbing other cultural intelligibilities into our own.” (Hassard, 1993: 135)

Inspiration from the modernism/postmodernism discussion in organizational analysis

Researchers in various fields often use the term modernity to emphasize a composite of technological, economic, and institutional features and modernism as intellectual and cultural patternings (Gergen & Thatchenkery, 1996: 356-357). In distinguishing between modernity and postmodernity, it is said that the modernist researcher wants to give a definitive answer; that the modernist researcher and the modernist theory are about what is true and what is not true, and what is good and what is not good, whereas postmodern theorists are less concerned with such issues (Rouleau & Clegg, 1992: 17). Gergen (1992: 211) gives a characterization of some of the ideas that lies behind the conceptualization of modernism:

1. *A revival of Enlightenment beliefs in the powers of reason and observation, ...* Through observation we record the character of the world, and through reason we develop and test theories about the world. ...

2. *A search for fundamentals or essentials.* Sustained by powers of reason and observation, we may lay bare the secrets of the universe, whether it be atomic particles, chemical elements, economic behavior, architectural form ...

3. *A faith in progress and universal design.* Because of the obvious gains in knowledge or understanding of fundamentals, we can be assured of a steadily improved future. As we succeed in mastering fundamental knowledge of energy, biological systems, psychological mechanisms, social structures and the like, we can move toward utopian societies. Knowledge of essentials is also universal knowledge, and thus we may have faith in rationally derived, large-scale designs for society.

4. *Absorption in the machine metaphor.* ... Whatever the essentials ... the model theoretical picture stresses the systematic (typically causal) relationships between or among basic elements. Thus, like any good machine, if one understands its internal functioning, and has control over the inputs, one can depend on a reliable product.

Modernism and postmodernism cannot, however, be separated by a distinct evolutionary line, which Rouleau & Clegg incisively have remarked:

“In fact it seems that the only way in which the distinctions between modernism and postmodernism can be drawn are, at the end of the day, inherently unsatisfactory for somebody who would constitute themselves as utterly within a project of postmodernity, because it can only ever be done from within a modernist impulse, a modernist project.” (Rouleau & Clegg, 1992: 18)

Accordingly, it is because a demarcation requires a form of discrimination between phenomena or forms of empirical reality. This is in itself a part of modernism and could never be part of a project of postmodernity (Rouleau & Clegg, 1992: 18). This perception is closely connected to the epistemological discussion in which postmodernism rather is seen as a way of understanding or approaching the world as elaborated in a following section.

Jean-Francois Lyotard has been called the father of postmodernism and his book *The Postmodern Condition. A Report on Knowledge* outlined three important points: ‘first, postmodernity was a condition¹²; second, it had to do with knowledge and epistemology; and third, it was taking place within the advanced capitalist, post-industrial computerized societies’ (Radhakrishnan, 1994: 307). At this stage and situation, a move to ‘replace rational agency with communal rationality, empirical knowledge with social construction, and language as representation with language as creation’ might be considered (Gergen & Thatchenkery, 1996: 356).

Two perceptions of postmodernism have been dividing the discussion of postmodernism. Postmodernism can be seen either as a period or an epistemology, a way of thinking. This way of thinking has been brought into management and organization studies in the late 1980s with a climax in the early 1990s. It seems as if the dominant school of thought ended up being postmodernism as an epistemology. However, in this dissertation it is argued that they are comple-

¹² It has been pointed out that the term ‘condition’, as in the human condition, has a distinguishing ontological appeal. Contrary to words like ‘crisis’, ‘predicament’ or ‘dilemma’; the term ‘condition’ carries with it semantics of finality and fully achieved meaning. In this form, it can be seen of as a *fait accompli*. (Radhakrishnan, 1994: 307)

mentary. The argument is that if organizations find themselves in a postmodern epoch, then it requires a new way of managing, a new way of doing things, which requires a focus on inspiration from postmodern epistemology.

The main essence of postmodernism is to question and put critically a finger on what organizational researchers have perceived as mere common sense. To question traditional ways of thinking about management and organization studies, how organizational research is carried out, and to question the underlying assumptions of organization studies seems today to be the major contribution to the development of organizational studies. For researchers grown up in a specific way of doing their research, it has been a state of confusion: 'When you just think, you have understood it, it evades you again,' it has seemed to many. The important thing, however, is to make sense of this confusion and find a way through the postmodern thought. To back down and evade postmodernism would be a mistake because of the new insights that postmodernism provides to organizational understanding. The so-called postmodernism discourse in organization analysis distinguishes itself from the modernist project with its modest quest to learn from *les petits faits divers* (Lyotard, 1984) instead of the modernist search for universal, objectivist scientific discourse¹³.

In the following sub-sections, the notion of postmodernism as an epoch and an epistemology, respectively, are elaborated. Introductory, table 8 is set forth as suggested by Hassard (1993):

¹³ Antonio points out then the 'postmodern critiques of epistemological privilege are rooted ultimately in Nietzsche's views that there are no facts 'only interpretations,' that each 'perspective' originates from a 'lust to rule,' and that claims to 'truth' mask the workings of 'will to power' (Antonio, 1991: 155; Hayman, 1980: 2-3). According To Nietzsche, what the world is in itself is not important. What is important, however, is what the world is to the individual. Hereby the world is understood as infinitely interpretative and therefore no interpretation can be true. The search for objective truth must be replaced with a belief that all phenomena only exist due to the interpreting subject (Houmann, 1972). This is also Zarathustra's answer to the question of the nature of truth: there is no truth except for the truth, understood as sense or meaning, that you give it yourself (Hollingdale, 1969). The point in relation to organizational analysis may be to underline the importance of a focus on the individual employee in the organization as an increasing attention to what and how the individual makes sense and interpret different events in the organization. Thus, the management has to accept a status as role model in which their actions are important and must not be ambiguous as the employees stick to their role models when they are confused or insecure about the way of doing things in the organizations. The management and key employees' actions are interpreted by the individual employees and are transferred from employee to employee as stories about different events for the employees to understand the organization and its culture.

Table 8. Postmodernism as epoch and epistemology.

<i>Level of analysis</i>	<i>Perspective</i>	
	Epoch	Epistemology
Discipline	History	Philosophy
Ontology	Realism	Difference
Epistemology ¹⁴	Foundationalism ¹⁵ , positivism	Anti-foundationalism
Method	Empiricism	Serious play
Evidence	Brute facts	Paradoxes

Source: Hassard (1993: 3, 1994: 304).

Postmodernism can thus be seen from two perspectives. As seen in table 8, a distinction is made between postmodernism as an historical periodization, and as a theoretical perspective. In sociology, Bauman (1988, 1988a) distinguishes between ‘postmodern sociology’, signifying a new epoch of sociological inquiry, and a ‘sociology of postmodernity’ as a new form of epistemology. In a similar sense, Parker (1992) distinguishes in organizational analysis between ‘post-modernism’ (with a hyphen) as a new periodization signifying something that comes after modernism and postmodernism (without a hyphen) as a new epistemological stance.

Postmodernity as epoch

In relation to postmodernism or rather post-modernity as an epoch, the prefix ‘post’ is used to signify what comes after (Hassard, 1993a: 112). Thus, post-modernity is what comes after the period of the modern. Some of the notions that commonly are used include post-Fordism, post-capitalism, post-industrialism, and even information society. A listing of fifteen other notions that all label the new era can be found in Callinicos (1989: 25). Various meanings are ascribed to these notions. It is said that postmodernity signals postindustrialism as well as postcapitalism, but it is also suggested that postmodernity refers to cultural changes within capitalism (Alveson, 1995: 1052). Gephart suggests a definition:

“Postmodernism thus involves a profound transformation in the logic of modern, industrial society, based on changes in the processes of commodification. Postmodernism involves a ‘specifically North American’ world or global capitalist system distinct from the earlier forms of imperialism. Postmodernism is thus a form of society wherein culture has greatly expanded and Nature has been replaced with technology as the ‘other’ of our society.” (Gephart, 1996: 34)

¹⁴ The notion of foundationalism has been misplaced in table 1 in Hassard (1994: 304). Instead of foundationalism, anti-foundationalism should be listed under postmodernism as epistemology (Personal correspondence with John Hassard 24. July and 24. August, 1998).

¹⁵ Foundationalism ascribes to the theory that ‘knowledge of the world rests on a foundation of indubitable beliefs from which further propositions can be inferred to produce a superstructure of known truths’ (Honderich, 1995: 289). It is closely associated with a positivists stance.

A central theme in the postmodern stage called 'postmodernity' is, according to Bauman (1988: 225-226), the permanent and irreducible pluralism of cultures, communal traditions, and ideologies or the awareness and recognition of such pluralism. The problem is then how to secure communication and mutual understanding between cultures (Bauman, 1988: 226), which likewise can be ascribed to the cultural understanding in companies working in a high-tech, turbulent environment. Postmodernism is defined as a form of society or social era and as a style of cultural production as seen for instance in architecture (Gephart, 1996: 21). Lyotard is concerned with the change in status of social knowledge as 'societies enter the postindustrial age and culture enters the postmodern age' (Hassard, 1994: 310). Postmodernity is by Lyotard (1984) associated with post-industrialism in that he suggests postmodern society as one of complex and rapid change involving new advances in science and technology (Hassard, 1993: 124).

Postmodernism as an epoch is concerned with identifying features of the external world that support the hypothesis that society is moving toward a postmodern era. It is associated with the realist concern to find the right way of describing the world 'out there'. This is a concern associated with many post-prefixed concepts according to Hassard (1994) who assumes that 'the social and economic structures reproduced since the industrial revolution are now fragmenting into diverse networks held together by information technology. ... The emphasis is placed upon disorganization, untidiness and flexibility' (Hassard, 1994: 305).

Postmodernism as epistemology

Postmodernism as epistemology is primarily a way of seeing the world, reconceptualizing how the world is experienced and explained (Thompson, 1993; Gephart, 1996). Berg considers it as:

"Postmodernism is also used to describe a particular way of approaching the world and acquiring knowledge, what we generally call a discourse. The postmodern discourse can thus be seen as a basic ontological and epistemological attitude towards our perception of reality, based on a substantial and insightful criticism of the modern or rational way of doing research." (Berg, 1989: 204)

The author that gave postmodernism its 'cognitive-epistemic' status was the French philosopher Jean-Francois Lyotard. The postmodern epistemology is concerned with localized knowledge and understanding, and further it accepts a plurality of discourse, in which no singular discourse is privileged. It is suggested that the shared language constitutes the social world and that this world can only be known through the particular forms of discourse the language creates (Hassard, 1993: 115). These language-games are seen as continually in flux, meaning is constantly

slipping beyond the grasp of humanity, and thus meaning can never be lodged within one term¹⁶. Lyotard defines the discourse as a search for instabilities (1984: 53) in which new moves are needed for organizational science to make further progress. Lyotard exclaims ‘Let us wage a war on totality; let us be witness to the unrepresentable; let us activate the differences and save the honour of the name’ (1984: 52), and Hassard emphasizes further:

“The task of postmodern writing, therefore, is to recognize this elusive nature of language, but never with the aim of creating a meta-discourse to explain all language forms. We must beware of trying to explain formal [meta-]structuring, for this is impossible. The myth of structure is just one of the processes through which social action is reproduced.” (Hassard, 1993: 116)

In the search for a conceptualization of a framework for postmodern inspiration to organizational analysis, Hassard (1994) explores five key epistemological notions that underpins the works of some of the most important influences in the discussion on postmodernism. It is the inspiration from Baudrillard, Lyotard, Derrida, and their notions of ‘representation’, ‘reflexivity’, ‘writing’, ‘differance’, and ‘de-centering the subject’. To give an overview, these five epistemological notions are shortly illustrated in table 9.

¹⁶ Lyotard insists that it is impossible to introduce a new theoretical paradigm for social theory. However, what he calls ‘just gaming’ (Lyotard & Thébaud, 1985) can be seen exactly as such, which constitutes society as a number of ‘local narratives’. Thus, he is rejecting the idea of a ‘grand narrative’ (Hassard, 1994).

Table 9. Elements of postmodern knowledge: Five epistemological notions.

<i>Concept</i>	<i>Argument</i>
<i>Representation</i>	Attempts to discover the genuine order of things must be regarded as naïve and mistaken. The modernist objective of determining factual relationships through empirical method is considered problematic.
<i>Reflexivity</i>	We must possess the ability to be critical of our own intellectual assumptions. Reflexivity differs from reflection by problematizing basic features of the phenomenon under consideration. Reflexivity takes two forms in social science. Endogenous reflexivity refers to the investigation of ‘how what members do about social reality constitutes that reality. Radical reflexivity is a second form of reflexivity and involves an analyst who is self-referentially aware that analytical reflection occurs within an arena of assumptions that are themselves anterior to the process of reflection or the phenomenon on which one reflects. The tacit framework in which reflection occurs is invisible and yet it constitutes that basis of truth. Radical reflexivity recovers the hidden ontological practices that create the domain where reflection and endogenous reflexivity can occur.
<i>Writing</i>	The logocentric image of writing (which sees language as a sign system for concepts, which exist independently in the object world) must be overturned. Writing is the means by which social actors define order in their environment.
<i>‘Differance’</i>	Originates from two senses of the French verb ‘differer’ – to differ (in space) and to defer (in time) into one designation in which both subverts and produces the illusion of presence and consciousness. We must develop a strategy which reflects but does not capture the process of deconstruction. The sign is the substitution for the absent thing that one wishes to present. The sign represents the present in its absence – it is ‘deferred presence’. Derrida argues against the notion of a fully present reality that is directly available to our understanding. Thus the signified concept is never present in and of itself ... every concept is inscribed in a chain or in a system within which it refers to the other, to the concepts, by means of the systematic play of differences. ‘Differance’, therefore, can never be grasped in the present, it is continuous movement, and the presence is always mediated by absence. Example: When we write ‘organization’, we must see it as a process/verb that needs disorganization in order to exist.
<i>De-centring the subject</i>	The grand isolation of the subject must be replaced with the notion of agency as a system of relations between strata. Agency is an artifact and subjectivity is a process of locating identity in the language of ‘other’. Agents are constituted through a symbol system, which locates them while remaining outside their awareness. Consciousness is never a direct and unmediated experience, but rather comes to us in an indirect way. The self-conscious agent of modern psychology becomes an image, which is no longer sustainable.

Source: Combined from Hassard (1994: 312, 313-316), Parker (1992: 6), and Gephart (1996: 204-205).

The idea of postmodern thinking

The notion of postmodern thinking has been set forth in Chia’s (1995, 1996) interesting work on reflexivity in organizational analysis. According to Chia ‘postmodern thinking involves a radical questioning of the specialized categories of knowledge which inhabit academic disciplines such as organization studies by attempting to think “outside” these established disciplines’ (1995: 597). Thereby, it enables us to see that these theories of organization, considered as institutionalized forms of thought, already are themselves the outcome of formal organizing processes.

The idea of postmodern thinking can be related to Hassard's (1993: 128) idea of an approach to knowledge that possesses the ability to be critical of one's own intellectual assumptions, which is achieved through the notion of reflexivity as explained in table 9. For organization theorists concerned with thoughts on postmodernism, 'organization' itself is a question and not yet a given (Chia, 1995: 597). Postmodern thinking 'is not so much concerned with the content or facts of organization as it is with the structure and logic of organizing' (Chia, 1995: 600-601). A couple of examples, illustrating the relevance of organizing, are given: A railway timetable tells more about railway organization than do the company's organizational charts or the trains themselves. The examination system in the university is another example. Focusing on how it is carried out, the examination protocols and processes of marking, tells more about the aims of the university than explicitly stated in different formal and informal brochures and notes. Thus, it is the assemblages of 'organizings' that make up an organization. The 'organizings' contain patterns of relationships that are recursively intimated in the larger totality, which is called an organization (Chia, 1995: 601). It is emphasized that the most viable part of life in any organization 'is the daily, weekly, monthly, quarterly, and annual cycle of routines, procedures, reports, forms, and other recurrent tasks' (Schein, 1985: 239).

Postmodern thinking is thus an attempt to think about the emergence of organization, and in the spirit of organizing, an organization is seen as in a constant state of emerging. The point of organizing and not organization is that it has to be considered a process or a journey and not an end at any time. 'Its commitment to an ontology of becoming implies that it treats actions, relationships and processes as primary and therefore more "real" than social entities as "individuals" or "organizations"' (Chia, 1995: 601). Chia (1995, 1996) develops the notions becoming-realism and being-realism. Becoming-realism containing progressive and processual semantics is opposed to static being-realism. In the ontology of becoming, the process is made the ultimate as opposed to the organization. Flux and transformation are acknowledged as part of the organizational reality, which is related to reality for Heraclitus' for whom change was seen as the singular constant, and to Fenollosa who emphasized that 'relations are more real and more important than the things which they relate' (1969: 377). Thus, organizational reality can be considered to be in a constant state or process of becoming in which processes of ordering and organizing continuously are ongoing (Chia, 1996: 47). Organization must thus be understood as a verb, an active process, as the process of organizing (Weick, 1979), which is underlined as:

“Rather than conceiving of organizations substantively as a concrete facticity embedded in artifacts such as policies and buildings, we regard organization relationally as a concept of social actors that is produced in contextually embedded social discourse and used to interpret the social world. The meaning of organization thus resides in the contexts and occasions where it is created and used by members, rather than in a specific fixed substantive form.” (Gephart, Boje & Thatchenkery, 1996: 2)

Fundamental instability of organizations is recognized in which actions in the organizations are never final but considered only as moves in a game that leads to further possibilities contributing to the continuous creation of a discourse on organization (Parker, 1992). The idea of postmodernism in organizations is connected to the rejection of a superior objectivity and emphasizes an inherent instability in which the discourses of organization are compared to changing moves within a game that is never completed (Hassard, 1993: 133). Organizational analysis should thus focus on ‘the production of organization rather than the organization of production’ (Cooper & Burrell, 1988: 106). According to Cooper & Burrell, the key to understanding the discourse of postmodernism is the concept of difference:

“A form of self-reference in which terms contain their own opposites and thus refuse any singular grasp of their meanings, e.g., the paradox of the ‘global village’ in which the enlargement of the world through modern communication techniques actually makes it smaller.” (Cooper & Burrell, 1988: 98)

However, the idea of postmodern thinking has earlier been criticized by Berg for resisting ‘the very idea of representation a particular school of management’ and thus it is claimed to be a paradox (Berg, 1989: 213). Maybe the critique can be turned around to an advantage for the idea of postmodern thinking. It can be very limiting and, subsequently frustrating for management, if management constantly has to consider whether or not their actions subscribe to a particular school of management. As it will be seen later in this part, management is as much about intuition and improvisation as it is about planning (e.g. Mintzberg (1994), Crossan (1996), and Weick (1989)). Contrary to Berg’s position, Hassard is concerned with acknowledging that in everyday affairs our knowledge discourses will be informed by ‘serious play’ (1993: 128). ‘Serious play’ is seen as the maintenance of a state of continuous ‘difference’. It is argued that when ‘struggle’ leaves the organization, it loses its potential to motivate social action, as the small contests of every-day life constitutes the ‘drive’ in organizations (Hassard, 1994)¹⁷. Thus it is argued that for instance ‘intellectual struggle’ and ‘serious play’ are necessities for organizational development.

¹⁷ This can be associated to Lyotard (1984), who sees the consensual idea as a horizon that is never reached – the more one reaches for it the farther away it seems to be. Instead of consensus being ‘the power house of social action’, it is dissensus which continually compels our attention (Hassard, 1994).

Integrative and flexible organizational forms in Danish companies: Towards postmodern organizational dimensions

It has been suggested that companies will tend to deal with uncertainty by being highly flexible in their patterns of strategic change. Internally, a way of achieving this is for instance to emphasize greater elements of democracy and self-management among other things as discussed above. A Danish study has illuminated these suggestions, as elaborated below. Furthermore, these results support the ideas of a move towards postmodern organizational dimensions as suggested by Clegg (1990, 1992) and illustrated previously in table 7.

In the study it was found that the majority of the companies saw the intensity of change in their surroundings as the major factor influencing their actions; three fourth of the companies felt that the competition had intensified in the last few years. More than half of the companies had conducted significant organizational changes during the period 1993-95 in order to cope with this development. These changes were typically directed towards a higher degree of organizational flexibility.

The main objectives, which the companies sought by their organizational changes, were decentralization of responsibility and short-term planning as well as establishing interdisciplinary work groups. Their motives for these changes were efficiency, adaptation, and development in the order mentioned. As these conditions are developed, flexible and innovative organizational forms cause increased communication both internally in the companies and externally, as well as the increased responsibility delegated to lower levels of the organization, demands a strong relationship of trust between employees and management.

The relation between the company types, flexibility, productivity, and rate of return can be seen in table 10, which is based on the results of a questionnaire involving answers from 1,900 Danish companies. Organizational flexibility emphasizes structure, processes, and culture. It is based on questions relating to job rotation, integration of functions, and implementation of flexibility in the learning processes. Market technological flexibility is focused on issues such as technology, market, and product. It contains measurement of the companies' use of new technology, new products or service's as well as the conquering of new markets.

The reason for increased attention to organizational renewal and innovation in Danish companies is strongly correlated with a perception of intensified competition. When experiencing increased competition, the companies introduce flexible organizational forms in order to be able to

react faster on new signals from their surroundings. However, it appears that there are areas in the Danish economy where the pressure of change and competition is low, and where it therefore is possible to gain a high return with a non-flexible organizational form. The more flexible companies have a lower rate of return, which substantiates their claim of increased competition and thereby urges the companies to develop and renew the organization with a focus on more flexible forms. In these more flexible companies, the productivity is higher than in the companies with a more static organizational form. It is for instance seen that the value added is 18% higher per employee in the so-called dynamic companies compared to the static companies on average, as shown in table 10.

Table 10. Rate of return and value added in four organizational types.

(1) Organizational form; prop. of N=1,884 companies in pct. (2) Value added per employee; index 100 = 425,384 DKr. (3) Rate of return on investment		<i>Organizational flexibility</i>	
		Low	High
<i>Market technological flexibility</i>	Low	(1) Static; 41% (2) 100 (3) 9.74	(1) Flexible; 25% (2) 112 (3) 9.03
	High	(1) Innovative; 8% (2) 106 (3) 9.36	(1) Dynamic; 25% (2) 118 (3) 9.06

Source: Gjerding et al. (1997: 119, 121, 122).

The main impression from the study is that Danish companies perceive themselves as being pushed by increasing competition towards more change-intensive and heterogeneous surroundings (Jørgensen et al., 1998; Gjerding et al., 1997). The reaction has been to make the companies more flexible and oriented towards constantly changing conditions (Nymark, 1998). It has been seen that Danish companies have focused on increased integrative organizational forms when experiencing increased competition and uncertainty in their surroundings. The tendency has been to build a larger degree of flexibility into the organization as a kind of buffer to cope with the external pressure.

Summary of chapter

This chapter has dealt with the wide notion of postmodernism in organizational analysis. The use of the term postmodernism was chosen as an umbrella notion which incorporates notions such as post-industrialism, post-Fordism, information society, and other post-prefix characterizations of recent developments in society, and especially in the business sector.

As the term indicates, postmodernism refers to something that comes after modernism. Some of the characteristics that are ascribed to the postmodern society are environmental turbulence, rapid change, increased complexity, and increased uncertainty. The companies that are engaged in an environment with these characteristics must adopt new rules of organizing and managing. The companies need to be able to react fast and with flexible solutions to problems that often include paradoxical information. Postmodernism as an epoch describes a more complex society often related to high-tech industries, whereas postmodernism as an epistemology deals with a specific way of seeing the world in which an increased reflexivity of one's own assumptions is emphasized. What is called postmodern thinking refers to a way of theorizing about organization and management in which a processual view of organization is in focus. It emphasizes, for instance, that organizations should be seen rather as a process of organizing than as stable entities.

Thus it is seen that postmodernism as an epoch and as epistemology are highly complementary in organizational analysis. In times of rupture, new ways of managing and theorizing are sought. That society in moving towards increased competition, instability, and increased uncertainty is established in recent research on flexible organizations which supports the theory of a new or emerging state of organization. Recent research on competition and organizational form in Danish companies shows that Danish firms find themselves increasingly under pressure from the external surroundings, and new, more flexible and integrative, organizational forms are sought in order to cope with the competition.

Chapter 9. Organizational symbolism: Suggesting a tool for uncovering underlying factors of organizational culture

The question of what is the main concern of organizations and management, if they are not concerned with bureaucratic rationality, is raised by Thompson (1993: 186) who gives the answer himself: A strategic shift to management of culture, which has been severely explored in organization studies' 'symbolic turn'. These two topics, organizational symbolism and culture in organizations, are at the focus of the present chapter. It will be seen that many of the issues of organizational symbolism are closely related to both the previous chapter on postmodern organization theory and to the discussion of 'enacting social reality' as seen in the first part. However, whereas postmodern organization theory focused on era and epistemology which can be considered as establishing two basic positions for understanding the context for organizations in high-tech industries, organizational symbolism connects itself closer to the topic of organizational stories and storytelling in organizations. Organizational symbolism explains how stories and storytelling function as a constructive part of organizational culture.

The interest in culture and organizational symbolism can reflect an attempt to find more advanced ways of getting meanings across in an increasingly complex world in which new means of communication are needed. In a symbolic approach, organizations use symbols to represent the world that they are a part of. Often the situations that are communicated through symbols are somewhat ambiguous, and: 'Thus, symbols are used to convey complex and ambiguous messages to organization members and to audiences outside the organization' (Berg, 1989: 211).

In the symbolic approach, the symbol represents the complex and the ambiguous whereas the arbitrary is seen as representing the postmodern (Berg, 1989). This is an important distinction between postmodernism and symbolism in organizational analysis. Berg explains this important difference:

"The key difference is that while ambiguity implies a surplus of meaning attached to a particular object, i.e. a somewhat unclear, fuzzy, vague, obscure or enigmatic relation, arbitrariness implies a capricious or willful relationship that cannot be determined by any rule or principle. While an ambiguous relationship means that there is a way of understanding and capturing this relationship and of understanding the inherent way in which the signifier represents the signified, an arbitrary relationship makes no such assumptions. Arbitrary reproductions thus have a value of their own, regardless of what the inherent reason or principle was used when they were originally produced to represent something. Thus, where symbolists look for deep patterns underlying the symbolic manifestations, postmodernists assume that there is no such pattern, but that the image or symbol represents only itself." (Berg, 1989: 212)

However, after having explained the plurality in postmodernism and the constructive side of postmodernism in organization analysis, it must be underlined that symbolism does not presume singularity in organizational culture. It is emphasized that organizations do not have one single culture, rather culture and elements of culture can be found at different levels of the organization (Alvesson & Berg, 1992). These are sought as symbols and symbolic patterns that are supposed to give meaning to the organization and its activities as well as to the environment in which the organization operates: ‘The interest is here focused on understanding the structure of the symbolic patterns that rule the organization’s actions and perception of reality and conveying meanings with the help of symbols. Symbolic management thus becomes a “management of meaning,” i.e. a coding of the corporate reality in a way that the significance of particular activities and events will appear, through the use of symbols’ (Alvesson & Berg, 1992: 152).

The usefulness of symbols lies in their ability to bridge various meanings making it possible to live with ambiguity. Turner explains that ‘symbolic elements constitute its general mode of being; and to understand how people in a given organization define their needs and wants as a group, specify their collective identity and formulate their understanding of the style by which people should properly deal with each other, we need to pay attention to the symbolic clusters that make up ... the imaginary of the organization’ (1992: 54).

A symbolic action or a set of symbols can be interpreted differently by different individuals or groups, and still communicate the original message. It can even be said that the existence of multiple interpretations might be a prerequisite of the symbol’s ordering or sense-making function when ambiguous meanings are present. In constituting the very basis of mental communications, symbols are necessary tools when it comes to combine concrete experiences with abstract conceptions. The symbols are created and re-created by human action and inter-action, but it is underlined that any object, action, event, utterance, concept or image offers itself as the raw material for symbol creation (Morgan, Frost & Pondy, 1983: 5).

The organizational culture cannot be revealed within a symbolic perspective. The interpretation of an organization’s culture is rather an on-going and systematized process of creation that tries to reconstruct the organizational members’ sense-making (Schultz, 1990). The organization is then seen as continuously being revealed through never ending interpretations. Weick (1979) emphasizes in his explanation that the organization is in a state of continuous and on-going creation. The consequence is that if the organizing processes, which are called the organization, are not continuously reconstructed, the organization will break down.

It is thus not assumed that culture is something that can be easily observed or ‘objectively’ measured, rather the importance of translation or interpretation of the experiences of the organization is emphasized. Turner emphasizes that once focus is placed upon culture and its symbols and meanings, concern can no longer be confined to something occurring ‘inside’ or ‘outside’ an organization. Focus is no longer on something that an organization ‘has’, but on the processes that makes it possible for an organization to exist at all (Turner, 1990: 87). It is further assumed that reality is subjective and multidimensional. The same reality contains several possibilities for interpretation, which together create the socially defined reality or the intersubjectively created reality (Schultz, 1990: 72). Therefore, the importance lies in what meaning the members of the organization ascribe to the encountered subjects and notions.

In symbolism, the use of symbol is understood as representing something else or something more than itself: ‘The idea is that symbols capture complex relationships (or phenomena of a cognitive, emotional, aesthetic or ethnical nature) in an economic and comprehensive manner which is difficult or impossible to express or communicate directly’ (Alvesson & Berg, 1992: 86). In companies, the manager can thus be seen as an artist ‘operating with various kinds of symbolic representations to interpret a complex world and to convey powerful messages, ... creating sentiments, beliefs, attitudes and commitment of the organizational participants’ (Alvesson & Berg, 1992: 154).

These different definitions of organizational symbolism show that the notion covers a wide area in organizational analysis. The basic understanding of symbolism as outlined above remains fairly stable, but it can be ascribed to various phenomena depending of the area of analysis:

“The term ‘organizational symbolism’ refers to those aspects of an organization that its members use to reveal or make comprehensible the unconscious feelings, images, and values that are inherent in that organization. Symbolism expresses the underlying character, ideology, or value system of an organization. In making this character comprehensible, symbols can reinforce it or can expose it to criticism and modification. This character is revealed in such diverse phenomena as: (1) the *stories* and *myths* that an organization deliberately concocts, unconsciously invents, or selects as important factual history. These are accumulated to give meaning and structure to critical life events (e.g., the organization’s founding, critical incidents, charismatic characters, etc.); (2) the kinds of *ceremonies* or *ritualized events* that an organization uses, such as the orientation program, a banquet, or a coffee break; (3) the *logo* of an organization (i.e., the externalized and concrete visual sign that an organization chooses or designs to convey its distinctive inner character to the outer environment and to itself); and (4) the day-to-day affective and political life of the organization as revealed in the countless *anecdotes* and *jokes* that are constantly passed around organizations.” (Dandridge, Mitroff & Joyce, 1980: 77)

In the present context, the symbolic importance of organizational stories is in focus and therefore the following account will not be an exhaustive elaboration on all areas and applications of or-

ganizational symbolism. The definition provides an understanding of the concept and the various possibilities of organizational symbolism, whereas the following will narrow down the scope to the role of organizational stories. Myths are for many a synonym for stories, but the emphasis will in this dissertation be on stories because myths are defined close to fictitious events, as something widely believed but not true, whereas stories are considered as originating of actual or fictitious events. Myths are also seen as being termed the most basic of man's stories and it is increasingly being realized 'that myths are some of the best and most natural materials for studying the human psyche in its purest form' (Mitroff & Kilmann, 1976: 189). Thus myths can be seen as a part of a storytelling concept, but the dissertation is concerned with the organizational stories that originate from factual events as it will be seen in the next part. However, the notions and writings on myths can be used to illuminate the idea of stories in an organizational storytelling context.

The stories in organizations are displayed as constituting a structured, predominantly culture-specific, shared semantic system that 'enable the members of a given culture to understand each other and to cope with the unknown' (Dandridge, Mitroff & Joyce, 1980: 80). They furthermore refer to Eliade's elaboration on myth, which can be set in a context of a sense-making cultural understanding in organizations:

"Myth ... is always an account of a 'creation'; it relates how something was produced, began to be ... Myths ... narrate not only the origin of the World, of animals, of plants, and of man, but also all primordial events in the consequence of which man became what he is today – mortal, sexed, organized in a society, obliged to work in order to live, and working in accordance with certain rules." (Eliade, 1963: 6, 11. Quoted in Dandridge, Mitroff & Joyce, 1980: 80)

Myths are seen as expressing, enhancing, and codifying belief and as a vital and active part of human agency, not as an 'idle tale', but as 'a hardworked active force' (Malinowski, 1955: 101). As seen in figure 6 below, myths are part of the symbolic understanding of organizations and 'symbols help employees interpret and understand the organization and their role in it by providing information about status, power, commitment, motivation, control, values and norms' (Daft, 1983a: 199). This emphasizes the importance of symbols and stories for both managers and employees in communicating and understanding the culture of the organization.

As explained above, there is an important difference between myths and stories. Likewise, there is a difference between symbols and signs:

"Symbols comprise one category of a larger set of signs. All signs serve the static function of talking about something or taking the place of that for which they are a representation. Symbols go beyond this static function as they actively elicit the internal experience of meaning. Signs help a person to

denote and comprehend knowledge of the external world objectively. Symbols go further as they help to translate an unconscious or intuitively known internal world of feelings into comprehensible terms of our visible reality.” (Dandridge, 1983: 70-71)

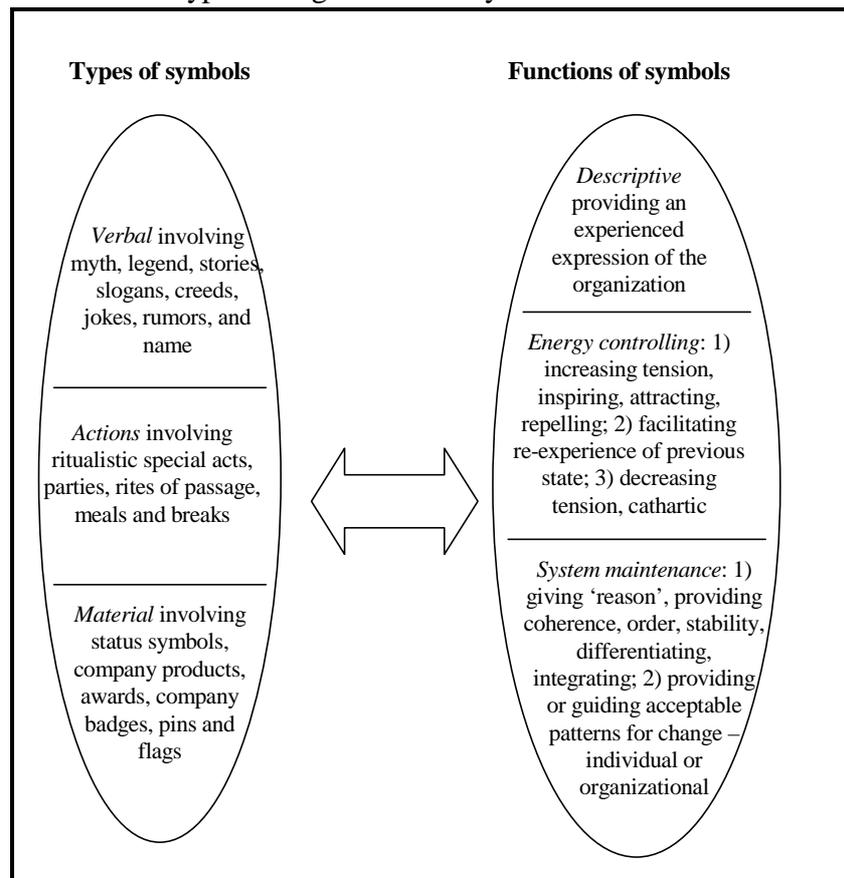
Sagas are closer affiliated to stories than myths. The best way of understanding sagas is that they are stories, which, by the use of the notion saga, emphasize that it is a story that has evolved over a longer period of time. Berg (1985: 286) ascribes notions as ‘heroes’, ‘scapegoats’, ‘battles’, and ‘victories’ to the use of sagas. However, the importance lies in the time frame even though e.g. Schultz uses stories and sagas almost synonymously, and understands organizational sagas as ‘shared stories that enter the process of creation and development of a shared identity in the organization’ (Schultz, 1990: 77). Again, the difference between myths and stories is shown as Schultz explains that contrary to myths, sagas are attached to the organization’s history. Sagas are seen as unique, dramatically, and historically ‘real’ events in which actual time and place plays a minor role, if any. Sagas can be characterized as: 1) Referring to events in the organization’s history; 2) aiming at a general point referring to the current situation and detaches itself thereby from common small-talk; and 3) having a setting or content that call upon imagination, emotions, and a ‘dramatical’ disposition (Schultz, 1990: 77).

Daft (1983a) believes that symbolism might be the study that bridges the gap between the complex reality of organizations and the seemingly oversimplified conception of them. That ‘symbolism is an emergent characteristic of organized human behavior that may provide a key for unlocking new understanding of organizational activities and processes’ (Daft, 1983a: 201). Symbolism is the key for providing an understanding between the symbol and the abstract and intangible phenomena that it represents. The deeper one penetrates into the nature of organizational life, the more it is seen that ‘conscious and unconscious forms of symbolism of a more complex kind come to view’ (Morgan, Frost & Pondy, 1983: 9-10). This complexity is seen as the richness of various forms of ‘ritual activity, tradition, patterns of humour, storytelling, and various kinds of metaphorical imagery which contribute to the development of distinctive kinds of cultural milieux within the organization’ (Morgan, Frost & Pondy, 1983: 9-10). Symbols often function unconsciously and independent of any intentional forethought or planning within an organization. It is rather through the perspective of an outsider that both rationality and intentionality in the choice and use of symbols is ascribed to an organization according to Dandridge (1983).

Dandridge, Mitroff & Joyce (1980) find verbal symbols a powerful tool as ‘many major corporations produce bound volumes that present the story of the organization, including anecdotes

about or critical events' (1980: 80). Verbal symbols are elaborated in figure 6. The figure provides an understanding of different symbols and their correlating functions. For instance, a verbal symbol like a story can function as system maintenance through providing an understanding of norms and values in the organizational culture to new members of an organization or to re-confirm these and the changes therein over time to older members. Thus, stories are used to communicate long-standing values and beliefs.

Figure 6. The functions and types of organizational symbolism.



Source: Adapted from Dandridge, Mitroff & Joyce (1980: 79).

Seeing the organization as an integrated system, 'symbols have an important function in protecting a system, stabilizing it, or guiding change in the structure' (Dandridge, 1983: 73). As the organizational development continues inevitably, it is explained that 'during cyclical changes in a company's fortunes, stories or rituals may stabilize commitment or organizational climate as they first provide explanation or celebrate good times, then carry memories to support the system through difficult times' (Dandridge, 1983: 75).

In Dandridge (1983) it is pointed out that focusing on the organizational stories will have great importance in teaching and maintaining company values, and a deeper and more comprehensive understanding of organizations is possible. An example of the Hyatt Regency hotels is given in which the employees describe their orientation program as 'being Hyattized', which, according to Dandridge (1983), indicates an acceptance of the company's philosophy that goes beyond merely learning rules and procedures. Furthermore, Dandridge emphasizes that companies such as Eli Lilly and U.S. Steel have made hardback books about the company, narrating the respective companies history. It also shows that in order to understand and create an understanding of the present, the history has to be understood. The case of Hewlett-Packard is similar to these examples and as it will be seen in the next two parts, Hewlett-Packard has been able to develop a comprehensive way of managing in this context. The company history serves multiple functions:

"Telling the story during orientation of new employees teaches organizational values and provides a common base of 'inside' information. The story functions to stabilize and reinforce the existing structure and company-supported values in this way. At the same time the story can be inspirational, serving to arouse or direct new employee's enthusiasm or energy, creating features which can be used on future occasions to inspire the employees again. The story can function as part of the sense-making process, explaining why the organization is as it is." (Dandridge, 1983: 75)

If one wants to understand the peculiarities of the organization, it is important to understand the dominant symbols of the organization, what they are communicating and thereby how to change them. For the manager, it is important not only to understand the present as symbols that provide a medium for influencing or directing future activity. It is a medium for the management in the communicative process of giving direction to the employees as well as it is a sense-making tool for the employees in order to understand the peculiarities of the organization, consciously or not. The advantage and use of symbols to the individual, being it the manager or an employee is described by Dandridge:

"Individual members of an organization can use symbols as a valuable means to greater understanding of the relation of the organization-supported values to their personal values or goals. The person may find that his or her most important symbols are ones related to the company, to a profession, or to the world away from work. In noting this he or she may become more conscious of individual priorities and values and of means of increasing fulfillment in work. As symbols are used to attract employees they can also serve these potential members as a filter promoting accurate self-selection by prospects. As they are parts of passages within the organization they communicate important values which are part of the new role, and can smooth personal transition." (Dandridge, 1983: 77)

Culture in organizations: Establishing levels of organization and discovering the underlying factors

The new theoretical discussion of culture in organizations has made the problems with a technical rational understanding of organizations in organization analysis clear¹⁸. In organizations, there is much more to be found than what is displayed on the surface level. Actually, the most fundamental issues are often seen, or more precisely not seen, as intangible and invisible at lower levels in the organization.

Various definitions have been ascribed to culture in organizations. For instance, that culture is something an organization 'is', not something that is 'has' (Alvesson & Berg, 1992: 151); and that organizational culture is the social glue that holds an organization together through shared patterns of meaning (Siehl & Martin, 1984: 227). Different views on organization culture can be drawn and conceptualized as illustrated by Martin (1992) and elaborated in this chapter. As it will be seen later, Martin sets forth three perspectives on organizational culture: integration, differentiation, and fragmentation. The integration perspective represents a functionalistic approach to organizational culture, while the fragmentation perspective embraces a postmodern approach as seen in table 11. The postmodern approach is said to focus on the ways in which organizational cultures are inconsistent, ambiguous, multiplicitous, and in a constant state of flux, whereas the functionalistic approach depicts a consensual, consistent, coherent, and stable perspective on organizational culture (Hatch, 1997: 230). In this dissertation these opposite approaches are bridged. It is acknowledged that companies in high-tech industries find themselves in ambiguous and fluctuating surroundings as in the postmodern approach, but it is argued that the stories in the organizations provide a possibility for approaching a certain consensus and stability in the moral of the stories that is told among the employees of organizations in order to make sense of the ambiguous surroundings they work under.

It is furthermore argued that the term 'culture' should only be ascribed to the deeper level of basic assumptions and beliefs that are shared by members of an organization. At this level, culture is seen as operating unconsciously, which defines in a basic 'taken-for-granted' fashion an organization's view of itself and its environment (Schein, 1985: 6). In illustrating the relation to symbolism, culture can be thought of not as visible itself, but as made so only through its representation (van Maanen, 1988: 3). Culture is understood as expressed or constituted by the ac-

¹⁸ An interesting critique can be found in Adams & Ingersoll (1990) and in Boje & Winsor (1993).

tions and words of its members. In being constituted by the actions of its members, a form of 'shared social knowledge' is created and can be seen as a 'common system of values, belief and norms'. This contributes to the understanding that 'culture is the fabric of meaning in terms of which human beings interpret their experience and guide their action; social structure is the form that action takes, the actually existing network of social relations' (Alvesson & Berg, 1992: 77). In being 'constituted by the actions and words of its members' and that 'shared social knowledge is created' it is seen that the symbolic approach is familiar to the arguments of social construction that was discussed earlier.

It is explained that an essential assumption of a cultural understanding is that meaning is emergent and intersubjectively negotiated. 'Shared social ideals, frames of reference and symbols for conveying them' are seen as indigenous to social systems, which aid members of organizations in interpreting experience and guide behavior (Louis, 1983: 50). Louis emphasizes further that 'the idea of culture rests on the premise that the full meaning of things is not given a priori in the things themselves. Instead, meaning results from interpretation [as,] ... in a cultural view, meaning is produced through an in situ interpretive process' (Louis, 1983: 41).

The understanding of culture has shifted from being static to an active, dynamic notion in organizational analysis since culture was first introduced in organization analysis. Inspiration on culture in organizations has for instance come from psychology, and in this field Bruner (1986) explains the notion of culture:

"The most general implication is that a culture is constantly in process of being recreated as it is interpreted and renegotiated by its members. In this view, a culture is as much a *forum* for negotiating and renegotiating meaning and for explicating action as it is a set of rules or specifications for action. Indeed, every culture maintains specialized institutions or occasions for intensifying this 'forum-like' feature. Storytelling, theater, science, even jurisprudence are all techniques for intensifying this function – ways of exploring possible worlds out of the context of immediate need. ... It is the forum aspect of a culture that gives its participants a role in constantly making and remaking the culture – an *active* role as participants rather than as performing spectators who play out their canonical roles according to rule when the appropriate cues occur." (Bruner, 1986: 123)

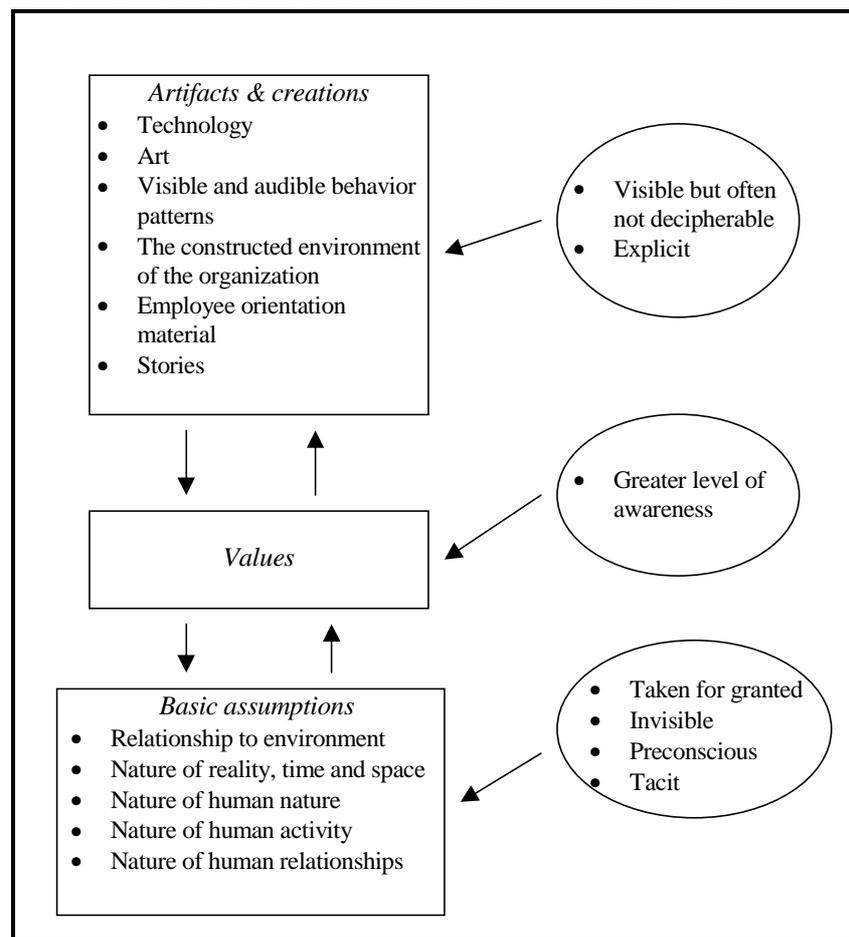
In relating culture to organizational symbolism, as seen in the previous chapter, it is suggested that culture can be seen as a fundamental or 'root' metaphor for conceptualizing organizations (Hatch & Schultz, 1993: 7). Symbols are thought of as subordinate to organizational culture and can be understood 'as components required to comprehend the organization's culture' (Alvesson & Berg, 1992: 104). Organizational culture is seen as:

"A web of local meaning and significance, between organizational members, who can make different patterns in the shape of world views and ethos. These patterns are developed and maintained particu-

larly through myths, organizational sagas, and rituals. Culture in organizations is the members of the organization's socially created and meaningful reality/realities that unifies the organizations' particular way of life." (Schultz, 1990: 73. The author's translation.)

It is clear that a common theme in organizational culture is the understanding of the processes and underlying assumptions that guide these assumptions. Organizational culture is seen as the pattern of basic assumptions that 'a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration' (Schein, 1992: 237). The basic criteria for these assumptions is that they have 'worked well enough to be considered valid' meaning that they have contributed to the pool of shared knowledge, which has given meaning to the members of the organization. Therefore, it can be taught to new members as the correct way to perceive, think, and feel (Schein, 1992: 237). However, a problem is how something that is largely considered to be fuzzy and complex can be taught to new members of an organization. The relationship between the tacit and explicit factors in an organization culture perspective is seen in figure 7.

Figure 7. Schein's levels of culture and the interaction between the levels.



Source: Adapted from Schein (1992: 238).

Figure 7 displays a useful but somewhat static picture of culture in organizations. It is important to emphasize that a more dynamic understanding is needed in order to understand how the culture continuously is created and re-created in organizations. Hatch points thus out that there exists a mutual influence among artifacts, values, symbols, and assumptions (1997: 362).

The hypothesis in this dissertation is that shared stories in the organization enables tacit knowledge and assumptions about the peculiarities about how to do things in a specific organization to be communicated to new members of the organization. The values constitute the basis for making judgements about what is right and wrong. A dynamic concept of organizational culture is in focus, and it is assumed that culture is something that is learnt through the communication of organizational values; that it evolves with new experiences, and ‘can be changed if one understands the dynamics of the learning process’ (Schein, 1985: 8).

Organizational culture’s function is to give the employees an idea of how to behave and what they ought to be doing. If the implementation of a strategy or of a change in a company violates the employees’ basic beliefs about their role in the company, or the traditions that underlie the company’s culture, then they are doomed to fail.

In order to understand and analyze why members of an organization act the way they do, an understanding of the values that govern behavior is needed, which is seen as the second level in figure 7. These values are hard to observe directly, and Schein explains the complex relationships and interactions between the three levels of culture in organizations as well as the possibility of researching them:

“... as values are hard to observe directly, it is often necessary to infer them by interviewing key members of the organization or to content analyze artifacts such as documents and charters. However, in identifying such values, we usually note that they represent accurately only the manifest or espoused values of a culture. That is they focus on what people say is the reason for their behavior, what they ideally would like those reasons to be, and what are often their rationalizations for their behavior. Yet, the underlying reasons for their behavior remain concealed or unconscious. To really understand a culture and to ascertain more completely the group’s values and overt behavior, it is imperative to delve into the underlying assumptions, which are typically unconscious but which actually determine how group members perceive, think, and feel. Such assumptions are themselves learned responses that originated as espoused values. But, as a value leads to a behavior, and as that behavior begins to solve the problem which promoted it in the first place, the value gradually is transformed into an underlying assumption about how things really are. As the assumption is increasingly taken for granted, it drops out of awareness. Taken-for-granted assumptions are so powerful because they are less debatable and confrontable than espoused values.” (Schein, 1985: 238-239)

In figure 7, it is seen that the visible level of the culture is constituted by artifacts and creations. It is the constructed physical and social environment. Contrary to these visible factors, basic underlying assumptions are invisible, taken for granted as something that is done or accepted al-

most unconsciously. When a specific solution to a problem has been used repeatedly, it comes to be taken for granted, according to Schein (1985). For instance, a hypothesis, which might originally only be supported by a hunch, gradually comes to be treated as reality. The assumption that nature really works this way gradually is taken for given, and these basic assumptions thus tend to become nonconfrontable and nondebatable (Schein, 1985: 18).

Under the label of artifacts and creations, the mechanisms that articulate and reinforce the organization culture are found. These are exemplified by the organization's design and structure; organizational systems and procedures; design of physical space, facades, and buildings; stories, legends, myths, and parables about important events and people; formal statements of organizational philosophy, creeds, and characters (Schein, 1985). Artifacts are easily observed as for instance employee information material, but the difficult part is to figure out what the artifacts mean, how they interrelate, and what deeper patterns they might reflect (Schein, 1985: 15). For instance, it can thus be seen that organizational stories reflect underlying values, in the sense of what ought to be, maybe distinct from what is. Schein explains the role of stories in an organization's everyday life:

“As a group develops and accumulates a history, some of this history becomes embodied in stories about events and leadership behavior. Thus, the story – whether it is in the form of a parable, legend, or even myth – reinforces assumptions and teaches assumptions to newcomers. However, since the message to be found in the story is often highly distilled or even ambiguous, this form of communication is somewhat unreliable. Leaders cannot always control what will be said about them in stories, though they can certainly reinforce stories that they feel good about and perhaps can even launch stories that carry desired messages. Leaders can make themselves highly visible to increase the likelihood that stories will be told about them, but sometimes attempts to manage the message in this manner backfire in that the story may focus more on the inconsistencies and conflicts which observers detect in the leader.” (Schein, 1985: 242)

An understanding of organizational culture focuses on sense-making or meaning, and how to identify and transfer it.

However, Martin (1992) has expanded the understanding of culture to a different perspective which is called a subjectivist, multiperspective approach. The three perspectives are the integration, the differentiation, and the fragmentation perspective. The subjectivist, multiperspective approach rests on three propositions: ‘1) Any cultural context contains elements that can be understood only when all three perspectives are brought to bear. 2) A three-perspective approach to studying cultural change therefore offers insights unavailable from a single perspective. 3) Individual researchers can study a single context from all three perspectives, if they wish to do so’ (Martin, 1992: 174). The three conceptualized perspectives are summarized in table 11.

Table 11. Three perspectives on culture and cultural change in and around organizations.

	<i>Integration</i>	<i>Differentiation</i>	<i>Fragmentation</i>
<i>Role of leader</i>	Leader-centered.	Teams of leaders can have secondary influence.	Power diffused among individuals and environment (hegemonic discourses).
<i>Role of environment</i>	Can have some influence, but is separate from culture.	Environmental influences salient.	Boundary between environment and organization permeable and is constant flux.
<i>Organizational level</i>	Inertia, active maintenance, or 'revolutionary' replacement of one unity with another unity.	Change may be localized in subculture or total subcultural configuration may be incrementally changed.	Constant flux; change is localized and incremental.
<i>Subcultural level</i>	Subcultures may assist, comply, or attempt to ignore change.	Subcultures are prime moves of change effort.	Constant, issue-specific flux of subcultural alignments.
<i>Action implications</i>	Top-down control by leaders, or seek culture-strategy fit, or question normative ability to control culture.	Little direct advice to managers or subordinate groups.	Individuals seen as powerless or as able to contribute intellectually to undermining hegemonic discourses.
<i>Primary source of change</i>	Emphasizes leader response to environmental pressures.	Emphasizes collective action within organizational and environmental influences.	Constant change.
<i>Most likely types of organizations</i>	Small (ideology-or-founder-centered) or large and centralized organizations.	Large and/or decentralized (functional, geographical, and hierarchical divisions).	Innovative organizations or public-sector bureaucracies with multiple constituencies; high-technology companies.
<i>Most likely type of environment</i>	Stable and not segmented. Examples include small start-up company; large paper products manufacturers.	Stable and segmented. Examples include the Catholic Church, automobile manufacturers.	Turbulent. Examples include computer research laboratory.

Source: Adapted from Martin (1992: 169 & 171).

Martin claims (1992) that any cultural context can be understood more fully if it is regarded, at any point in time, from all three perspectives. It would be a mistake to exclude any of the perspectives because that would limit the understanding of what is attempted to be understood, Martin argues. In a multiperspective approach, the objectivist assumption that one perspective will be correct, or more correct than the others, must be abandoned: 'the perspectives need to be seen as subjective frames – like lenses – that bring some aspects of a culture into focus while inevitably blurring others, not because of researchers carelessness, but because of the inherent limitations of any one perspective' (Martin, 1992: 170). Thus, the three perspectives will be in use simultaneously, but, depending on a specific situation, some aspects will be more appropriate than others; an idea also emphasized by Morgan (1986) with regard to his metaphors, and by Borum (1995) with regard to his strategies for organizational change.

The three perspectives may be seen as typologies and it must be acknowledged that for instance in a fragmentation study of change, some unity and clarity is necessary for most forms of coordi-

nated action, as well an integration study cannot ignore the conflicts and ambiguities that become evident during change. However, some directions can be set forth though:

“... the integration perspective will be more appropriate for small organizations founded by charismatic leaders and larger organizations that face stable, nonsegmented environments. The differentiation perspective will be more appropriate, for example, in firms with troubled labor relations or for organizations that face stable, segmented environments. The fragmentation view will be more appropriate for public-sector organizations that serve multiple constituencies or high-technology firms that must innovate constantly in order to be responsive to a turbulent environment.” (Martin, 1992: 170)

From table 11 it is seen that the fragmentation perspective lies close to the theoretical position of this dissertation, and in the beginning of the chapter it was argued that in focusing on organizational storytelling and stories in organizational cultures a bridging of the integration and the fragmentation perspective would be an appropriate position. The fragmentation perspective is closely related to the arguments of a postmodernist position which has been discussed earlier. However, also elements in the integration perspective play a significant role in a somewhat untraditional way. For instance, in the integration perspective the role of the leader is ‘leader-centered’. Traditionally that would depict a hierarchical, top-down run company in which management directs its employees. However, a ‘untraditional’ approach to the integration perspective would be that, as it will be seen at Hewlett-Packard, management communicate corporate values to be followed by the employees in stories about significant events in the corporate history and in stories about what the founders of the company have done. This is an indirect way of managing, it is value based management, but still it can be perceived as ‘leader-centered’. Thus the bridging of the integration and the fragmentation perspective is seen in regard to organizational storytelling.

Finally, the importance of organizational culture is underlined humorously by Dumaine & Dennis:

“So it has come to this: You’ve automated the factory, decimated the inventory, eliminated the unnecessary from the organization chart, and the company still isn’t hitting on all cylinders – and you’ve got an awful feeling you know why. It’s the culture. It’s the values, heroes, myths, symbols that have been in the organization forever, the attitudes that say, Don’t disagree with the boss, or Don’t make waves, or Just do enough to get by, or For God’s sake, don’t take chances. And how on earth are you going to change all that? If your company is like a great many others, it will have to step up to this challenge. The changes businesses are being forced to make merely to stay competitive – improving quality, increasing speed, adopting a customer orientation – are so fundamental that they must take root in a company’s very essence, which means the culture.” (Dumaine & Dennis, 1990)

Summary of chapter

In this chapter, organizational symbolism and culture comes close to illustrating a way through the ambiguous relationships that surrounds current management as discussed in the previous chapter on postmodern organization theory. Symbols function in organizations by providing or guiding acceptable patterns and can for instance take the form of legends, jokes, and stories. Organizational symbolism refers to those aspects of an organization that its members use to reveal or make comprehensible the unconscious feelings and values that are inherent in the organization. Symbols are created and re-created by human action and interaction, and symbolic management can be seen as a coding of the corporate reality in a way that makes sense for the individual using symbols.

Culture is perceived as a web of local meaning and significance shaped into patterns of meaning and is being communicated for instance through stories about events in and about the organization. Culture is given by the actions and words of the members and is cultivated into a form of shared social knowledge from which norms, beliefs, and values of the organization are communicated. These norms, beliefs, and values of an organization are typically unconscious to individual and thus stories, whichever form they take, are a way through which these values are communicated to and among members of the organization. Stories are not a management tool. Stories of events that are shaping and communicating organizational culture can be seen as an ongoing discourse to which both management and employees can contribute. The individual recipient of the story determines which arguments will succeed.

Chapter 10. Visions and values in management and organization

The consequences of the previously seen tendency to or age of 'de-bureaucratization' and increased flexibility in organizations may be described in different terms: 1) liberation; 2) loss of stability; 3) increased uncertainty; and 4) a need for (re-)integration and control. An emphasis on re-integration and control might seem paradoxical and contrary to the other consequences listed. However, as it is seen in the discussion of postmodernism and organization theory, the discussion has not been provided to argue for an age of postmodern darkness and nihilism. The argument has been that a state of rupture has emerged at the threshold of the next millennium, which has wide consequences for the world, for science, for the arts, and also for organization theory. Emphasizing re-integration and control in organization theory is to argue for the development of contemporary ways of approaching management in organizations.

The work with vision has a certain importance and, as it will be seen, values in organizations are becoming increasingly important. Vision is commonly about envisioning a future or multiple possible scenarios for the future, and act accordingly, but as it has been emphasized, envisioning the future for fast-paced industries is becoming increasingly troublesome, and vision, as a primary management tool, might come to prove counter-productive as the life-cycles of visions are becoming shorter. However, some values in organizations may prove stable over time, and focusing on those may provide new possibilities for management and for the control in organizations.

Thus the chapter will explain the idea of both vision management and value based management, but it will be suggested that the traditional idea of vision management is about to be both revised and substituted by another management idea, that is value based management. The revision of vision management will emphasize an inward focus in the organization in an attempt to create a shared vision of a company's values to work in accordance with in the future. It is suggested that the traditional outward focus of vision management in trying to envision multiple scenarios for a possible future for the company will thus be less influential in fast-moving industries. Value based management will be suggested as a more suitable management style in such industries but, as indicated above and as it will be seen in the following, a certain overlap is seen between the ideas of vision management and value based management.

Management by vision creation

Often the literature deals with vision and vision management as a tool for organization change, but it is just as much used to withhold and set a sense of direction in the management of everyday life (e.g., Nutt & Backoff, 1997; Wilkins, 1989). Mary Jo Hatch has emphasized that there is no difference between organization theory and theory of organization change; organization theory is seen as a theory dealing with change. In order to reach the visionary future, action must be taken and within this change is implicit.

The idea of management by vision creation is closely connected to issues of strategy. Both vision and strategy are prescriptive. Current plans, actions, and business practices are evaluated, the vision describes the future of business opportunities, and in the strategy lies the tactics for getting towards the envisioned future. The vision is then dependent on imagery and mental capabilities and can be seen as a mental journey from the known to the unknown in creating 'the future from a montage of current facts, hopes, dreams, dangers, and opportunities' (Hickman & Silva, 1984: 151). In creating the corporate vision, a way of picturing innovative ideas that suggests how to rethink an organization's strategy is provided (Nutt & Backoff, 1997: 312). Thus, the idea of vision in corporate strategy and development can be turned into a more elaborate conceptual tool rather than merely a vague idea of the future. A closer look at these issues will be provided.

A conceptual idea is to set forth a number of different visions, and then choose the right vision to follow (Nanus, 1992). This idea is closely related to the scenario technique (Hickman & Silva, 1986: 168-173). A vision is supposed to create possibilities that are inspirational, creative, unique, and vibrant as well as it is intended to offer a new order that can produce organizational distinction (Nutt & Backoff, 1997: 312). Thus, the vision is seen as a tool for creating an organizational distinction, focusing on the company's core competence. Visions are supposed to have a number of special properties. They should set standards of excellence and reflect high ideals, they should clarify purpose and direction, they should inspire enthusiasm and encourage commitment, they should be well-articulated, emphasizing easy understanding, they should reflect the uniqueness of the organization, and they should be ambitious (Nanus, 1995: 28-29). The priority of vision is empowerment, and the task for management is to create an environment in which people can express and realize simultaneously their individual vision and the vision of the organization. This can seem as a paradoxical situation in which authenticity is considered extremely important and all attempts of manipulation by management is discouraged (Koss, 1990:

259-260). However, as emphasized earlier, vision should be created in a way that allows ambiguity and multiple interpretations. If not, the idea of management by vision creation will prove counter-productive.

Others have seen vision as a dream that indicates what people want for the organization. The aim in this case is to build a shared vision. The vision is here viewed as a statement that captures an ideal, unique, and attractive image of an organization's future. It is supposed to answer the question of where the organization wants to go and what it wants to create (Lewis, 1997: 49). However, visions are usually not understood as concrete measurable goals or objectives. Rather, they tend to be broadly stated and to suggest a general focus in order to inspire, and integrate the organizational efforts (Wilkins, 1989: 72-73). In clarifying its vision, the organization articulates its mission and purpose, and it is integrated into daily work practices. This is supposed to engage commitment and create meaning in bridging the present and the future. It has been suggested that when employees come to understand a management philosophy, it is like having a general theory from which specific solutions can be derived (Ouchi, 1981).

However, clarification of the vision must not be made at the expense of flexibility. Precision makes a vision vulnerable. Thyssen explains that flexibility is important for visions (1997: 114). The vision of the future must be ambivalent so different individuals can associate their ideas or personal visions with the ambitions of the company. It allows the company to start out with a somewhat diffuse aim and then adjust continuously rather than having to reject the old company vision and acclaim a new. The importance is that the vision marks a direction for the stakeholder, being it customers, employees, and subcontractors. Koss explains the influence of vision in the organization:

“... the specific purpose prevails and communication will be open and flowing. An organization in vision tends to be action oriented, with a system of management and a system of acknowledgement that encourages this. Risk taking is promoted and, to reinforce this notion, mistakes and problems become regarded as opportunities. Consequently creativity tends to be high. The organization, as defined by its people, has the ability to allow ambiguity to exist and to engage with ambiguity until clarification and articulation of vision give rise to appropriate responses. The organization and its constituents have integrity: that is, they are being true to themselves. Each person, in such an organization, comes to see himself or herself as responsible for the overall success of the organization. The generative context of a vision organization is one of respect for the potential of human beings ...” (Koss, 1990: 259)

Visions are seen as having a superior status and are parallel to the contents in the companies' strategic plans. Visions should be seen as the lead stars of both management and employees and should guide the goals and actions of these, which are supposed to lead the company towards the

future that is strived for based on a shared vision according to Andersen (1987: 85). Nanus explains visions quite simply as:

“A vision is a realistic, credible, attractive future for your organization. It is your articulation of a destination toward which your organization should aim, a future that in important ways is better, more successful, or more desirable for your organization than is the present. ... Vision always deals with the future. Indeed, vision is where tomorrow begins, for it expresses what you and others who share the vision will be working hard to create.” (Nanus, 1995: 8)

A shared vision can address at least four areas according to Wilkins (1989): (1) A general concept of the business: ‘A vision that gives broad direction to decisions in an organization might include some beliefs about the keys to success or to avoiding pitfalls. Such ideas might indicate the kind of business the company wants to be in, the ways it adds value to customers, the critical challenges it faces from competitors, the key strength (technologies, skills) of the organization, and how the firm meets its challenges and opportunities’ (1989: 34). (2) Create a sense of uniqueness or identity in the company. (3) Communicate a philosophy about employee relationships. (4) Communicate an orientation to external stakeholders including shareholders, regulatory agencies, suppliers, the communities in which they live, and the public (Wilkins, 1989: 33). The shared vision is thus a signpost directing an understanding of what the organization is, and where the organization intends to go (Nanus, 1995).

A shared vision is believed to be able to a considerate extent to replace giving orders and closely supervising workers. A consequence hereof is thus increased productivity and freeing resources to be spent on other areas. However, it is of major importance to have built a trusting relationship between management and employees in such a way that the employees have the self-confidence to make decisions on their own. Trust and integrity are indispensable values in this regard. Shared vision is then seen as affecting the premises on which people make decisions. Employee decisions are still controlled but now by providing direction to decisions in the absence of ‘rules, direct supervision, or threats’ (Wilkins, 1989: 72).

Alvesson & Berg conclude that there is a direct relationship between imagery, understood as corporate vision, and managerial performance:

“There is a direct relationship between the quality of the imagery and managerial performance. This suggests that the manager who has the ability to think symbolically and to develop and use images to convey his or her thoughts will be more efficient than the one who lacks this ability. Strategic images are ‘broadband’ conceptualizations of the future, whereas plans are narrower descriptions of how to get there. By leaving the way open, but by creating a powerful and corporately ‘grounded’ image of desired state, there are more opportunities for the creative search process to succeed. The image-creating ability is particularly important during periods of organizational change, when the members of a company need a concise sense of the direction in which to move.” (Alvesson & Berg, 1992: 169)

The purpose and advantages of vision management are now seen. However, as it was stated earlier, vision management becomes increasingly problematic when it comes to management in turbulent industries as for instance the high-technology industry. It has been pointed out that reality is far too complex to be comprehended by a given mind. Visions should be seen as maps, as a means to guide the organization through a tangle of bewildering complexities (Sowell, 1987: 79).

However, since visions have to do with an unpredictable future, common sense should warn against a blind belief in vision management. Although there has been argued for flexibility in visions, certain stability in visions has to prevail. Continuous change of direction is counter-productive to the idea of increased productivity and freeing resources to be spent on other areas because of confusion of the corporate direction. Time would be wasted on costly discussions and mistakes. Thus, the argument is that in this post-industrial reality, other means of direction must be looked for. It is necessary to locate and construct stable elements in the organization, something that people can identify themselves with in order to understand the organization and what it stand for. Thus, the attention is turned towards the values in companies in order to analyze how it is possible to uncover stable values.

Values in organizations: Uncovering stability in unstable times

In the rapidly changing surroundings processes are moving so fast that several authors see it as more important to focus on stable values than on trying to preserve a long-term vision. This perspective is based on the discussion about the post-industrial society touched upon in chapter 8. A consequence is that when combining vision and value based management, the emphasis must be placed on the values of the company rather than on the vision as it previously has been done. The prescriptive character of a vision is hard to maintain when encountering fast-paced surroundings. Thus, stable values are emphasized for companies acting in such surroundings.

However, it is suggested that vision and value in organizations can be successfully combined. It provides an increased integration between various groups in the organization that comes to focus increasingly on what they have in common and why they need to cooperate, and it keeps the organization from drifting into 'wasteful activities' (Wilkins, 1989: 32). The focus here is not emphasizing a strategic discussion about what the companies should value. It is on uncovering the values that lie deep down in the unconsciousness of every company as well as it is about being

clear about the values of the company. In the following a discussion of value based management is given.

Values tend to persist in an organization, and there can be many values present at any given time, some of them contradictory and some of them repressed: 'people may value both individuality and conformance to organizational norms, both competitive prowess and cooperative behavior, both ambition and unselfishness, both stability and change' (Nanus, 1995: 147). An approach which is often seen is to hire and promote employees who already have the appropriate values, thus sending a strong signal to the surroundings about the preferred values in the company. One concern in this direction is whether the production of such 'value clones' is troublesome. 'Value clones' refer to the situation of altering employees' values so they match those of the organization, or trying to recruit only people with certain value sets (Barry & Ejsmond-Frey, 1997: 116-117). However, this is not seen as a problem as the motives for identifying with the company's values differ from employee to employee. A set of values is to be communicated in a way that involves the entire company. The important thing is that the company states its standpoints in specific areas, which are important both to internal and external stakeholders (Petersen, 1997: 53-54). The values that are communicated should be stable and resistant to every-day fluctuations so that a consistent and stable image of the company's values and ways of doing things is apparent.

The strength of a value statement should be that it is not precise, and thus can capture the diverse hopes and interpretations of the employees in order to create a mutual understanding and commitment to the values of the company. Nevertheless, it is pointed out that learning, or getting the feel of, these values can be a lengthy task. While top management might be evaluated on their consistency with the company philosophy, it would be a mistake to do so with new employees (Wilkins, 1984: 58). Furthermore, it is seen that simply stating the company values and expecting employees to take them to heart is unrealistic (Barry & Ejsmond-Frey, 1997: 115).

Focusing on values in management in organizations indicates an important movement, according to Alvesson & Berg, which ...:

"Indicates that it is no longer enough for the employee to perform tasks or obey orders, but he has to 'believe' in the company and what it stands for and 'feel' for what he is doing. This movement from bureaucratic or technical control to value-driven organizations (or from man- to mind-powered organizations) shows that not only is a more complex view of man emerging, but also a shift from the individual to the collectives as compared to managing individuals or other types of corporate resources. It is in this perspective that the corporate culture and organizational symbolism perspectives have become important." (Alvesson & Berg, 1992: 158)

The purpose of focusing on values is that values can unify, focus, and inspire action. The main reason for failure in focusing on values in management is that the management team is not committed and does not act consistently with the corporate values (Barry & Ejsmond-Frey, 1997: 122). Unlike traditional objectives, values are neither measurable nor controllable, and cannot be manipulated in a controlled form:

“Values are much more about the spirit, about what makes the company tick. You don’t set out to meet value targets as you do objectives and goals. You set out to embed values in the organization, so that they drive its culture. This is why so many companies fail to put corporate values into action. They fail to recognise this essential difference. Objectives are tangible, the steps to achieve them are visible. Values aren’t. Values are about attitude. You cannot tell someone what their attitude will be. Values work at a much deeper level, and therefore implementing them is a whole different ball game.” (Barry & Ejsmond-Frey, 1997: 114)

As a minimum, value based management implies that the management does not lead the organization by regulation and control. Rather, wide delegation is emphasized. Focus is turned to the individual employee’s ability to act sensibly and appropriately according to the employee’s knowledge of the common corporate value set. This implies that the employee is allowed to have a space for own decisions, solutions, and actions as long as these are consistent with the corporate values.

Value based management is about making a group of people work together towards a shared goal without explicit pressure and exercising power. It is about a management form that takes its point of origin in a shared set of values, which comprises the entire company. A set of values that promotes the standpoints and values that the company has chosen to identify itself with. These values can both be expressed explicitly in a publication as well as through a set of tacit values as it is seen in table 12 indicating how values can be seen on a scale of different levels of explicitness.

Table 12. Layers of value in organizations.

<i>Layers of value</i>	<i>Examples</i>
Explicit values: Laws, written rules, ethical codex.	Laws against discrimination.
Common norms: Values that can be spoken of in a somewhat loose way.	Justice, fairness.
Tacit values: Inexpressible norms, hunches, feelings.	Sensibility to moral and ethics.

Source: Adapted from Petersen (1997: 60).

It is emphasized that it actually is the existence of these tacit values that determines the fact of value based management. The explicit values can cover over values and standpoints that are not

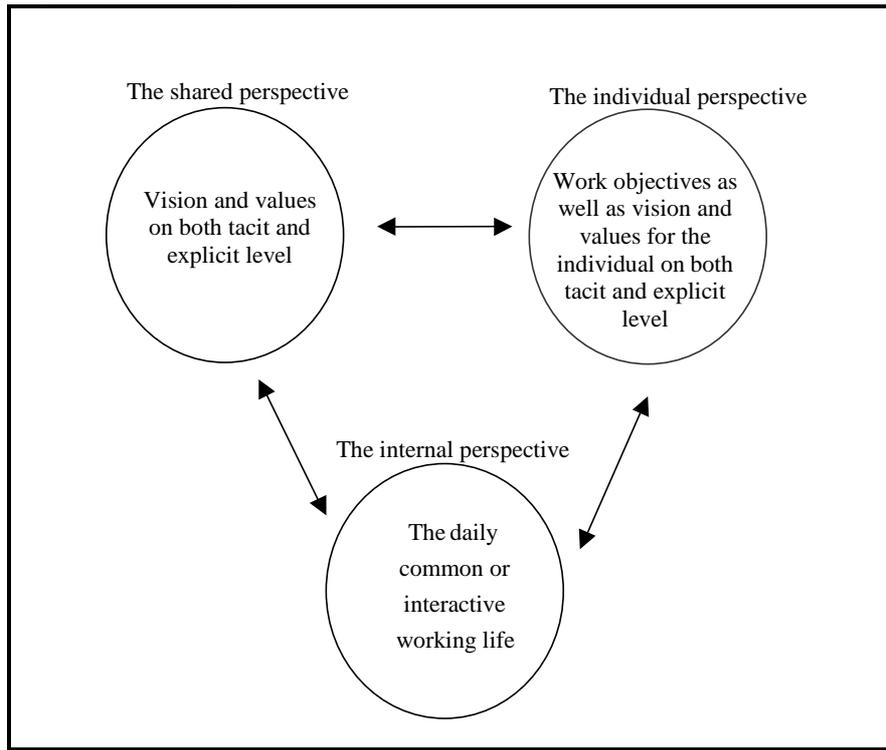
easily uncovered. In some organizations, the explicit values can exist without anybody paying much attention as, for instance, a part of a statement of corporate objectives, but the tacit values, on the other hand, can only exist through using them in practice by the stakeholders of an organization.

Value based management has been claimed a 'soft' management form as opposed to a traditional 'hard' management form, but it might not be seen as such. Value based management makes demands both on the management and the employees. The manager has to act according to the corporate values both in his decisions and concrete actions. The employee has to undertake an independent responsibility for fulfilling tasks without demanding detailed guidelines (Petersen & Lassen, 1997: 12-13).

However, an alternative to value based management is value based organizing. It promotes another way of approaching control and regulation through assessing the individual's responsibility and loyalty towards the general process of organizing as well as the decisions the individual has participated in making (Meyer & Andersen, 1997: 33). As such, there is not much new in the fact that management emphasizes corporate values. What is new is the conscious focus on the underlying set of values and the implications hereof (Petersen, 1997: 69).

The underlying values are influenced by the interaction of three perspectives. The shared perspective is influenced by the individual's interpretations, and the actions and developments in practice shape both perspectives as seen in figure 8. An on-going process of everyday creation exists between development in practice and the corporate values, which is fundamental to the individual employees as well as to the company.

Figure 8. A simple figure of organizational processes.



Source: Adapted from Lima (1997: 80).

Furthermore, it is emphasized that explicitly stated values and standards are not sufficient for value based management. Control and regulation is to be replaced by a shared set of values, delegation of managerial responsibility, and a focus on taking personal¹⁹ responsibility in the organizations. The task for management must be to direct their attention toward a process of identity creation and develop a way of communication that can contain both economic rationale as well as interpersonal values and promote the organization's self-understanding, i.e. its identity (Meyer & Arentsen, 1997: 32).

Companies that find themselves in the post-industrial era, as described earlier, have been found to stress their quest to give both operational force and meaning to a dominant, though imprecise, idea or set of values. Thus, it does not need to change with every whim of the marketplace because it is general enough to give meaning to most situations encountered by employees in the company. However, it still needs to be concrete enough to be able to give specific meaning to similar things for the employees and can thus serve to direct their decisions and actions. Ac-

¹⁹ A good example of the consequences of people avoiding personal responsibility by referring to others is seen in Bauman's (1989) sociological work on modernity and the holocaust.

According to Wilkins, this is where the stories come in (1984: 43). They provide concrete examples that illustrate and give meaning to the corporate values.

It is important that managers act consistently to the corporate values. If not, the ideas will have no effect. Rather they will prove counter-productive because stories will go around the organization about the manager's lack of self-reflection. Contrariwise, by acting consistently the managers affect the employees, and stories, myths, and tales will be created and communicated about specific events in which this consistency has proved itself significantly.

It is thus seen that in an era that has been labeled post-modern, and being characterized in organizations as one of instability, turbulence, and unpredictability, vision based management will tend to decrease in influence. As vision based management is engaged in predicting scenarios of the future, it becomes increasingly hard to maintain a system of continuous re-visioning and communication of these visions. For these visions to be absorbed by the employees and the organization overall, a certain long-term predictability is needed which increasingly will be a problem in rapid changing organizational surroundings as for instance in the high-tech industry. Management must promulgate a corporate vision, which has to be backed by action, but instead of stating a vision based on market evaluation, attention can be turned inwards describing a vision of values to build the company on, an ideal for corporate conduct.

By emphasizing value based management a tendency to depart from the explicit rules and manuals that have been used by management for a number of years is indicated. By emphasizing the roles of values and standpoints in management, attention is moved closer towards the individual's processes of interpretation and behavior. Automatic decisions are avoided and individual, flexible customer oriented decisions are in focus. Consequences of value based management include thus the creation of a stable and wide framework that the employees can work within. Thus, the employees are given much more freedom but also have to exercise a significantly larger degree of self-control and self-responsibility than previously (Lassen, 1997: 90). That is why value based management cannot be labeled a 'soft' approach. In many ways, this freedom can be a hard burden on the individual.

Summary of chapter

In this chapter it is seen that values in organizations appear at at least two levels. These can be labeled the fundamental and the superficial. The superficial values are those seen in corporate statements and communicated for instance at meetings and in brochures. It is seen that, when

these kind of the values are strong in an organization's culture, the organization will tend to work much easier towards their fulfillment.

The fundamental values, on the other hand, are invisible. These values are fundamental in the meaning that they unconsciously have been shaped over numerous years and lie deeply rooted in the organizational culture. They are not fundamental in an objectivist's understanding. They can be perceived as constituting the organization, but, as they exist at an unconscious level, it is important to focus on organizational stories in which these values are made manifest, communicated, maintained and revised. These values tend to be stable over time in the organization. They are unknown and invisible to the individual but when approached it is seen that the stories that carry the meaning or moral of the corporate values are familiar to the employees. Thus, the values exist implicitly in the organization, but can often be the single stable and fundamental factor in organizations. It is at this deep level that the factors or values that constitute an organization's culture exist. The stories that communicate organizational values can be seen as discourses that are always in the making. As the stories about significant events are continuously being retold and thus reinterpreted in the organization, fragments of the stories might be changed, but the core story, the moral, remains the same as will be seen in an example from Hewlett-Packard later in the dissertation.

Therefore, attention is turned toward another means of communicating the meaning of the organization to the employees and other stakeholders than those of traditional vision management. Instead of focusing on visioning the future, a vision or image of the corporate values must be set forth for corporate stakeholders. Thus attention is turned toward management by values.

Chapter 11. Implications for management and organization theory: Recent trends

On the background of the discussion of the previous chapters in this part, emerging trends in relation to management theory will be touched upon in this chapter. It is not an exclusive elaboration of these trends. Rather, some trends have been chosen, which contribute significantly to giving an overall picture of the emerging factors that influence the new directions that management theory is taking.

Organizations in ambiguous surroundings

Astley & Zammuto (1992) emphasize that in dealing with organizational decision-making at a high managerial level, events are constantly in flux and equivocal in implications. Building on information that can be seen as highly speculative and ambiguous, decision-making is dealing with future unknowns. The need for flexibility and loose coupling in organizations must be balanced with the need to maintain a semblance of order, as the events in organizations are highly contextual activities. The paradoxical nature of dealing with ambiguity in organizations as well as the state and advantage of vagueness in management are elaborated by Astley & Zammuto:

“Paradoxically, the best way to cope with ambiguous and changing events is to preserve a high level of ambiguity in the language that is used in dealings with them. In the face of acute uncertainty and equivocality, ambiguous concepts ensure a measure of continuity by providing seemingly fixed points of reference which, in fact, are constantly reinterpreted in the process of adapting to change. Ambiguously defined goals maintain an image of organizational cohesion while they accommodate polarized interpretations and viewpoints, foster reconsideration of existing constructions of reality, and thereby open up new vistas for action. Corporate mission statements often serve this purpose by providing a patina of continuity as people, goods and services, technologies, constituents, and situations change over time. ... Vaguely stated goals, for example, maintain organizational identity, but also guard against the premature closure of options, enhancing creativity by providing an excuse for people to act, learn, and create meaning. Ambiguity permits dissensus to coexist with consensus, since inconsistencies are checked by the appearance of consistency.” (Astley & Zammuto, 1992: 451, 452)

It has been pointed out that only two paradigms of causal explanation are available, and neither seem adequate to explain the relations of individual humans to social structures. One is the paradigm of rational decision making according to rules and principles, and the other is brute physical causation which is non-intentionalistic (Searle, 1995: 141). Neither connectionism nor behaviorism explains the functions of organization. Focus could instead be turned towards the vague areas of management, not for rational explanation but for usefulness in organizations. For instance, organizations have been called organized anarchies (Cohen, March & Olsen, 1972) and constituted of irrationality (Brunsson, 1982) in which the goals and technologies are hazy, par-

ticipation is fluid, and thus ‘many axioms and standard processes of management collapse’ (Cohen, March & Olsen, 1972: 1). In dealing with ambiguity in organizations, it is emphasized that ambiguity is an important component because complete consensus within an organization threatens its well-being, which emphasizes the importance of organizational vitality that depends on the process of ‘differance’ as explained previously.

The focus on ambiguity in organizations came with the publication of March & Olsen (1976), which has had a huge impact on organization theory: ‘It represents a phenomenological, almost relativistic view of reality, where choices, decisions and actions cannot be understood and interpreted in a clear-cut way, but have to be explained from several possible logics. Ambiguity, like concepts such as uncertainty, unclarity and confusion, are all indications of the considerable uncertainty we have to work with when describing organizations’ (Alvesson & Berg, 1992: 210). According to March & Olsen (1986), most theories about organizational decision making are based on a premise of willful choice. It is presumed that choices are made intentionally and with full information about the choices. Such presumptions are traditionally based on four things:

“(1) a knowledge of alternatives – decision makers have a set of alternatives for action, and these alternatives are defined by the situation and are known unambiguously, (2) a knowledge of consequences – decision makers know the consequences of alternative actions, at least up to a probability distribution, (3) a consistent preference ordering – decision makers have objective functions by which alternative consequences of action can be compared in terms of their subjective value; and (4) a decision rule – decision makers have rules by which to select a single alternative of action on the basis of its consequence for the preferences.” (March & Olsen, 1986: 13)

However, it has been seen that these suggestions do not apply to management practice. A much larger degree of uncertainty, improvisation, and trial-and-error is part of everyday life in corporate management. Thus, new assumptions about intra-organizational every-day life, tasks in the organizations, and the environment have been set forth as described in table 13.

Table 13. Old and new assumptions about the environment.

	<i>Environment</i>	<i>Tasks</i>
<i>Old assumptions</i>	Largely knowable, predictable, objective, quantifiable, and controllable. Long-term strategic plans can be made successfully within its framework. Although turbulent, management processes can navigate through with relative certainty.	To predict changes in the environment, develop short- and long-term plans to deal with those changes, and control the execution of the plans. Success largely arises through accurate and rigorous analysis and forecasting.
<i>New assumptions</i>	Largely unknowable, unpredictable, fast moving, and messy. Subjective; reality is socially constructed and negotiable. Displays many characteristics found in natural chaotic systems (i.e., weather system). Long-term predictions impossible. Change constantly buffets the organization.	To explore, interpret, develop meaning, and participate in the creation of a changing environment. To facilitate the development of an organization that engages opportunities for learning, innovation, and creativity.

Source: Adapted from Crossan et al. (1996: 24).

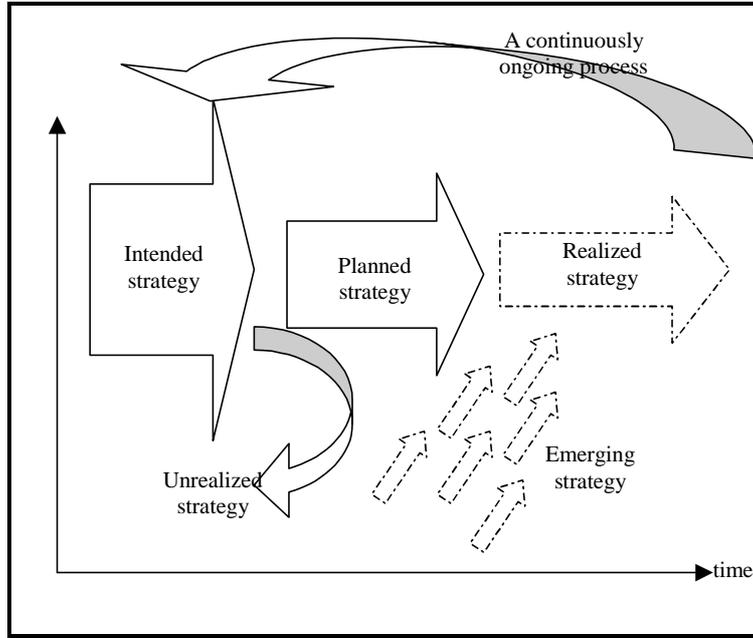
In the 1980s, the focus on the role of vision became stronger, which added creativity and intuition to the planning process. Planning still dealt with long time horizons, but some have used it in creative ways through scenario planning as a way to make the future clearer through ‘what if’ scenarios, setting up multiple possible futures. However, it was found in a study conducted in the 1970s that about 90 pct. of what managers do is quite spontaneous in nature, not relying on rational planning and consideration (Crossan, 1997: 39). What has been labeled ‘strategic management’ is built on a rational model of strategic planning and elaborated into most areas of organization and management. The literature emphasizes how plans should be to the fullest extent objective, factual, logical, systematic and concerned in devising means to ends (Bowles, 1997). Mintzberg (1994) shows how this formal approach to strategic planning is rooted in analysis, not in synthesis, and Bowles emphasizes that:

“The rational approach to management decisions hinges on information, modelling and analysis, attempting to reduce all organizational phenomena to numbers. What cannot be reduced to numbers cannot be managed and therefore not worthy of attention. Consequently, the human and social reality of organizations, which cannot be decomposed into mere numbers, is discounted. As such, management analysis based on the rational model mostly trivialises and simplifies organizational phenomena in its obsession for control. Corporate planning mostly fails to recognise the individual, social and political complexity of organizational life, and it is therefore not surprising that the evidence for the success of strategic planning is indeed weak.” (Bowles, 1997)

Thus, a broader image of planning could be set forth. Not one ascribing to long-term rational planning, but one that ascribes to an ongoing blend of emergent and intended strategy viewing strategy as continuously in a state of emerging. This is the position of Mintzberg (1994) who discusses the act of crafting strategies, and distinguishes between intended, emergent, and real-

ized strategy. Intended strategy is the plan that sets out how the organization will position itself within its competitive environment over the coming years. Emergent strategy comes from the day-to-day activities of the organization. The strategy of the organization is ultimately a blend of emergent and intended strategy as seen in figure 9.

Figure 9. Strategy development as a dynamic process.



Source: Adapted from Crossan (1997: 40) and Mintzberg (1994: 359).

The figure emphasizes the highly dynamic state of strategy. The better performing companies distinguish themselves from others by their ability to adapt and capitalize on a rapidly changing, often unpredictable environment. Many companies have fallen on hard times because they have been unable to innovate and renew themselves. It is not due to a lack of planning, but rather due to a too strong belief in corporate planning and control, and an overriding assumption about the future business environment as largely predictable.

Thus, an approach that sees the business environment as an arena that is knowable and controllable by managers is problematic. It places too much emphasis on projecting or predicting future conditions, and on developing strategies and actions to meet those predictions (Crossan et al., 1996: 21). The organizational goals cannot be seen as stable, precise, and exogenous as many situations in the organizational everyday life are ambiguous. Much management is symbolic, a way of interpreting organizational life that allows individuals in organizations to fit their experience to their visions of human existence (March, 1984: 33). March (1991a: 111) concludes that a

fundamental process in life is interpretation. It is the process of interpretation that is essential as it gives meaning to life and meaning is the core of life.

The logical, everyday assumption is that each human has a particular cognitive schema that makes the human see and react differently to different situations, according to Ross & von Krogh (1995). As new knowledge is developed that is unique to the individual, individuals are enabled to see things that others do not see, or see them in a different way. New understandings and interpretations are thus created in the organizations and it is the managers' ability to filter these understandings through the organization that can be seen as the strategic advantage.

Thus, the question of 'who' as a characterization will increasingly be strategically dominating within and between organizations. With emphasis on actors' knowledge in increasing knowledge-based competition, 'who knows that?' will become the dominant strategic question according to Barry & Elmes (1997). They see the competitive environment as 'surrounded by an ever-growing pool of unpredictable, rapidly fleeting opportunities, tomorrow's organizations will need to rely more on quick-thinking, knowledgeable employees who can attend to environmental shifts and work innovatively with paradox' (1997: 442).

In a post-industrial environment, continuous change questions predictability and, beyond a certain point, increased knowledge of complex, dynamic systems does little to improve the ability to extend the horizon of predictability (Crossan et al., 1996: 21). Kanter (1989) illustrates the nature of such a changing environment by a comparison with the croquet game in the novel *Alice in Wonderland* by Carroll (1865):

"To some companies, the context in which they are now entered seems increasingly less like baseball or other traditional games and more like the croquet game in *Alice in Wonderland* – a game that compels the player to deal with constant change. In that fictional game, nothing remains stable for very long, because everything is alive and changing around the player – an all-too-real condition for many managers. The mallet Alice uses is a flamingo, which tends to lift its head and face in another direction just as Alice tries to hit the ball. The ball, in turn, is a hedgehog, another creature with a mind of its own. Instead of lying there waiting for Alice to hit it, the hedgehog unrolls, gets up, moves to another part of the court, and sits down again. The wickets are card soldiers, ordered around by the Queen of Hearts, who changes the structure of the game seemingly at whim by barking out an order to the wickets to reposition themselves around the court." (Kanter, 1989: 19)

Essentially, an organization must be flexible enough to adapt, creative enough to innovate, and responsive enough to learn (Crossan et al., 1996: 23). It was for example the case for the companies described by Peters & Waterman (1982) in their seminal book *In search of excellence* on outstanding companies. The companies were state of the art at the time of the investigation but

only a few years after two-thirds of those same companies could no longer be described as excellent; they had not been able to adapt to the changing surroundings.

The nature of organizations

Law (1994) illustrates the organization as a continuous and ongoing process, as something that is socially created and sustained. It is emphasized that the organization is a complex construct that is created and maintained by interaction (Wolf, 1958). The image that has to be discarded is that of a social oil refinery. Society and organization are not systems where social products move around in structural pipes and containers that were put in beforehand. Instead, the social world is a remarkable emergent phenomenon, which in its processes shapes its own flow. Law (1994) builds on the understanding of Weick (1979) that organization must be understood as a verb, organizing, as an active process. That an organization always is in a state of becoming, that it is not a fixed and determinate entity, and ‘its major features – goals, structural arrangements, technology, informal relations ... are the outcroppings of the process of social construction’ (Benson, 1977: 6). Searle puts it well as he emphasizes that ‘What we think of as social *objects*, such as governments, money, and universities, are in fact just placeholders for patterns of *activities*’ (1995: 57). This perception of organizations is a necessary consequence of the increased attention towards understanding organizational reality as in a constant state of flux as determined by Hayman (1980: 356). Following Weick, several organizational theorists have thus turned towards a linguistic²⁰ understanding, description, or metaphor of the organization as it is the case in the present dissertation.

²⁰ Earlier on, it has been quite popular to describe the organization as a living thing. It has its social environment, a formal structure, recognized goals, and a variety of needs. It is continuously adjusting and changing to perpetuate itself and to achieve its overall goals. It is for instance seen in Burns & Stalker (1961) and Wolf (1958). Wolf describes an organization by ‘its principal characteristics’:

“1. An organization is a formal grouping of people. We are not concerned with spontaneous informal groupings except as they occur within the framework of a formal organization. 2. An organization has fundamental needs or goals under which it unites people in interrelated tasks. 3. An organization involves deliberate and purposeful actions among men in order to maintain the cooperative system. 4. An organization is a social system. It has a formal structure that designates the superior and subordinate relationships. 5. Every relatively permanent organization has a body of doctrines and techniques. While these may, in a broad a general way, be common to other similar organizations, they also are to a certain extent unique and they give each organization a synthetic character on its own. 6. Every relatively permanent organization develops its own internal life which tends towards a closed system. The organizations develops needs of its own that are separate and distinct from overall goals. They deal with providing continuity in policy and leadership and the maintenance of continuous consent of the individuals who make up the organization as a whole. 7. In addition to its internal needs the organization has to adjust to a broader environment. It is subjected to a number of pressures from sources outside its immediate control.” (Wolf, 1958: 14)

In reminding that organizations and environments are socially constructed, it is claimed that organizations consist of nothing but ‘talk, symbols, promises, lies, interest, attention, threats, agreements, expectations, memories, rumors, indicators, supporters, detractors, faith, suspicion, trust, appearances, loyalties, and commitments, all of which are more intangible and influenceable than material goods’ (Weick, 1985: 128). In a socially constructed world, one’s cognitive map creates and labels the foreseeable territory. Thus, it ‘prefigures action and perception and encourages self-fulfilling prophecies’ (Weick, 1989: 245). This is the case in relation to the emphasis on vision in strategic management as elaborated earlier. However, it might be quite out of touch with the actual reality at hand.

Organizations can be seen as unique social forms that embody choice, visibility, and irrevocability. The organization embodies the act of people, the act of being organizing. This commitment-oriented description of organizations represents an act of organizing which means to impose order on it, whether it is the arrangement of ideas, time, people, or structure. The perception of organization or rather the action/commitment-oriented term ‘organizing’ turns the focus towards the action and responsibility of the individual to a higher degree than often seen in popular description as the ‘anthropocentric organization’ (Weick, 1989):

“To organize ideas is to make them into stories that explain and justify commitments. Organizing occurs because choice transforms underorganized perceptions into a more orderly pattern. Before a choice is made, all kinds of perceptions, hunches, experiences, and reasons are loosely connected to the process of deliberation. After a choice is made, however, those diverse meanings and loose connections become better organized because some of them support the choice, while others oppose it. Choice imposes value on information or, said differently, values are created by our choices. We do not choose an antecedent good, but make something good by choosing it. The key point is that each individual chooses himself or herself. Who we are emerges from our decisions, and if we make no decisions, then we are left only the vaguest sense of who we are as persons. In the beginning each of us exists as a field of possibilities. As we project ourselves into some of those possibilities and reject other ones, we begin to determine who we are and who we will be. Even if most of what we do is provisional, some portion of it is more permanent, more binding, and rules out more possibilities than other portions. Those binding decisions are the ones that define us.” (Weick, 1989: 245-246)

‘Organizing’ is suggested to consist of processes that ‘contain individual behaviors that are interlocked among two or more people’ (Weick, 1979: 89) and is defined as ‘a consensually validated grammar for reducing equivocality by means of sensible interlocked behaviors’ (Weick, 1979: 3). Contingent response patterns are the units of analysis in organizing where ‘organization’ is equated with the concept of interlocked behavior: ‘The structure that determines how an organization acts and how it appears is the same structure that is established by regular patterns of interlocked behaviours’ (Weick, 1979: 90).

Hereby organizational structure is not a response or reaction to neither the environment, nor a product of design, but develops naturally rather as a manifestation of self-interested individual behavior. As a social-psychological process, complex social structures as organizations emerge from complex social behavior as organizing. Sandelands & Drazin (1989) conclude that organizing consists of individual actions that become interlocked in patterns called organizations in which the process develops of its own accord and logic. This perception dissociates itself from the common focus of the external organizational environment as driver of organizational change as 'there are no ghostly forces intruding from the environment, nor decision-making élites choosing designs' (1989: 470). It is the complexity of these organizational processes that makes it impossible to grasp the organizational reality:

"While the minimal social situation, collective structure and mutual equivalence structures may seem bare, they are not barren. They are building blocks that can be aggregated into enormously complicated structures without the necessity of any single person knowing, understanding, or even visualizing that entire structure. ... The attractive feature of this is that we know that most organizations function quite well even though no one knows what's going on. As we've seen, no one needs to know. The coordination is built into simple structures, the assemblage of which creates units more complex than anyone can comprehend." (Weick, 1979: 109)

To think of organizations as processes instead of stable entities, creates and stresses a more dynamic entity. Linguistic metaphors have been used to emphasize the dynamic aspect of understanding organizations as processes. Eisenberg & Goodall (1993) understand the organization as either 'monological' or 'dialogical'. The monologue refers to the understanding of organizations as single stories based on the perspective of the organizational members that carry most power, and thereby dominate the organizational understanding. Alternatively, the organization can be seen as a dialogue in which the story is told by multiple voices, reflecting the diversity of the multiple members. Hereby the organization is re-theorized as ongoing dialogues, which construct plurivocal meanings and interpretations without any singular finality (Boje, 1995).

An emerging role of improvisation and intuition in management and organization

Increased attention is turned to the vaguely definable characteristics of the organizational everyday life. For instance, Rerup (1997) has produced a doctoral dissertation devoted to the role of improvisation in organizations. The jazz metaphor, often used in relation to improvisation in organizations and the organizing perspective of viewing organizations as processes, gives an indication of a tendency to a contemporary focus in organization theory that goes towards a 'muddling' through or incremental change perspective. To understand organizing according to Weick

(1989) is to understand jazz. He elaborates the following anecdote that transpired at the Center for Taped Music:

“It was announced that the Center was to present a new piece of music. Had you been a member of the audience that night, here is what you would have seen. When the curtains opened, a man walked on stage carrying a glass box supported by four legs, set the box down, and walked off stage. A man then walked on stage with a can of paint and a paint brush and painted a musical staff on each side of the box. He then painted the words *arco*, *pizzicato*, *fortissimo*, and *pianissimo* on each side, and then walked off. A man then walked out with a pitcher of water, poured the water into the glass box, and walked off. Four men in tuxedos walked out on the stage, two of them had violins, the third had a viola and the fourth a cello. They also carried folding chairs. They opened the chairs, sat down on them, and each man faced a different side of the glass box. A man then came on stage with a can and poured its contents into the glass box. The can contained six black goldfish. As the goldfish started to swim around inside the tank, they lined themselves up with the music staff through which the musicians were looking. The musicians played the notes they saw as the fish were moving, and that was the new piece of music. Visualizing that unusual event is a step toward understanding organizing. Organizing is a continuous flow of movement that people try to coordinate with a continuous flow of input. As is common in organizing, the music staff painted on the glass box imposed a structure on the flow and enabled the musicians to ‘make sense’ out of the flow. The music staff were merely one of several ways of making sense (e.g., you could also draw a matrix, Cartesian coordinates, or a tic tac toe grid on the glass box) but it was sufficient to enable the musicians to coordinate their actions, function interdependently, and make music together.” (Weick, 1989: 243)

The importance of improvisation is to see jazz as a metaphor for organizing. In organizations as in jazz ‘little structure goes a long way’ (Weick, 1989: 243). Hereby is meant that jazz improvisation, a jam session, begins with and gets its bearings from a melody and returns to that melody from time to time. The point being is that the melody becomes the pretext to a new improvised melody (Weick, 1989). This improvised melody can only be glimpsed in advance as can organizational development and strategy, as illustrated in figure 9, by the blend of emergent and intended strategy.

In reaching solutions, intuition, experience, and trial and error are necessary. The better performing companies have made some of their best moves by experimentation, trial and error, opportunism, and – quite literally – accident. What looks like brilliant foresight and preplanning in retrospect has often been the result of ‘let’s try a lot of stuff and keep what works’ (Collins & Porras, 1994: 9). It has been suggested that the desires to be consistent, competent, comfortable, and confident are key barriers to learning whereas improvisation challenges these desires by emphasizing the value of creativity, intuition, and impulsiveness (Crossan, 1997: 41). In reaching the ‘correct’ solutions, it is not only necessary to loosen up, but also to have specific characteristics. Improvisation is not about just opening the mind to new ways of doing things, it requires a deep understanding of the specific field that improvisation is engaged in. Shared characteristics that support improvisation include tolerance for change, initiative, and belief in teamwork and collaboration, as well as a culture of innovation, flexibility, risk-taking, and adaptive learning.

No leadership role has to be defined; the managers must make their own judgments about when to get involved, what to offer in trying to redirect the scene.

Thus, improvisation can be learned, but must be grounded in a traditional skill base and only then can the individual look beyond the status quo for new ideas and continuous reinvention: ‘To improvise in an organizational setting, individuals must be highly trained before they can adapt the technique to management practice. Therefore, they must first develop the process skills – listening, communicating, coaching, and time management – along with the substantive skills of the particular trade. A group’s improvising will be effective only if the individual members have good basic management and technical skills’ (Crossan et al., 1996: 28). However, if organizations want to improvise, it is necessary to rely more on camaraderie, mutual trust, and respect and less on artificial integrating mechanisms. It is not enough to read about improvisation. It has to be experienced in practice (Crossan et al., 1996: 28-30).

However, it has to be emphasized that relying more on improvisation does not mean rejecting what companies have been doing in terms of capability building:

“Companies need to sharpen their traditional skills and add to them. Improvisation builds on a strong set of basic skills. In music, to master his or her instrument, a jazz musician needs to develop and practice the same basic skills as an orchestral musician. But to improvise, the jazz musician needs an additional set of skills. People who are interested in implementing improvisation need to begin by developing their own capacity to improvise and cultivating their own leadership skills in where required. The next step is to extend these skills to the team.” (Crossan, 1997: 42)

Managerial activities in change: A brief insight

Building on the use of storytelling and narrative as constituting organizational reality, Conger illustrates the role of managers as:

“It is important that business leaders see their role as ‘meaning makers’. They must pick and choose from the rough materials of reality to construct pictures of great possibilities. An effective leader’s persuasion is of the subtlest kind, for he or she must interpret reality to offer images of the future that are irresistibly meaningful. In the choice of words, values, and belief’s chosen, you as a leader ‘craft’ reality to ensure commitment and confidence in the mission. Rhetorical techniques of metaphors, of stories, of repetition and rhythm, and of frames help to convey ideas in the most powerful ways. They ensure that strategic goals are well understood, that they are convincing, and that they spark excitement. If you as a leader can make an appealing dream seem like tomorrow’s reality, your subordinates will freely choose to follow you.” (Conger, 1991: 44)

The role of management can thus be seen as the meaning maker of the multiplex of stories and interpretations in the company. Both interpretation and discipline are necessary in management. In encountering the reality, interpretation is unavoidable, but discipline in the interpretation is

necessary to uphold an idea of or trying to grasp a shared reality with others members of a community.

Thus, Wilkins points out that in management it is important that it is the beliefs, not the programs, which are enduring. He emphasizes that the manager should focus on his beliefs and values, operationalize those beliefs in programs, policies, organizational structure, and incentive systems consistent with the beliefs and values, and change the operationalizations whenever necessary to remain competitive while still being consistent with the beliefs and values (Wilkins, 1984: 55). The exemplary ideal creates lasting values for the individual and therefore shifts from being illusionary ideas or theories to having practical value²¹. The ideal provides an image of thought in which relations and events from the historically given reality is related to the beliefs and values of thought. The construction is thus close to that of utopia, but imaginary value of the construction is necessary for continuous improvement as it implies a sense of direction and meaning for the individual. To illustrate the wide use of such imaginary metaphors in organization, Czarniawska-Joerges & Joerges give two metaphors for seeing the role of management of human resources in symbolizing the managerial attitude towards personnel management:

“There are two basics philosophies about development. One is the so-called engineering philosophy and the other is gardener philosophy. If you have an engineering philosophy about development you look upon people as pieces of metal that you put into a lathe and then into a grinding machine and then in to a lathing machine and then you put them into the oven to harden the surface and then perhaps you grind them again and finally you have a piece that fits perfectly into the organization chart. The only mistake with that particular philosophy is that it is poorly wrought. There is no way that I can develop and there is no way you can develop me. You develop yourself if you want to do it and if you feel inclined to do it. If the environment is such that you feel that you want to develop yourself.

²¹ The huge importance of symbolic belief can be seen in Wittgenstein’s belief in Christianity as explained by Monk (1991):

“[Wittgenstein] does not see it as a question of whether Christianity is *true*, but of whether it offers some help in dealing with an otherwise unbearable and meaningless existence. ... Christianity was for him [Wittgenstein] ... ‘the only *sure* way to happiness’ – not because it promised an after-life, but because, in the words and the figure of Christ, it provided an example, an attitude, to follow, that made suffering bearable.” (Monk, 1991: 122, 123)

The Wittgensteinian point of belief is also seen in Nietzsche, who puts it like:

“It is false to the point of absurdity to see in a ‘belief’, perchance the belief in redemption through Christ, the distinguishing characteristic of a Christian: Only Christian *practice*, a life such as he who on the Cross *lived*, is Christian ... Even today *such* a life is possible, for *certain* men even necessary: genuine, primitive Christianity will not be possible at all times ... *Not* a belief but a doing, above all a *not-doing* of many things, a different *being* ... States of consciousness, belief of any kind, holding something to be true for example – every psychologist knows this – are a matter of complete indifference and of the fifth rank compared with the value of the instincts ... To reduce being a Christian, Christianness, to a holding of something to be true, to a mere phenomenality of consciousness, means to negate Christianness.” (Nietzsche, 1968: 163)

Therefore, it is much better to take a gardener attitude. You look upon the company as a garden with plants all around. Then it is the responsibility of the gardener to walk through this garden and water some plants, give them a little extra soil, perhaps fertilizer sometimes, and perhaps one plant is sitting there in the shade and needs more sun, so you pick it up and move it into the sun and if someone in the sun doesn't want this should be put in the shade and perhaps somebody in sandy soil should be moved over and put into some other kind of soil and sometimes you have to remove some undesirable plants that hinder the growth of the others. And if you look upon the company this way, then things start to happen." (Combined from Czarniawska-Joerges & Joerges (1988: 181-182) and Czarniawska-Joerges & Joerges (1990: 346) by the author)

Obviously the gardener philosophy corresponds well to the idea of value based management, which was discussed in chapter 10.

Summary of chapter

It is argued that in telling a story a space for the representation of the reality, within which individuals find themselves, is created which allows for a more complex representation of organizations. It is further argued that the narrative approach leaves much more room for doubt, uncertainty, contradiction, and for paradox aspects of organization that necessarily disappear under 'rigorous' analysis. The narrative approach is as concerned with artistry and imagery as it is with content and categorization. What is important is that the discursive practice of the narrative approach provides an alternative method of thinking and talking about organizations where it reveals new and interesting aspects of organizational phenomena. Stories about experiences in organizations are written, the stories that organizational members tell are passed on by researchers, and organizational stories about organizations and their members are constructed.

Creative measures need to be taken in by management in order to comprehend the postmodern dimensions in organizations and industries, and for finding new ways of managing which increasingly take dimensions of creativity, intuition, improvisation, and impulsiveness into account. Assumptions about the organization's environment and corresponding tasks have changed as change rather than stability tends to be the dominant factor of certain industries, especially high-tech industries. The environments that these companies find themselves in tend to be characterized by being largely unknowable, unpredictable, and fast moving.

For management focus is suggested to be on its beliefs and values, instead of a focus on predictable surroundings or futures, and operationalize those beliefs in programs, policies, organizational structure, and incentive systems which are consistent with the beliefs and values.

Part 3. Stories about significant events in Hewlett-Packard: Uncovering the organizational culture

In the previous parts, the function of stories or narratives has been narrowed down into a framework for use and understanding in organizational analysis. Narratives or stories are seen as having certain structural features, which Rappaport points out:

“These features include event sequences arranged in context over time. Thus they are different from abstract principles (rules) that tend to be acontextual and static. Narratives also serve certain functions: They communicate to members and others what the community is like, how it came to be that way, and (sometimes implicitly) what behavior is expected. Narratives are powerful devices for effective communication. Some scholars have suggested that the narrative is the defining characteristic of a community.” (Rappaport, 1993: 249)

Thus, the stories can even be understood as the foundation of organizational culture. The organizational culture that constitutes an organization is communicated through these stories because of their implicit or tacit nature. Organizational stories are often about critical, dramatic events in the life of the organizations (Czarniawska, 1997b: 78), and the illustration hereof will be exemplified by stories compiled from the history of Hewlett-Packard in the present part.

It has been emphasized that a growing number of companies are realizing that the flexibility they need to survive in fast-paced, turbulent environments resides in their employees (Zell, 1997: 160). It has also been realized that the predictability as it previously has been known and used in strategic management and vision management has left this environment. Thus new ways of understanding the organization and thereby its management possibilities are investigated. They involve approaching and understanding the management of human resources in a different way. The employees should neither be managed and controlled nor having envisioned a potential future. The employees should be led to understand the basic values that are fundamental to the company. When they understand these, they are, to a large degree, able to understand and act consistently with the company’s goals and wishes. Understanding the basic values, which lies implicitly and tacitly at the depth of the company’s culture, is a hard task. Therefore, it is suggested that these values are communicated in the most natural and basic way: through stories. This is a business imperative.

The stories also function to obtain cohesion in the organization to assure that the various individuals and subunits cooperate for the good of the whole. Wilkins (1984) points out that when interviewing managers and employees at a successful major electronics firm, he found that the

managers and employees could not define in mere words what the basic cultural understanding or ‘company way’ was. However, they could define it using stories, which were well known in the company. These shared stories provide the means to explain to new employees and outsiders as well as to remind older company members ‘who we are’ and how the company operates (Wilkins, 1984: 42). Mitroff & Kilmann explain the function of the stories of unique events as ‘the story becomes the corporate myth and is the transcript that establishes and perpetuates corporate traditions. ... The corporate myth is the “spirit” of the organization and is infused into all levels of policy and decision making’ (1976: 190).

It is these stories of significant events in the organization, which also can be seen as constituting the organizational culture. In this part, the corporate stories about significant events in the history of Hewlett-Packard will be investigated, as these constitute a way of functioning that has made Hewlett-Packard a survivor by continuous improvement through the entire lifetime of the company in a business where it is hard to survive. In a cultural and symbolic perspective, the idea can also be seen as a way of ‘bringing out the best in people’ by the close relationship between the core values of the company and an *esprit de corps* as Alvesson & Berg emphasize:

“One concept often used to capture the overall character of the individual members’ identification with the company is that of corporate spirit. The argument advanced is that a strong corporate spirit – *esprit de corps* – elicits collectively desired actions, i.e. actions which are not necessarily in line with what is best for the individual members. To ‘stand up for the company’ illustrates these ideals which are fostered by hero myths and war stories.” (Alvesson & Berg, 1992: 141)

In creating a cogent image of the company values, this is communicated through the organizational stories, the organization forces the members to act according to the produced image (Alvesson & Berg, 1992: 161). This has also been labeled as ‘meta-management’ where the direct influence by the management on the individual members of the organization is limited. Rather, management becomes a question of creating cultural conditions for collective action by for instance affecting values and other types of collective cognitive structures (Alvesson & Berg, 1992: 150).

Having given an introduction to an overall understanding of the function of organizational stories, the focus is now turned to the significant events that have taken place in Hewlett-Packard, which constitute the story of organizational culture at Hewlett-Packard.²² The stories of Hewlett-Packard, that are being set forth in this part, are largely based on newspaper articles, journal arti-

²² Identifying significant events in a company’s history has, for varying intentions, previously been used both by Jensen (1998) and Morsing (1995) in organizational analyses of the Danish hearing aid manufacturer Oticon.

cles, books, and internal material from Hewlett-Packard in order to give an account of how Hewlett-Packard is pictured as an ideal. This ideal will be discussed in the next section where a closer look is taken at the corporate reality at Hewlett-Packard in Denmark, and how the corporate ideal of Hewlett-Packard functions in practice.

The stories in the present part have been singled out in order to give a good account of the practices of Hewlett-Packard with emphasis on the organizational culture. The six stories have been compounded by the author on a purely subjective criterion; they each had to contribute significantly to an understanding of the organizational culture and the corporate stories of Hewlett-Packard. These stories which are presented in the following chapter are all the kind of stories that earlier in the dissertation, in chapter 7, was labeled formal stories: Formal stories are stories that communicate official policy and how things are done in the organization to both internal and external stakeholders on a superficial level. Formal stories could urge employees to behave in a certain way in the organization. Formal stories communicate a sense of direction for a company's stakeholders. Through the formal stories about Hewlett-Packard the values that the founders originally built the company on, and which still are seen as a competitive advantage in that they create a shared vision of direction and behavior in the company, are communicated to employees and other stakeholders.

The formal stories are thus used both inwards in the company to implicitly set directions for behavior or conduct, and outwards to picture an image of an ethically correct and responsible company that cares much for its employees and the like. By emphasizing the importance of the formal stories and communicating these, their values are integrated and diffused in the company, and gradually they affect the informal stories in a company. These informal stories are the ones that for instance give meaning to ambiguous incidents that employees encounter in the company. Thus there is an important relation between formal and informal stories. If management, for instance, does not act in accordance with the formal stories, informal stories among the employees may arise in order to communicate and explain this divergence. Furthermore, informal stories among employees might function to explain or make sense of elements in formal stories that either are vaguely set forth or seen as paradoxical in a specific situation that an employee might find oneself in. For instance are the peculiarities of the HP Way, the company philosophy of Hewlett-Packard, explained in chapter 16. It is seen that many elements hereof are somewhat vaguely stated in order to persist over a longer period and to be flexible enough to adapt to a number of situations as discussed in chapter 10.

The first story, *The start-up of Hewlett-Packard*, gives an account of the start-up of Hewlett-Packard and an account of the founders' background for their idea of a special way of managing and doing business at Hewlett-Packard. *Salary cut to avoid lay-off and borrowing*, the second story, elaborates on a special business practice at Hewlett-Packard in which long-term debt taking is banned, and to avoid this as well as to avoid laying people off in crisis situations, management and employees can be asked to take a voluntary pay cut. The practice of a temporary salary cut began as a single incident but has afterwards become an institutionalized practice at Hewlett-Packard. The third story, *The photocopying room episode*, describes a situation in which integrity and consistency between company policy, the HP Way, and managerial behavior in practice is shown. *The lock busting episode* is the fourth story set forth. It largely shows that the trust and confidence in the employees of Hewlett-Packard by management goes beyond the management rhetorics of the HP Way. *Making the company philosophy, the HP Way, explicit* gives an account of and explains the HP Way more in detail than in previous chapters. It gives an account of how and why it was constructed, and how the individual elements of the HP Way interact. The last story, *David Packard's intervention to maintain emphasis on the corporate philosophy*, is especially a significant one. It tells the story about how Hewlett-Packard had become too bureaucratic and 'traditional' in the late 1980s, and how the founders had to intervene in order to save their lifework, partly by emphasizing the virtues of the HP Way as a business imperative.

Chapter 12. A story about significant event number one: The start-up of Hewlett-Packard

Hewlett-Packard was founded at a meeting on August 23, 1937 in Palo Alto, California, when David Packard and William Hewlett both were aged 26. They had recently graduated with degrees in electrical engineering from Stanford University. The official founding occurred in early 1938, their partnership was formed on January 1 in 1939, and their first product was sold in 1939 (Collins & Porras, 1994: 23). A coin was tossed to decide whether to name the company Packard-Hewlett or Hewlett-Packard. Needless to say, Bill Hewlett won.

Initially, they just agreed that they would start a company together. They did not have any plans when they started; they decided to first start a company and then figure out what they would make. No great idea drove Bill Hewlett and Dave Packard. They only had the idea of starting an engineering company, they did not know what to make, but eventually they invented the audio oscillator, which laid the foundation for their future success. Their success lead some to the conclusion that: 'Entrepreneurs shouldn't wait for a whopper idea. It's more important to start a company and create mechanisms that will continually spin out great ideas' (Maney, 1994). According to Hewlett, professors of management are devastated by this message when Hewlett occasionally comes to talk to prospective managers at business schools.

Their approach was 'strictly opportunistic' within the broadly defined 'radio, electronic, and electrical engineering field'; Packard emphasizes this in his memoirs': 'We were just opportunistic. We did anything to bring in a nickel' (Packard, 1995), and three dollars a day was all they thought about, according to Packard (Davis, 1995). Their start-up capital amounted to \$538 borrowed from their old professor Frederick Terman from Stanford University (Fisher, 1997).

Frederick Terman had a huge influence on Hewlett and Packard at several stages of their development. It is said that if Hewlett and Packard were the fathers of Silicon Valley then Terman was the grandfather. Inspired by Terman's idea of coupling business and universities closer together, Hewlett and Packard initiated Silicon Valley, close to Stanford University. From there they began establishing their company from a list of ideas of business practice which included: 'Help the employee; be as creative as possible; establish an open environment that allows workers to stroll into their bosses' offices and pitch an idea; do not concentrate all of the company's power in its executives; let the employees make decisions in cases where they know best; do not look at the competition as a blood enemy, but find ways to work together for mutual benefit; tie

your success to that of the university community' (Bliss, 1997). These practices later became known as the HP Way which is described later.

Hewlett and Packard tried anything that might get them out of the garage of Packard's rented house in Palo Alto, California, and pay the electricity bills. They succeeded and moved out of the garage in 1940. Products that were considered in the early years included welding equipment, shock machines for weight reduction, automatic urinal flushers, bowling alley sensors, radio transmitters, public address systems, air-conditioning equipment, clock drives for telescopes, medical equipment, and oscilloscopes (Collins & Porras, 1994: 244).

However, their first real invention was a limelight, low-cost audio oscillator for generating high-quality frequencies. After stumbling along for nearly a year, they got an order from Walt Disney Studios in 1939. It was their first important customer, which ordered eight of their HP200 audio oscillators to test an innovative sound equipment during the production of the classic movie *Fantasia* (Fisher, 1997). The HP200 audio oscillator improved upon existing audio oscillators in price, size, and performance. After this order, however, Hewlett-Packard continued in its unfocused ways with introducing different experimental products until they got a boost from war contracts in the early 1940s (Collins & Porras, 1995: 82). Hewlett-Packard was just one of several electronics firms that were starting up on the West Coast in the late 1930s, a trend that accelerated during the second world war. However, Hewlett-Packard is the only one from those days to have survived as a major force in the industry (*The Economist*, 1995). Furthermore, Hewlett-Packard is the only major high-tech company that went through all the years without a major crisis and without deficit at any time. Likewise, Hewlett-Packard has never had major layoffs. In the 1970s recession, employees were asked to take a 10% pay cut but no one was laid off, and Hewlett-Packard has consistently engineered higher productivity with growth, not with cutbacks (Linden & Upbin, 1996).

By starting small, Packard and Hewlett came to acknowledge the advantages of small size and controlled growth. They were dedicated to preserving a small company atmosphere and to keep the company flexible through a decentralized structure. As the company grew, they kept splitting up divisions when these reached 1,500 employees (Flanigan, 1996). Already in 1940, David Packard had incessantly been using the now well-known term 'continuous improvement' (Collins & Porras, 1994: 188). While other companies talk about decentralization, Hewlett-Packard has been the prototype of decentralization. However, the rule of splitting up divisions is

no longer strictly followed, but the divisions still have complete responsibility for their own strategic decisions and bottom lines (Linden & Upbin, 1996).

The small company atmosphere is also emphasized by a persistent use of first names to maintain an informal spirit. To illustrate the point, a story goes about a recently hired young man that is sent with a delivery to Bill Hewlett. The young man addresses Bill Hewlett as 'Mr. Hewlett', to which Hewlett responds: 'Oh, you must want my father. My name's Bill' (Wilkins, 1989: 100). The story has been interpreted and used by many to underline that despite differences in assignments, skills, and experiences there is no difference in the employees' worth as individuals and that Hewlett-Packard is built in the spirit of equality and teamwork.

Hewlett-Packard started as a small shop, and afterwards it has evolved into a collection of small shops, largely autonomous divisions tied together only by a strong sense of shared values and explicit profit objectives. The dedication by Hewlett and Packard evolved into a management strategy known as the HP Way, which for example included an open-door policy for employees; small, decentralized and autonomous divisions; flexible hours; and management by walking around, as opposed to sitting in the office (Davis, 1995). The HP Way is a set of policies regarding products, pricing, customer relations and employee responsibilities that all staff has to know and live by at all the company's far-flung locations. The HP Way will be explained more in depth in a subsequent chapter.

From the beginning Hewlett-Packard has epitomized uncommon virtues: The company has constituted an open, egalitarian, adaptable, and innovative working environment. There has never been any offices at Hewlett-Packard – neither for supervisors nor for staff engineers. Not even for the executive officers, and this is still the case. The workplaces are separated by low-rise partitions in a light and airy room with walls mostly of glass. The design was intended to encourage the sharing of ideas and an esprit de corps, fostering a modest, hard-working culture. Packard's credo was 'Get the best people, stress the importance of teamwork and fire them up with the will to win' (Flanigan, 1996) and his motto was 'only innovate in bite-sized chunks' (Wilsher, 1992). The initial management style was a practical, no-nonsense style, with a 'let's roll up our sleeves and get down to work' attitude (Collins & Porras, 1994: 56). For many people, such words are mere management rhetoric. For Packard, they were a business plan.

Hewlett-Packard learned humility early, due to a string of failed and only moderately successful products. Nonetheless, Hewlett and Packard kept trying and experimenting in order to figure out how to build an innovative company that would express their core values and earn a substantial

reputation for great products, which has been the two most important factors at Hewlett-Packard. It will be seen later how interlinked these factors are in a complex system. Hewlett and Packard made a transition from designing products to designing an organization, to create an environment that is conducive to the creation of great products. In 1964, Packard said in a speech that the important problem for a company is how to develop an environment in which individuals can be creative. And he emphasized that his belief was that a great deal of thought has to be concerned with the organizational structure to provide such an environment. This was elaborated in a 1973 interview in which an interviewer asked Packard what specific product decisions he considered the most important to Hewlett-Packard. His answer did not mention any single product or any product at all. Packard answered entirely in terms of organizational decisions. He did not focus on product innovations but on designing a strong company infrastructure, and included: the development of an engineering team, a pay-as-you-go policy to impose fiscal discipline, a profit-sharing program, personnel and management policies, the 'HP Way' philosophy of management (Collins & Porras, 1995: 86).

According to Packard, the position of Hewlett-Packard was: Hewlett-Packard was managed 'first and foremost to make a contribution to society' and that their 'main task is to design, develop, and manufacture the finest electronic [equipment] for the advancement of science and the welfare of humanity'. However, it was also made clear that only profit enables Hewlett-Packard to pursue these broader aims, 'anyone who cannot accept [profit] as one of the most important [objectives] of this company has no place either now or in the future on the management team of this company' (Collins & Porras, 1994: 57). This view became institutionalized, and it was passed along to John Young, who commented on it as follows:

"Maximising shareholder wealth has always been way down the list. Yes, profit is a cornerstone of what we do – it is a measure of our contribution and a means of self-financed growth – but it has never been the point in and of itself. The point, in fact, is to win, and winning is judged in the eyes of the customer and by doing something you can be proud of. There is a symmetry of logic in this. If we provide real satisfaction to real customers – we will be profitable." (Collins & Porras, 1994: 57)

Hewlett-Packard has evolved into a collection of more than sixty divisions that have worldwide responsibility for their product lines. Hewlett and Packard have set up the divisions to encourage autonomy and creativity, to avoid bureaucracy, and to encourage problem solving at the lowest possible level. Many divisions are vertically integrated, with their own research and development, manufacturing, marketing, personnel, controllership, and quality-assurance functions, although these may be geographically dispersed. After the last major organizational change in the

late 1990s, Hewlett-Packard focuses more on divisions across national borders than keeping divisions within country borders. New divisions are created when a product line becomes large enough to support continued growth from its profits. Divisions with related products are often linked together by a common strategy into groups that have their own field sales organizations, making it possible to offer fully integrated solutions to customers and to consolidate marketing efforts.

Hewlett-Packard has been called an introvert company. They believe that the best ideas come from within (Zell, 1997: 123). Thus a high degree of trust in the employees is given. However, the entrepreneurial, incremental evolutionary style has meant a slow growth as compared to most high-tech companies. It has been a long-term investment, and it has taken Hewlett-Packard nearly 40 years to reach a revenue of \$1 billion (*The Economist*, 1997).

At the end of its first year, the company had just above \$5,100 in revenue and had made a \$1,300 profit (Collins & Porras, 1994: 244). Over the next fifty years, Hewlett and Packard built the company into a major designer and manufacturer of a wide range of products, including computer systems and peripherals, integrated instrument and computer systems, hand-held calculators, medical electronic equipment, and instrumentation and systems for chemical analysis. In 1995, the company employed more than 94,000 people in more than 60 divisions worldwide, produced more than 11,000 different products, and generated \$31.5 billion in revenue (Linden & Upbin, 1996). Today, the number of employees is about 120,000 worldwide, the range of products has reached 18,000 with annual revenue of \$43 billion (Brown, 1998).

Until 1992, there had been 3 corporate executive officers at Hewlett-Packard. On average they had been on their post for 18 years, and no one was recruited from outside Hewlett-Packard. In 1964, the year of the company's 25th anniversary, Dave Packard is elected chairman, and Bill Hewlett is elected president. In 1977, John A. Young is appointed president and in 1978, chief executive officer (Cassidy & Dougherty, 1989). Young was known for practicing what he called 'just-in-time worrying': not bothering with a task until he absolutely must. The critical factor for Young was speed, which has led to a tremendous growth in Hewlett-Packard while Young has been in command. He retired by the end of October 1992 after 14 years as president and CEO, and after having been employed at Hewlett-Packard for 34 years (Uttal, 1985; *Fortune*, 1989; Halper, 1992). The current president and CEO Lewis Platt replaced Young by November 1. (Grünbaum, 1993; *Computerworld*, 1992). Lew Platt had at that time been at Hewlett-Packard for 26 years (*Computer Reseller News*, 1997). David Packard retired in 1978 but remained the

company's chairman until 1993, after which he left the position as chairman to Platt as well (*Star Tribune*, 1996).

Implications

This story of the beginning of Hewlett-Packard gives an account of the founders' intentions with the company. They did not solely focus on profit and growth, but had a number of ideas about how a business should be run, especially in relation to how employees should be treated. In the years following the start-up of Hewlett-Packard, they tried to carry out these distinctive ideas. It has resulted in a unique and implicitly defined company culture that has been called the HP Way of doing things. Not until 1957 this way of doing things at Hewlett-Packard was made explicit in a document but a number of things are still left for the interpretation of the individual employee.

Chapter 13. A Story about significant event number two: Salary cut to avoid lay-off and borrowing

In Hewlett-Packard it has become an institutionalized practice to take a salary cut in periods of crisis to avoid lay-offs and borrowing. This is described in a story about how the company avoided a mass layoff in the early 1970s when most other companies in the electronics industry were forced to lay off employees in large numbers. However, the top management of Hewlett-Packard chose to avoid laying off 10 percent of their employees by asking all staff, including themselves, to take a ten percent cut in salary and come to work only nine out of ten days, which became known as the nine-days-fortnight (Wilkins, 1984: 46). The event has been used as a symbol to communicate that Hewlett-Packard is a 'company with a heart'.

It was discovered at Hewlett-Packard that there had been a serious decline in orders. It had affected the entire industry, and at Hewlett-Packard, it resulted in a ten percent shortage in cash for the payroll. However, two factors influenced the decision not to lay off any staff. Top management felt committed to uphold the virtues of the HP Way, which emphasizes the value of teamwork and long-term employment, and it was concluded that in Hewlett-Packard it is important to share both in the good times and in the bad. As an opportunity to demonstrate the depth of their commitment, they asked everyone in the company, themselves included, to take the cut in salary and come to work only nine out of ten days. Furthermore, a program was instituted in which employees from the most affected divisions were transferred to other divisions, and the employees were given cleaning, repairing work and the like so production of goods for inventory was avoided (Wilkins, 1989: 100).

Hewlett and Packard had decided early on that Hewlett-Packard should not be a 'hire and fire' company. It was important to them to keep their employees for a longer time in order to provide a sense of job security for the employees, and because it took a while to absorb the company culture. However, to consistently follow this policy, they had to turn down many lucrative government contracts since such contracts meant hiring a large number of employees for a year or two and then laying them off when the contract ended. And at Hewlett-Packard, employees are rather fired for being dishonest than for being incompetent. The reason is that it takes time to learn how to work and behave fully consistently with the company philosophy, so Hewlett-Packard tried to find other jobs for people that have been at the company for a long time but have become superfluous (Wilkins, 1989: 109).

Before it came to the unconventional step of salary cuts other measures had been taken. This included a hiring freeze, a travel freeze, and the elimination of prerequisites, which then later was combined with the salary cut since these measures were not sufficient. The unconventional use of pay cutting in a time of crisis is used at Hewlett-Packard for two reasons. First, they are applied to give employees a sense of job security, and, second, they make it possible to avoid to engage in long-term debt. Hewlett and Packard decided in 1940s that they did not want to be a 'hire and fire' company, they 'wanted to be in business for the long haul, to have a company built around a stable and dedicated workforce' (Packard, 1995: 129). At Hewlett-Packard the firm's engagement in a relatively high-risk industry is thus counterbalanced with a conservative financial policy. This balance is seen as a key element in the company's distinctive competence.

It is a strategy that has been developed intentionally after events in the aftermath of World War II, at a time when Hewlett-Packard was less than ten years old and its revenue had declined by 50 percent as defense contracts dried up by the end of the war. Hewlett-Packard was facing an imminent cash flow crisis that was threatening the very survival of the company, and Hewlett-Packard had no prospects in commercial markets that would immediately solve the problem. In 1946, sales dropped from about a million and a half to something like half of that (Collins & Porras, 1994: 190). Hewlett and Packard took a number of actions and decided that in the future they would avoid such a situation at all costs:

“... First, they cut payroll by approximately 20 percent. ... Second, they vowed that they would never again allow themselves to be overly dependent on the hire-and-fire government contract business. ... They decided to take advantage of the fact that all defence-funded institutions were facing hard times, and they therefore set out to hire talented scientists and engineers who had been engaged at government-funded research laboratories during the war. They also decided to keep their best and foremost expensive in-house talent, not wanting to make cuts that would have been damaging in the long term ... And in fact, the company struggled through a painful postwar adjustment and didn't start to grow rapidly again until 1950. But HP's farsighted investment in 1946 paid off handsomely over the next two decades as its engineering team introduced a slew of innovative and profitable new products. As the company grew, Bill Hewlett and David Packard constantly emphasized the importance of never compromising the long-term principles and health of HP for the sake of quick, excellent profits. For example, David Packard pointed out in 1976 that anytime he discovered an employee had violated HP's ethical principles in order to increase short-term divisional profits, the individual involved was fired – no exceptions, no matter what the circumstance, no matter what the impact on the immediate bottom line. HP's long-term reputation, in Packard's view, had to be protected under all circumstances.” (Collins & Porras, 1994: 190-191)

Packard and Hewlett grew up during the depression and after having seen what banks could do to companies, Packard swore that he would never take on long-term debt. His father was in 1929 appointed bankruptcy referee and it was while helping his father with case filing that Packard discovered the troublesome consequences of taking on long-term debt. Thus, Hewlett-Packard

was to grow on profits alone, and it did not go public until nearly its 20th year in 1957 (*The Economist*, 1995).

The problem of cash shortage arises when a new product does not generate as much profit as anticipated so the strategy is to have more than enough cash to avoid servicing interest on long-term debt that would make them focus on consistent cash flows rather than long-term innovation. It can be reflected by the fact that in 1963, more than 50 percent of Hewlett-Packard's sales came from products introduced in the previous five years; by 1990, 50 percent of sales came from products introduced in the previous three years (Collins & Porras, 1994: 207-208).

Thus, long-term debt is avoided. The policy is called 'pay as you go', which is a powerful mechanism but totally irrational to sophisticated financial models. According to financial models, a company like Hewlett-Packard should establish debt in order to maximize its value. However, such models fail to account for the powerful internal disciplinary effect it has on people: 'such a mechanism may not be considered rational, but it produced a whole company of incredibly disciplined general managers skilled at operating with a level of leanness and efficiency usually only found in small, cash-constrained companies. As a HP vice president described: This philosophy provides great discipline all the way down. If you want to innovate, you must bootstrap. It is one of the most powerful, least understood influences that pervades the company' (Collins & Porras, 1994: 189-190).

However, another incident took place in Hewlett-Packard that both emphasizes and explains the policy of avoiding long-term debt. In this incident Packard makes clear what is acceptable and what is not, what is management rhetoric and what is not. Implicitly he makes clear that the unconventional management in Hewlett-Packard is built on an interlinked understanding of the 'HP Way' and a strict and conservative financial management as will be discussed later:

"While Packard, the president, was on a three-year leave of absence to work with the federal government, some people had begun to drift toward priority for rapid growth. When Packard returned, he found that the company was getting ready to borrow \$100 million in long-term debt to cover a cash shortage that had resulted from rapid growth. Shocked at this violation of HP philosophy, the president stayed in his office for two days and examined HP's accounting records. He then called an emergency meeting of the company's top two hundred managers and made a dramatic speech: 'Man have said we need to take on long-term debt. I don't believe it. Look at these figures. They tell me that our inventories and receivables have grown faster than our sales. No wonder we are cash short! We don't need long-term debt. We need management! And if you can't manage your inventories and receivables better than this, heads will roll! Now if we can pull together, we can work our way out of this problem within a couple of years without incurring any new long-term debt. Let's go to work!' Within six months, the company had made up the shortage and posted a \$40 million cash surplus. In this case, David Packard was defending the integrity of the institution at a critical moment." (Wilkins, 1989: 134-135)

Hewlett-Packard has never had a major layoff. As mentioned earlier, during the 1970s recession employees were asked to take a 10 percent pay cut, but no one was fired (Linden & Upbin, 1996). In business downturns, employees who are no longer needed are transferred to other divisions that are growing. Other possibilities are used to avoid firing people. For instance, in the 1990s, when the company was forced to reduce its workforce, an event that is described more in depth later, it did so by early retirements and a program of voluntary severance.

After the first incident in which the salary cut solution to avoid lay-offs and long-term debt taking was used, this has become an institutionalized practice at Hewlett-Packard in times of crisis as a number of examples has proven. Because individual divisions are responsible and held accountable for their own performance and profitability, these actions can, depending on the situation, be taken only within a single division that struggles with its bottom line, and it can be chosen that the salary cut only applies to top management level. Currently, a crisis at Hewlett-Packard worldwide is forcing top management at all divisions to take a salary cut. The peculiarities are explained in the following.

A 13 percent decline in quarterly earnings was reported on May 16 by Hewlett-Packard for the fiscal quarter that ended April 30, after having warned two days earlier that its results would show unexpected weaknesses, largely because of lower prices for personal computers (Fisher, 1998). The Hewlett-Packard stock had been languishing for the last eight months (Hamilton, 1998), and the seriousness of the crisis was underlined by *Wall Street Journal*: 'Hp's chief executive officer, Lewis E. Platt, can expect a grilling Wednesday at the company's annual meeting with analysts in New York' (1998). According to Platt, profitability was down because of pressure on PC prices, weak Asian economies, and 'an unacceptable' increase in operating expenses (*InformationWeek*, 1998).

As always when there is talk of crisis in Hewlett-Packard, it does not mean that the company was experiencing a deficit or the like. It simply meant that Hewlett-Packard was not experiencing the growth and profitability that had been expected. Thus, when the 1998 statement was published, it showed growth and progress compared to the 1997 statement was more moderate than expected (Hilbert, 1998).

The actions that will be taken to make up for this correction in 1998 will affect around 2,400 middle and top level managers at Hewlett-Packard by a voluntary five percent cut in their salary during a period of three months in 1998. It is a means to compensate for the period's disap-

pointing account figures. The salary cut is temporary and takes effect in August, September, and October, which is Hewlett-Packard's fourth quarter in their 1998 accounts.

Another initiative will be to keep the American divisions closed in the four days between Christmas and New Year, which is suggested to the international divisions as well (*Computerworld*, 1998). Not only are Hewlett-Packard reducing the managers pay, they are also planning to reduce the work force. How many was not announced, but as Hewlett-Packard does not fire employees it will happen through voluntary severance, which includes a relatively generous financial package for those willing to leave. Lew Platt announced it at a conference in Singapore in the beginning of September 1998, where it was also said that the reduction would affect the global Hewlett-Packard work force, and presumably all divisions and departments as well (*Computerworld*, 1998a).

One of the basic beliefs in Hewlett-Packard has been that factories should be able to operate in the same place for a very long time, and that the ability of each factory to attract and keep qualified people was the key to keeping the factories vital (*Harvard Business Review*, 1997). So far Hewlett-Packard has never closed any of its factories worldwide, but lately it has been decided to quit mass-producing inkjet printers in Clark County in the United States. The design and marketing of inkjet printers for home and office will remain at Clark County while all the manufacturing of inkjet printers will be moved. A large job-restructuring, which is the biggest in Hewlett-Packard's history, has been instigated to avoid laying off any of the 1,200 affected employees in the local work force. Two months after the announcement, solutions are being sought for the employees. A wide approach is taken to help the employees to find other work including an internal 'job fair' that includes divisions around the United States and the establishment of a transition resource center at the affected site (Dirks & Herrington, 1998).

Hewlett-Packard has a certain set of layoff plans. Under these plans, employees are notified that their jobs are to be eliminated but that they will remain on the payroll for a specific period of time – usually six months. From this point on, their job becomes to find a new job, inside or outside the company. Hewlett-Packard offers retraining opportunities, and placement specialists are assigned to aid each of the employees, and in some cases no new outsiders are hired until the endangered employees has had a chance to train for other jobs (Labich & Davies, 1996). In Clark County, the company has furthermore guaranteed a job somewhere in the United States to any of its employees that wants one. Between 200 and 250 people are expected to take that option. The

rest, about 900, have chosen the voluntary severance package offered by Hewlett-Packard, because many wish to stay in Clark County (Brown, 1998a).

Implications

A comparative study in the late 1970s resulted in the conclusion that Hewlett-Packard had the lowest voluntary turnover rate, the most experienced workforce in the industry, and one of the highest rates of growth and profitability, which largely was ascribed to the peculiar HP way (Ouchi, 1981: 118).

Hewlett-Packard's policies about avoiding lay-offs combined with its policy of avoiding taking long-term debt have resulted in a low employee turnover rate and in employee job-security. Hewlett-Packard has never had a deficit but has shown growth and positive numbers year after year, which is unique in the high-tech business. However, the conservative financial policy has made Hewlett-Packard grow slower than it otherwise would have done, and it has been questioned whether it has been an advantage to Hewlett-Packard. Intentionally or not, Hewlett-Packard has had a controlled growth, a strict financial policy, and a unique way of handling emerging crisis situations. The present story emphasizes an emerging picture of the highly unique way of managing at Hewlett-Packard. Few other companies would have succeeded in asking their employees to take a pay cut when the company was not even showing negative numbers. However, it is part of the web of uniqueness that seemingly works at Hewlett-Packard.

Chapter 14. A story about significant event number three: The photocopying room episode

This briefly described event is one that contributes to the communication of a story about management consistency in Hewlett-Packard. It is about how Bill Hewlett reacted as well as not reacted in an incident when he was 'caught' in a situation in which he had forgotten one of his own policies. Bill Hewlett, then company president at Hewlett-Packard was doing some photocopying after hours wearing a white lab coat. It is told that Hewlett always has had a great interest in research and development, and that he often was seen in the laboratories in a lab coat after normal working hours. Wilkins gives an account of the event:

"A new secretary who was closing up the laboratory saw him and asked accusingly, 'Were you the one who left the lights and copy machine on last night?' 'Uh, well, I guess I did,' was the reply. 'Don't you know that we have an energy-saving program in the company and that Bill and Dave have asked us to be particularly careful about turning off lights and equipment?' she asked. 'I am very sorry. It won't happen again,' returned Bill. The sequel to the story is that two days later the secretary passed Bill, who was now dressed in a suit and wearing a name tag, when she visited the main office building. 'Oh no,' she thought. 'I chewed out the company president'." (Wilkins, 1989: 101-102)

The episode did not get any consequences for the secretary; she acted in good faith and it is thus emphasized that rules and policies of the company are to be followed by all, no matter the rank.

Implications

In this brief account of an incident that took place in Hewlett-Packard's research labs, it is seen that Bill Hewlett did not pull rank on the secretary. The moral of the story is a message to all employees at Hewlett-Packard that even top management acts consistently with the virtues of Hewlett-Packard, and it emphasizes that people are to be treated with respect and as equals.

Chapter 15. A story about significant event number four: The lock busting episode

The event described here lies behind a story about the confidence that Hewlett-Packard places in people. It concerns an incident that happened one weekend when Bill Hewlett stopped by the plant to pick up a microscope and found the storage bins locked up.

The legend has it that he smashed open the latch, took what he needed and left a note saying the bins should always be kept open to encourage workers to take home equipment to experiment with (Bliss, 1997; Collins & Porras, 1994: 211). The incident and the peculiarities of the open store laboratory policy are recalled as:

“The faith that HP has in its people is conspicuously in evidence in the corporate ‘open lab stock’ policy that a few of our students encountered in the Santa Rosa division. The lab stock area is where the electrical and mechanical components are kept. The open lab stock policy means that not only do the engineers have free access to this equipment, but they are actually encouraged to take it home for their personal use. The idea is that whether or not what the engineers are doing with it directly related to the project they are working on, by fooling around with the equipment at work or at home, they will learn – and so reinforce the company’s commitment to innovation. Legend has it that Bill visited a plant on a Saturday and found the lab stock area locked. He immediately went down to maintenance, grabbed a bolt cutter, and proceeded to cut the padlock off the lab stock door. He left a note that was found on Monday morning: ‘Don’t ever lock this door again. Thanks, Bill’.” (Peters & Waterman, 1982: 245)

Implications

This event has been seen as an early pivotal event in the history of Hewlett-Packard, which emphasizes explicitly that Hewlett-Packard was not going to be a company that distrusted its employees. Furthermore, the open stock and laboratories policy can easily be seen as a symbol of trust, which is a central aspect of the way that Hewlett-Packard is managed (Abramson, 1995: 64). The open stock policy can also be seen as a symbol of the strong devotion to innovation that Hewlett-Packard has as well as a recognition of the fact that continuous innovation is what marks the future of the company.

Chapter 16. A story about significant event number five: Making the corporate philosophy, the HP Way, explicit

Not until 1957 was the HP Way articulated explicitly in writing and it has changed very little since then. The HP Way, a philosophy that has been transferred into a competitive advantage, is the set of objectives that underlie Hewlett-Packard's organizational culture. Today these objectives, and the values on which they are based, are summarized in a leaflet called 'The HP Way', and in a small brochure entitled 'Corporate objectives'. Thus, Hewlett-Packard is basically value-based, and has been able frequently to change the organization without killing the company because these enduring values provide a necessary stability for the employees to cling to in a turbulent environment. However, the company philosophy or vision would not have been worth much if it had not been translated into practice.

In 1957, the company had grown too big to maintain a small, informal, and entrepreneurial atmosphere so it was decided by Hewlett and Packard to make the company ideology explicit in a document called the HP Way. Hewlett and Packard took all their managers off-site to the 'Sonoma Conferences', where Hewlett-Packard's ideology and ambitions were written down. Hereafter, Hewlett-Packard began a strict promote-from-within policy, implemented extensive interviewing processes that emphasized 'adaptability and fit' to the HP Way, and created a program to indoctrinate first-line supervisors (Collins & Porras, 1994: 211). However, Packard and Hewlett have never 'planned' the HP Way. The HP Way is simply built on Packard and Hewlett's deep convictions about the way that they felt a business should be handled. In 1957 the step was taken to articulate and disseminate these convictions in the document called the HP Way so their convictions could be preserved and acted upon at Hewlett-Packard in the future.

Much of Hewlett-Packard's success has been attributed to its distinctive corporate culture built on its core ideology as described in 'The HP Way'. It emphasizes the fundamental ways of doing things at Hewlett-Packard, which directs and influences operating decisions within the company (Ouchi, 1991; Groves, 1998). In one study, eighteen out of twenty HP executives interviewed spontaneously claimed that the success of their company is closely tied to the HP Way, the company's people-oriented philosophy (Peters & Waterman, 1982: 243). Hewlett-Packard's vision binds market strategies and corporate culture together by giving individual managers the autonomy and freedom to be entrepreneurial and innovative. John Young, the former president of Hewlett-Packard, has described the HP Way as 'a kind of glue, the basic philosophy, the basic

sense of direction, sort of a value set, that draws everyone together' (Hickman & Silva, 1984: 156). Young also claimed that the simplicity of the HP Way was a key to its success: 'The HP Way basically means respect and concern for the individual; it says: Do unto others as you would have them do unto you' (Collins & Porras, 1994: 74). However, the beautiful words concerning the HP Way are not merely rhetoric. For instance, 'personnel audits' have been carried out in which the executives review a company division to determine whether the division general manager and staff have consistently followed the HP way. In such cases, twenty or thirty employees from the division are sampled and in-depth interviews are conducted to make the assessment. The result of such an audit is put in the division manager's file and appears in the evaluation of his or her performance (Wilkins, 1989: 109). Such efforts make it more likely that company managers are seriously interested in consistency between their behavior and the values of the HP Way.

The management philosophy that Bill Hewlett and Dave Packard developed has been singled out as a model for American companies, and has been called a 'legacy to American business' for its uncommon virtues and egalitarian beliefs (Flanigan, 1996). What Bill Hewlett and Dave Packard had envisioned was a role-model corporation that should be known for progressive personnel practices, innovative and entrepreneurial culture, and an unbroken string of products with a technical contribution.

This is reflected by the HP Way, which Hewlett once boiled down to a few guiding principles that he called the 'Four musts': The company must attain profitable growth; the company must make its profit through technological contributions; the company must recognize and respect the personal worth of employees and allow them to share in the success of the company; and the company must operate as a responsible citizen of the general community. For instance, the opinion on technological contribution is expressed by Packard: 'If a product isn't good enough to make an excellent gross margin in the first year, then it's not a product with a significant technical advantage and the Hewlett-Packard Company shouldn't be making it' (Collins & Porras, 1994: 211). Bill Hewlett elaborates further as he explains the company philosophy as:

"I feel that in general terms it is the policies and actions that flow from the belief that men and women want to do a good job, a creative job, and that if they are provided with the proper environment they will do so. It is the tradition of treating every individual with consideration and respect and recognizing personal achievements. This sounds almost trite, but Dave and I honestly believe in this philosophy. The dignity and worth of the individual is a very important part, then, of the HP Way. With this in mind, many years ago we did away with time clocks, and more recently we introduced the flexible work hours program. Again, this is meant to be an expression of trust and confidence in people as well as providing them with an opportunity to adjust their work schedules to their personal lives. Many

new HP people as well as visitors often note and comment to us about another HP way – that is, our informality, and our being on a first name basis. I could site other examples, but the problem is that none by themselves really catches the essence of what the HP Way is all about. You can't describe it in numbers and statistics. In the last analysis it is a spirit, a point of view. There is a feeling that everyone is a part of a team, and that team is HP. As I said in the beginning, it is an idea that is based on the individual. It exists because people have seen that it works, and they believe that this feeling makes HP what it is." (Peters & Waterman, 1982: 244)

The HP Way has been passed on from one generation of employees to the next, not through a process of indoctrination but rather through selection and a subtle, gradual process of acculturation. As new employees are exposed to the behaviors practiced by their managers and their fellow employees, they gradually conform and adopt them as their own. The objectives expressed in the HP Way are brought to life primarily through the consistent behavior of managers and of employees. In practice, it can for instance be seen when opening a new plant by the company's transfer of both experienced managers and experienced employees at all levels to the new unit. This policy provides role models of employees who live by the company's philosophy, so new employees can learn by their example. Wilkins captures the idea of the HP Way:

"They explicitly make the point that skills per se are inadequate for success in the company. An HP employee must understand and implement the company philosophy in order to work well with others and to help the company be successful ... Employees are thus motivated to learn the values, and they find concrete stories one of their best means of understanding those values. As a matter of fact, human resource managers have from time to time gathered stories that illustrate the application of the HP way for use in training programs. In addition, Hewlett-Packard executives formally encourage the concept of a 'career maze,' claiming that carefully planned careers are rarely possible. Instead, employees should try to help out where needed (thus wandering mazelike through various jobs). However, over the long run, employees should have experience in several different divisions and functions within the company. The result is that over their career in the company, most managers become experts in how pieces of the company fits together, and, though this is not the explicit intent, they become storytellers. (They are called 'graybeards' at Hewlett-Packard.) They are able to tell stories to newcomers that help them see the big picture and give them perspective about how the company works. There are many graybeards at HP because of another set of company policies and procedures. HP tries to keep people with the company long term. You cannot have graybeards who share experience in the company and a common stock of stories and understandings to help new employees if turnover is high." (Wilkins, 1989: 108)

In the beginning, the basic principles of the organizational culture at Hewlett-Packard had been passed on to these new employees through everyday practice. When the company consisted of two hundred employees and everybody knew each other by name, it was fairly easy to provide on-the-job guidance that produced a consistent approach to decisions and actions. As the company grew, however, management could no longer rely on this apprenticeship program to completely pass on the culture. It was thus decided to put in writing the underlying principles that had guided them and which, Packard and Hewlett felt, had caused their company to succeed. It happened at the management summit at Sonoma in 1957. The HP Way was not created in a

vacuum; it thus reflects a pattern of decisions over a period of nearly twenty years. The pattern is highly influenced by the consistency in management decision making on one issue after another. Thus, management behavior rather than their words gave this process of creating a pattern to illustrate the values at Hewlett-Packard (Ouchi, 1981: 143-144). It can be said that management is creating stories by theatre and 'ostentatious' behavior.

In practice, the HP Way aims at creating an open, trusting environment, and at establishing a pleasant place to work. There are no closed-door offices at Hewlett-Packard; even top management work in the open space environment separated only by low-rise partitions, which support the company's 'open-door' policy. It promotes communication and informality, de-emphasizes hierarchy, brings management and employees closer together, and not surprisingly, the practice taught in business schools called 'Management by walking around' or MBWA originated at Hewlett-Packard (Peters & Waterman, 1982: 122). Hewlett and Packard focused on keeping the company decentralized with an entrepreneurial spirit, which they tried to incorporate in the HP Way. They eschewed bureaucratic management practices and believed in dispersing power throughout the company, allowing employees to work in teams without management intervention. Divisions were split after reaching 1,500 employees to maintain a small company atmosphere. As Hewlett-Packard expanded rapidly in the 1950s, it extended this management method into a decentralized structure of highly autonomous divisions. Each division was set up as a small business with control over its own research and development, production, and marketing strategies and with wide discretion in operating decisions as long as it stayed within the bounds of Hewlett-Packard's overall ideology. The different Hewlett-Packard sites can have additional, personalized values as long as they are consistent with the HP Way. The individual sites can behave autonomously as long as they act according to the basic philosophies and policies given by the corporate management (Zell, 1997: 94).

New divisions were usually created when entering a new business, and involved letting them be responsible themselves for figuring out how best to enter the market. Entrepreneurship in these divisions was further reinforced by scattering the divisions over several states, rather than locating them all near the headquarter and by allocating research and development resources to reward innovation. The most innovative divisions got the most resources and the vast majority of the funds were allocated to the divisions, although Hewlett-Packard has a central laboratory called 'HP Labs' at Palo Alto in California. Innovation is strongly encouraged and facilities that

have begun as manufacturing plants can attain full divisional status by creating an innovative new product and taking it to the market (Collins & Porras, 1994: 210).

MBWA and MBO, management by objective, are central management concepts at Hewlett-Packard; managers are encouraged to spend a part of each day wandering through the organization, often without any specific purpose other than to see what is going on and to communicate with employees. Packard describes MBO as the ‘antithesis of management by control’ (1995: 153). Managers set broad goals, and employees are free to meet them in the ways they deem best. Thus, it has been proposed to forget about MBWA and rather see the practice at Hewlett-Packard as management by getting out of the way (Stratford & Hadjian, 1995). Management sets the goals, emphasizes the values, and then gets out of the employee’s way for them to carry out the job at they find best.

Hewlett and Packard committed themselves early to attract highly capable, innovative people to Hewlett-Packard, a practice that has been a driving force in the organization’s success. In the 1950s, Hewlett-Packard began a practice of hiring only top 10 percent graduating seniors from respected engineering schools, rather than hiring more experienced but less talented engineers from industry with several years experience. This is also reflected in Hewlett and Packard’s management philosophy: People in important management positions should not only be enthusiastic themselves, they should be selected for their ability to engender enthusiasm among their colleagues. Thus, Hewlett-Packard aims at giving their employees the freedom to work toward their objectives in the ways they determine best for their own areas of responsibility (Peters & Waterman, 1982: 245).

When asked about what the HP Way is, Bill Hewlett once answered: ‘I feel that in general terms it is the policies and actions that flow from the belief that men and women want to do a good job, a creative job, and that if they are provided the proper environment they will do so’ (Hewlett-Packard, 1997). The philosophy of the HP Way is built on guiding rather than telling: ‘instead of telling people what to do, real leaders focus on helping people find their own way through “adaptive challenges” – problems without readily apparent solutions’ (Stratford & Hadjian, 1995). Another implication of the focus on respect for the individual in Hewlett-Packard is that the company never has had a union. A key element in maintaining the employees’ commitment is ensuring that they feel secure and are being treated fairly. Packard once told a group of HP managers: ‘I have tried to follow the basic policy that I have more reason to be interested in my employees than a union leader does. As soon as the employees think that one of these union

people is going to be more interested and responsive to their need than I am, then I think they should have a union' (Zell, 1997: 35-39). Unions have made several attempts to move in at Hewlett-Packard and the management does let them try but little interest has been shown. Thus, no unions have been institutionalized at Hewlett-Packard, which also gives a larger degree of freedom to manage the company the HP Way, for instance by the occasional pay cuts in crisis situations. However, the practice has also had its costs. Recently, the Danish plant lost a huge order on PCs because it did not accept being unionized (Morsing, 1998).

It has been emphasized that the strength of the Hewlett-Packard philosophy lies in the simplicity and clarity of the principles and that these are 'natural' to people and can readily be applied to a wide set of issues (Ouchi, 1981). A company philosophy need neither be long or complex. The HP Way consists of organizational values, corporate objectives, and strategies and practices as seen and explained in figures 10-12. Each of the sections overlaps the others because each aspect integrates closely into the underlying corporate culture. For instance, the statement on profit expresses not only a goal but also an understanding of the company's financial policy, and implicitly an understanding of the company's spending policy. The organizational values are a set of beliefs that govern and guide behavior at Hewlett-Packard in meeting its objectives and in dealing with customers, shareholders, and each other within Hewlett-Packard. Only the organizational values are truly enduring; the objectives change infrequently and the last update was carried out in 1997; the strategies and practices change in response to external and internal business conditions, while always remaining consistent with the organizational values and objectives.

Figure 10. Organizational values at Hewlett-Packard.

<p>Organizational Values</p> <ul style="list-style-type: none">• We have trust and respect for individuals: Packard explains in his memoirs that ‘From the beginning, Bill Hewlett and I have had a strong belief in people. We believe that people want to do a good job and that it is important for them to enjoy their work at Hewlett-Packard ... It has always been important to Bill and me to create an environment in which people have a chance to be their best, to recognize their potential, and to be recognized for their achievements’ (1995: 126-127).• We focus on a high level of achievement and contribution: All employees, especially managers, are expected to go out of their way to meet customers’ needs and to look continuously for new and better ways to do their work. HP is very selective in considering job candidates and places great emphasis on their ability to adapt and to fit within the HP culture.• We conduct our business with uncompromising integrity: HP employees are expected to be open and honest in their dealings to earn the trust and loyalty of others and are expected to adhere to the highest standards of business ethics. As a practical matter, ethical conduct cannot be assured by written HP policies and codes; it must be an integral part of the organization, a deeply ingrained tradition that is passed on from one generation to another.• We achieve our common objectives through teamwork: Teamwork both within and among HP’s divisions is valued because it is considered the only way that the company can fulfill the expectations of its customers and shareholders. Packard describes that: ‘It’s imperative that there be a strong spirit of helpfulness and cooperation among all elements of the company and that this spirit be recognized and respected as the cornerstone of the HP Way’ (1995: 128).• We encourage flexibility and innovation: This value is to be encouraged by a work environment that supports the diversity of people and ideas. The company strives to create clear objectives and to allow employees’ flexibility in working toward them. HP employees are expected continuously to upgrade their skills and to adapt to change. This is especially important in a technical business where the rate of progress is rapid and where people are expected not only to adapt to change, but to help create it. Packard emphasizes that ‘People must take sufficient interest in their work to want to plan it, to propose new solutions to old problems, and to jump in when they have something to contribute’ (1995: 153).

Source: Adapted from Packard (1995) and Hewlett-Packard (1997).

The HP Way also includes seven company objectives, which are the means by which the core values are expressed. These are the guiding principles for all decision-making by employees at Hewlett-Packard. The corporate objectives are shown in figure 11:

Figure 11. Corporate objectives at Hewlett-Packard.

Corporate Objectives

- **Profit:**
Hewlett-Packard considers profit to be a critical objective. Profit finances the company's growth and provides the resources needed to accomplish the company's other corporate objectives. Packard describes it as: 'The profit we generate from our operations is the ultimate source of the funds we need to prosper and grow. It's the foundation of future opportunity and employment security' (1995: 83-84).
- **Customers:**
The company strives to provide the highest possible quality products and services and the greatest possible value to its customers and to gain and hold their respect and loyalty.
- **Fields of interest:**
Hewlett-Packard pledges to participate in those fields of interest that build both on its technology and its customer base and that enable the company to make a needed and profitable contribution.
- **Growth:**
This is to be limited only by the company's profit and its ability to develop and produce innovative products that satisfy real customer needs. Hewlett-Packard considers continuous growth in sales and profits essential to maintain a position of strength and leadership in its fields and to attract and retain the best possible people.
- **Our people:**
The company helps its employees to share in its success by providing employment security based on employees' performance, ensuring a safe and pleasant work environment, recognizing employees' individual achievements, and helping them gain a sense of satisfaction and accomplishment from their work.
- **Management:**
Managers are to foster initiative and creativity by allowing individuals freedom in attaining well-defined objectives.
- **Citizenship:**
Hewlett-Packard strives to honor its obligations to society by being an economic, intellectual, and social asset to each nation and each community in which they operate.

Source: Adapted from Packard (1995) and Hewlett-Packard (1997).

The values and objectives guide Hewlett-Packard in forming its strategies and practices and in managing a dynamic business in a changing world (Hewlett-Packard, 1997). They consist of shared plans and actions for working, managing, and leading. The strategies and practices of Hewlett-Packard are always consistent with the corporate objectives and values, but in order to remain competitive the practical contents change over time. However, certain guidelines are shared worldwide as core elements of Hewlett-Packard's strategies and practices. These are described in figure 12.

Figure 12. Strategies and practices of the HP Way.

Strategies and Practices.

- **Open Communication:**
Open Communication is seen as leading to effective teamwork, greater achievement and contribution, and strong relationships with customers, colleagues, channel partners, and suppliers. Open Communication makes employees better able to respond to customer needs and build customer loyalty. Differences are valued and diverse perspectives are honored. Informality is encouraged. Two concepts are central to the open communication at Hewlett-Packard: Management By Wandering Around (MBWA) and the Open Door Policy. MBWA is an informal management practice, which involves keeping up to date with individuals and activities through informal or structured communication. The assurance that no adverse consequences should result from responsibly raising issues with management or personnel; trust and integrity are important parts of the Open Door Policy. The Open Door Policy may for instance be used to share feelings and frustrations in a constructive manner; to gain a clearer understanding of alternatives; or to discuss career options, business conduct and communication breakdowns.
- **Management By Objective (MBO):**
Individuals at each level contribute to company goals by developing well-defined objectives, which are integrated with their manager's and those of other parts of Hewlett-Packard. Flexibility and innovation in recognizing alternative approaches to meeting objectives provide effective means of meeting customer needs. MBO is reflected in written plans, which guide and create accountability throughout the organization; in coordinated and complementary efforts, and cross-organizational integration; and in shared plans and objectives. In conjunction with Open Communication, MBO aims at creating an accepting environment where people are willing to take risks, share new ideas, and develop strong commitment.
- **Personal Responsibility and Initiative:**
For Hewlett-Packard to remain competitive, employees at all levels of the organization are encouraged to continuously look for new and better ways to work. Managers are encouraged to support employees to take responsibility to express diverse opinions, to understand the impact of their contribution on the broader business picture, and to continuously develop their skills to meet changing demands. Decision-making processes should be accelerated, and greater satisfaction and accomplishment from the work should be gained. Three elements are emphasized: Career self-reliance, work/life demands, and safety. Career self-reliance concerns that Hewlett-Packard aims at selecting and managing businesses, which provide long-term employment and opportunities for personal growth and development for the employees. In return, the employees are expected to take initiative by managing their careers proactively, acquiring new skills, and applying them to meet critical business needs. Work/life demands implies that Hewlett-Packard encourages employees and managers to work together to manage and balance the demands of work with other life activities. Lastly, improving safety is consistent with Hewlett-Packard's commitment to its people. Safety is everyone's concern and everyone is committed to continuously work towards an injury-free work environment.

Source: Adapted from Hewlett-Packard (1997).

After Dave Packard death, Bill Hewlett said that 'as far as the company is concerned, the greatest thing that he left behind him was a code of ethics known as the HP Way' (Pitta, 1996), and that it will serve to guide the company in the years to come (Erkanat, 1996). However, according to John Young, while Packard made vital contributions to the HP Way, Hewlett was its guiding force (Bliss, 1997).

Human resource executives at Hewlett-Packard have claimed that close to one-third of every training program, including orientation, technical training, and management development, is devoted to the HP Way (Wilkins, 1989: 108).

Implications

The significance of the HP Way in theory and practice has been explained and illustrated in this chapter. Emphasis has been placed on a somewhat detailed description of the HP Way and the implications that these policies, inherent in the HP Way, have for practical perspectives on employees, on management, and on business conduct. The HP Way is a set of values for employees at Hewlett-Packard but it is also a practical set of guidelines for management practices at Hewlett-Packard. For instance, it describes the combination of growth, profit, and debt as has been illustrated in the previous chapter on lay-offs and borrowing. The HP Way is divided into three parts: organizational values, corporate objectives, and a strategy and business section. The values describe basically the work ethics and virtues at Hewlett-Packard. The corporate objectives relate people, profit, growth, and management. The section on strategies and practices gives more practical guidelines for what to expect from management and employees at any Hewlett-Packard site. This simple document can be called the company bible. In many ways the solution to any question that arises at Hewlett-Packard can be found in it.

The HP Way specifies both the values and the visions of Hewlett-Packard. It says nothing directly about future markets, products, and the like that is hard to envision. The HP Way is a vision or ideal about a company; a vision about how to treat other people, how to treat the surroundings, and other objectives. For instance, the HP Way describes the practice of management by objectives at Hewlett-Packard. The employees have all been set certain goals or objectives to reach within a given period of time. They are entrusted to reach these goals in whatever way they want, by whatever means they have in mind just as long as they are in agreement with the virtues of the HP Way.

Chapter 17. A Story about significant event number six: Packard's intervention to maintain emphasis on the corporate philosophy

In the struggle to fight both an economic and a managerial crisis, the 78 year old David Packard returned to Hewlett-Packard to fight what has been called the biggest challenge in his career. Both Hewlett and Packard had at that time retired but Packard was still active as chairman of Hewlett-Packard, and continued to be so until 1993.

Actually both founders returned to active roles in 1990 when they saw signs that the company was getting too bureaucratic and the HP Way had become less important. Decision cycle time had ballooned, and decisions were often postponed for weeks or months because of a complicated committee bureaucracy, which especially was a problem in the fast computer industry:

In the beginning of 1989, the value of Hewlett-Packard stock fell to half of what it was before. The seriousness of the situation was indeed noticeable:

“After earning an average 16% return on stockholders' equity over the last 10 years, Hewlett-Packard is in a fair degree of turmoil. The value of its stock has been cut in half since early 1989 and is now selling at only 9 times 1989's earnings. The operating margin has shrunk from over 20% to less than 14% since 1983, orders are soft, and earnings per share this fiscal year could be down as much as 12%. HP's 92,000 employees will produce \$13 billion in sales this year, or \$140,000 per person; at Sun Microsystems, that figure is \$173,000. Layoffs may be overdue. HP Chief Executive John Young has cut HP's employment by 3,000 this year, mostly by attrition.” (Wiegner, 1990)

It did not stop there. In October 1990, Hewlett-Packard was finishing its fiscal 4th quarter. Earnings had fallen by 18% and brought down the full-year net by 11%, to \$739 million. Hewlett-Packard shares sank to 26, about half the price they had been traded at a year earlier (Buell & Hof, 1991). By the end of 1990, Hewlett-Packard began what has been called the most drastic reorganization in 10 years (Buell & Hof, 1991). Another problem was that Hewlett-Packard did not profit as soon as it had expected from the takeover of Apollo; and it was commonly agreed that the take-over had been poorly handled.

One of the biggest problems was that the growth of Hewlett-Packard and the recent management style had meant a goodbye to the HP Way management style. It was the opinion of many that the company that once was praised for being collegial and trustworthy had become suspicious and bureaucratic. It was the conclusion of a survey made by scholars from Stanford University's Business School in the late 1980s. In clear words, it described Hewlett-Packard as a company in which the employees' experience of daily management was in deep contrast to the management

rhetoric. This ended in an announcement by Hewlett-Packard to instigate a larger reorganization led by Packard himself in order to save his life work.

Hewlett-Packard had a tremendous growth, while Young has been CEO, but it also had become too bureaucratic, and now it was emphasized to Young that focus had to be turned towards designing an organization focusing on the values of the HP Way (Gomes, 1991). Hewlett and Packard visited systematically Hewlett-Packard facilities to narrow down the problem. The number of management layers were reduced, divisions were split up, decentralization was in focus, Platt was brought in as new CEO (a choice Young was partly responsible for), and it was emphasized that Hewlett-Packard for the future should be focused on as a company with the strength of a large company but with the flexibility of a small company.

Young himself began a company reorganization in 1988 when he challenged employees to cut the period from product conception to profitability, the break-even time, by half within 5 years. However, he soon realized that the corporate structure also had to change, and thus management layers were cut, product groups got their own sales staffs, and many committees were discontinued, among these dozens of committees that had been used to evaluate all decisions, streamlining the company, and reducing product development time (Hof, 1992 & 1992a). These measures seemed to reduce the bureaucracy, and in the fast-moving world of computers, slow decision making is costly, but also works against some of the unique principles in and behind the HP Way.

The crisis meant that Hewlett-Packard had to rediscover the principles that were invented over fifty years ago to avoid such pitfalls (Zell, 1997: 3-4). Today, the management always has the crisis in the late 1980s and early 1990s in mind, according to current CEO Platt (*Tech World*, 1994), and the focus on the virtues of the HP Way has thus been increased. To be a chief executive at Hewlett-Packard is different from the CEO job at other companies, according to Platt. Rather than making business strategies, Platt focuses on and works with the organizational values and culture. After an interview with Platt, it was concluded that:

“He doesn’t talk of ‘running’ the company. He doesn’t see his job that way. ‘I spend a lot of my time talking about values rather than trying to figure out the business strategies,’ he says. ‘I don’t think I realized until I became CEO (in 1992) and started to talk to other CEOs how different that is.’ Say Platt: ‘The most important aspect of the management of this company is cultural control.’ Get that and the rest follows.” (Linden & Upbin, 1996)

Implications

In the late 1980s and beginning 1990, Hewlett-Packard headed toward a severe crisis. As the founders envisioned their lifework fall to pieces, they stepped in to assist in handling the crisis. While Young had been CEO, the company had experienced rapid growth but it had also developed into a massive bureaucracy. Decision cycle time was high, which was completely unsatisfactory for a company in a high-tech industry. Furthermore, in the process of rapid growth, focus on the unique HP management style and the virtues of the HP Way had been weakened. Employees at Hewlett-Packard were beginning to consider Hewlett-Packard as just another high-tech company, not the company that they previously had been prepared to stand up for.

Action was taken to avoid the crisis. The company was restructured, divisions were split up, management layers were decreased, a new CEO was introduced, and emphasis was again put on the HP Way. Today the present CEO, Platt, spends most of his time working on the organizational values and on the culture of Hewlett-Packard to once again bring them in accordance with the HP Way.

Part 4. Analysis and conclusion

This part will be concerned with a discussion of the theoretical positions explained in the two first parts of the dissertation in combination with the exemplifications of the stories of significant events in Hewlett-Packard seen in part 3 and an empirical analysis of Hewlett-Packard's site at Birkerød. It is thus a discussion of the theoretical position confronted with the empirical 'reality' at Hewlett-Packard at Birkerød. By looking at the issues that engage the employees a honest picture of the working practice at Hewlett-Packard is sought. Thus the aim with the concluding chapter is to confront the theoretical set up in the previous parts of the dissertation with the work practices at Hewlett-Packard at Birkerød. The idea of organizational storytelling is explained in relation to Hewlett-Packard, and it is discussed how the use of organizational stories and storytelling functions and could function in relation to Hewlett-Packard. The focus in the first three parts has been a one-sided set up of a theoretical frame for an understanding and contextualization of the idea of organizational storytelling. In this final part questions are raised about how organizational storytelling functions and could function in practice, whether a one-sided use of 'storytelling' in organizations is advisable, and which imperatives are needed for dealing with organizational storytelling and value based management in organizations²³.

The empirical material is comprised of interviews, observations, and telephone conversations²⁴. The interviews have been conducted at three different sites with employees that originate from different Hewlett-Packard sites across the world in order to get the broad picture of 'the HP Way'. A few interviews obtained in a study of organizational change in Danish companies were used for original inspiration. These interviews had been taped and transcribed (Jørgensen et al., 1998).

²³ The aim of gathering empirical material at Hewlett-Packard for this part has not been to discuss the existence of informal stories and which stories people tend to emphasize. As pointed out earlier it would require a more intensive study of Hewlett-Packard over a longer period if informal stories were to be encountered. Rather the aim has been to get a deeper understanding of the work practices at Hewlett-Packard in order to find out which other measures are needed if a company is to focus substantially on organizational storytelling and value based management.

²⁴ However, information from internal Hewlett-Packard material, internet sites, and articles has been used occasionally in this part to back up information from the interviews with more specific details on certain areas. This includes Hewlett-Packard (1993, 1996a, 1997, 1997a), Bardenfleth (1998, 1998a, 1998b), Aabo (1998), Morsing (1998), Gradauer (1998), Ipsen (1998), Svendsen (1997), Winkler (1998), Højland (1998 & 1998a), as well as information from the internet sites of Hewlett-Packard (<http://www.hp.dk>, <http://www.hp.com>), Integrated Quality Dynamics (<http://www.idq.com>), and Total Quality Engineering (<http://www.tqe.com>).

A number of interviews were initially performed at Hewlett-Packard at Ipswich in March 1998 while the author was affiliated to University of Cambridge. In May 1998, a number of interviews were carried out at Hewlett-Packard, Århus, while the majority of interviews were carried out at Hewlett-Packard at Birkerød in June 1998²⁵. Numerous telephone conversations were subsequently carried out in order to clarify areas of importance that had been raised at the interviews. Subsequent to the intimacy of a face-to-face interview situation, it was felt sufficient to carry out these clarifications over the telephone. Follow-up conversations to eliminate different areas of uncertainty and uncover missing points were furthermore conducted with the personnel manager at Hewlett-Packard at Birkerød. All interviews were taped and transcribed by the author.

At all interviews an interview guide was used. At all interviews, a number of questions remained the same, and a number of questions were changed. While some questions were general, some questions were employee specific, and during the interviews new questions were often raised which had to be investigated at the next interview. Thus the interview guide was changed to accommodate these changes in questions. All interviews were conducted as semi-structured interviews. It was preferred that the interviewee spoke freely and the interview guide was checked to make sure that all questions were covered.

At all three sites, observations were done and notes were taken in order to get an impression of whether the physical criteria's in the open door policy and other policies and practices of the HP Way were being followed. In order to make sure that information concerning Hewlett-Packard had not been misunderstood or misinterpreted, two managers at Hewlett-Packard in Denmark have read both parts 3 and 4. Of course, personal opinions of the individuals that was interviewed stand as they are, the concern has been to uncover factual mistakes.

The following discussion will be structured as a dialogue; a fictitious strategy meeting that has taken on a brainstorm character. The dialogue will have the narrative positions as in quadrant four of table 6, which was explained in chapter 5: *Techniques and terminology of literary theory in organizational analysis*. Several advantages are seen in using this position. It is possible for

²⁵ In total 32 interviews were carried out by the author. 6 in Ipswich, 8 in Århus, and 19 at the Hewlett-Packard site in Birkerød. Employees at all levels were interviewed, and a good balance between top management, middle management, and employees without managerial responsibilities was reached corresponding to the distribution at the Hewlett-Packard sites. A considerate mix between employees who had been employed at Hewlett-Packard for several years and employees who only had been working at Hewlett-Packard for a short while was also reached. However, not the quantity but the quality of interviews is important. Often much was gained by following up on an interview by subsequent telephone calls, and likewise insight was gained in conversations over lunch or coffee breaks. And one interview for instance was of no use; the interviewee talked as if he was making a statement at a press conference as soon as the tape recorder was turned on.

the author to move between the participants and describe the individual positions of these. Thus the advantages and disadvantages are discussed and brought forward. However, this could also have been done by a traditional structuring as seen in narrative position number 3, in which the narrator tells the story as an observer; a traditional research perspective. Nonetheless the primary advantage of the position as an omniscient narrator who can adopt different positions at will is that it forces the narrator to a higher degree to consider and clarify both arguments for and against a subject, and finding a middle ground. Often a researcher has an opinion that he or she will communicate in the discussion at the end of a dissertation or report, and the different arguments can be hindered by the researcher's conclusion or message. Thus the middle ground, i.e. the researcher's conclusion will be predominant in the discussion. The advantage of a position as an omniscient narrator is that it enables a critical distance to the researcher's opinion. It enables an enthusiastic researcher to stand back and take a second look at the arguments for and against a subject before reaching the conclusion. It forces the researcher to dwell a bit more in considering the thoughts and arguments of different narrators.

The fictitious dialogue will take place between a Ph.D. student, the personnel manager, and the managing director. Even though many of the topics discussed could be ascribed to many Hewlett-Packard sites, the dialogue is supposed to take place at Hewlett-Packard at Birkerød, because some of the arguments that will be put forward by the characters are based upon the interviews conducted at Hewlett-Packard at Birkerød. Furthermore, it could be argued that it would be appropriate to have a representative of the employees among the characters but in order to keep the focus and present a readable work the number of characters has been limited to three. It will be seen that the personnel manager and the Ph.D. student raises the issues which an employee representative otherwise would have done.

The participants in the dialogue have been inspired by Habermas' ideas about communicative ethics (Habermas, 1996; Moon, 1995), and have thus set up the procedural rule that the arguments put forward should be allowed to be stated thoroughly and uninterrupted. It is seen as the best form of discussing an issue in depth²⁶.

²⁶ This way of discussing was carried out in practice at a the Ph.D.-course 'Ledelsesfilosofi og Klassisk Ledelsesteori' [Philosophy of management and classical management theory] which was arranged by associate professor dr. Øjvind Larsen and held at Dept. of Management, Politics, and Philosophy, Copenhagen Business School 27. April – 1. May 1998. It caused the discussion to avoid the superficiality that often is seen in discussions, it allowed the participants to argue their viewpoints in depth, and thus it heightened the outcome for all participants.

The meeting begins by an introductory presentation by the Ph.D. student on the idea of storytelling in organizations ...

Chapter 18. The fictitious strategy meeting that has taken on a brainstorm character

The Ph.D. student: At this meeting I will present a way of understanding organizations in which the notion of storytelling will be at the centre. The high-technology industry that Hewlett-Packard is positioned in is characterized by environmental turbulence, rapid change, increasing complexity, increasing uncertainty, and what has been called ‘nearpermanent crisis conditions’ by some authors. The attitude in the industry is that everything is happening fast and predictions about the future are hard to make. In many instances, it might be better to focus on development of products that a company strongly believes in and thus being a market leader rather than being lagging behind and trying to move in when new developments have been made by other companies. These conditions for companies in the high-tech industry have been ascribed to the rapid development in technology and especially in information technology, which is also seen as a driving force for the overall socio-economic development in which this industry is a leading force. These new conditions have been ascribed to a new era. The new era has been given many labels but post-industrial and post-modern are among the most common in organization and management studies.

Companies in the high-tech industry are moving towards flat and flexible organizational structures to allow for the rapidly changing customer demands and short product life cycles contrary to previous times’ hierarchical organizational structures that supported mass production. High employee responsibility, process variability, teamwork, and product innovation have been used to characterize flexible organizational forms. Radical changes in organizational forms also call for changes in managerial style. Rather than being told what to do, employees will to a high degree determine themselves what needs to be done, what they are responsible for, and how to do it.

Companies that recognize these conditions, as they have been described above, have been called knowledge-intensive, post-industrial, post-modern, post-Fordist, and flexible, depending on different research communities, just to name a few nicknames. Often the tasks for these companies are uncertain and ambiguous and the companies have to be accustomed to handle contradiction, complexity, and tension.

For these companies, new ways of managing and thinking about management must be applied, and the notion of postmodern thinking has been suggested to characterize this idea. Ongoing re-

flexivity about the different aspects of organizations is emphasized, 'organization' itself is considered as question rather than a given. Organization should be understood as a verb, organizing, illustrating that what is dealt with is something that is not yet in place. The organization should be considered as a process; a journey of which the goal is never reached. It can be said that an organization always is in the making, in a stage of emerging.

What could be called a post-modern management form is when management emphasizes management in symbolic form by applying symbols rather than the direct form of controlling and giving orders to the employees. Symbolic management can for example be like what is implicitly seen at Hewlett-Packard. It is seen that stories about significant events have indirectly provided a guideline for what is acceptable at Hewlett-Packard. Employees are not managed in a traditional way. They are given individual goals and have been explained the values and visions of the company, and it is up to themselves to reach the goals the way that seems best to them. The values are broadly defined, they remain unchanged over time, and thus somewhat open for interpretation. The stories about significant events at Hewlett-Packard then guide the employee when doubt about the organizational values occurs. The organizational stories are often about what the founders have done in a specific situation, which provides the employees with an understanding of both what the founders considered acceptable in the specific situation, and, more importantly, the stories contribute to, and supplement the organizational values, giving an understanding of the corporate culture. Vision management changes from the 1980s idea of imagining future market opportunities to envisioning an ideal corporate culture on which to build the company and continuously work towards this vision.

In the organizational culture, which can be seen as the 'glue' that keeps the company together even though it has an intangible character, organizational stories are what make the tacit nature of the culture explicit. The telling of stories from one employee to another provides new employees with a 'social map' about how to fit into the organization; to understand what is acceptable and what is not. For other employees the stories constitute a tool for a continuous sense-making and understanding of the organization. The advantage is that the stories are not fixed, they develop as discourses over time, and they can neither solely be directed by the management nor by the employees; everyone can influence the stories. What is of special importance is that the main character in the story often indirectly directs the stories. For instance, if the top management acts in conflict with what it preaches as the company philosophy then it soon can be a victim for stories among the employees in the organization on how to handle and understand

such a situation. On the other hand, a story like the one in the lock-busting episode which Bill Hewlett accentuates management's trust in employees, as well as the management's consistency with their company philosophy. For management in post-industrial companies, it is thus quite important to communicate clear the company values to the organization. These values provide an image of the organizational culture, and the stories can be said to constitute this culture.

However, two conditions are necessary. The first is that the company values remain fairly unchanged over time. It provides a stable foundation for the employees on which to base their daily agency in change-intensive surroundings. The second is that the management must apply to these values as well in a consistent and guiding way otherwise the values will carry no weight or significance in the organization.

The personnel manager: Are you then saying that we should just encourage and initiate stories, and act consistently by those and then all is well, because we cannot manage the organization in this fast-paced post-industrial industry? All people at Hewlett-Packard are still managed through the system of goal setting, isn't it so!??

The managing director: Yes, it is important to remember this special system. At Hewlett-Packard we ascribe to a strategic planning system called Hoshin Planning. Simply put, Hoshin is a system of forms and rules that encourage employees to analyze situations, create plans for improvement, conduct performance checks, and take appropriate action. We use systems of planning and evaluation at all levels, from the executive corporate management level down to the level of the individual employee, and it is used in relation to both business' and individuals' performance.

The system of Hoshin Planning is inspired from Japan, and is a part of the Hoshin Kanri system, which was developed in order to communicate company policy to everyone in the organization. Hoshin focuses the company's activities on the key issues in the organization. It is a widely used system in Japan, building on continuous efforts to evolve and improve, and is closely connected to the ideas known as Total Quality Management. In the Western world, Hewlett-Packard is one of the few leading companies that use Hoshin Planning. One of Hewlett-Packard's divisions has actually won the Deming Prize, named after one of the fathers of quality management W. Edwards Deming, by using the Hoshin Planning technique.

In 1965, Bridgestone Tire issued a report analyzing the planning techniques that was used by the Deming Prize winning companies, and the techniques described were named Hoshin Kanri. A

hoshin has been defined as ‘a one-year plan for achieving objectives developed in conjunction with management’s choice of specific targets and means in quality, cost, delivery, and moral’. You can see the origin of the words hoshin kanri in this figure.

Figure 13. Understanding the origin of the words, hoshin kanri.

<p>Taken altogether, hoshin kanri means management and control of the company's direction needle or focus. The term ‘hoshin’ is short for hoshin kanri.</p> <p>Both the word hoshin and the word kanri can be broken into two parts. The literal translation of ho is ‘direction’, and the literal translation of shin is ‘needle’. Thus the word hoshin could be translated into ‘direction needle’. However, the most popular translation of hoshin is policy deployment. Hoshin in Japanese translates into a course, a policy, a plan, or an aim.</p> <p>The first part of kanri, kan, can be translated into control or channeling. The second part, ri, can be translated into reason or logic. Kanri in Japanese translates into administration, management, control, charge of, or care for.</p>	<p>方針</p> <p>管理</p>
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The hoshin kanri system, which can be translated into policy management, provides a step-by-step planning, implementation and review process for managed change. It is used to integrate long term objectives and daily operations, align people within a common focus, and install an organizational adaptability so that at any one time, managers can know how they stand with regard to the top policy.

The value of Hoshin Planning at Hewlett-Packard is its function in aligning large numbers of people at all levels of an organization to work together towards a common goal. Hoshin Planning is used to achieve breakthrough goals, and in conjunction with our Business Fundamentals Planning to achieve non-stretch goals, it provides a tool to accomplish that alignment. Both Hoshin Planning and Business Fundamental Planning are used to set goals at the corporate level, at the group level, and at the division level. There can be a number of business fundamentals each year, for instance in the fiscal year 1998, we had 13 business fundamentals at Hewlett-Packard as seen in our company magazine *Measure*, but it is important to focus on achieving only one or two hoshins at a time. New hoshins and business fundamentals are set each year.

Hoshin management is the process of activities for achieving the hoshin. It is a five step process, and you can see it explained in this figure:

Figure 14. The process of Hoshin Management.

<p>1. Determine hoshin Hoshin is determined by the top management. Hoshin should be executed with targets and means for achieving targets. While top management is determining the hoshin, middle and line management also should determine the hoshin based on their experiences and historical data (if necessary) by themselves.</p> <p>2. Deploy hoshin After determining the hoshin for each level of management, it is necessary to identify if there are hoshin relationships between the top and middle levels and the middle and line levels in the organization. Deploying hoshin is called catchball. It is important for any organization to understand which targets should be achieved and how to do so. During the catchball process, it is necessary to reach the consensus for targets and means between varying levels of the organization. Since targets and means will be determined individually, it is necessary and important to identify the relationships between targets and means of each level and targets between the different levels of the organization.</p> <p>3. Implement hoshin After adjusting the hoshin, the means for hoshin should be implemented. During the implementation, each target should be measured using performance measures from the target statement.</p> <p>4. Review hoshin The performance measure in the target statement should be measured. Measurement should be performed by each level of management. Thus, from top to bottom, all members related to hoshin should observe the performance measure for each level.</p> <p>5. Adjust hoshin If the hoshin target is achieved, the target value should be accordingly adjusted. Existing target values might be low or activities for the means might be highly effective. In both cases, it is significant to realize why and how the targets were achieved. The case may be that the target values do not require adjustment. It should be decided, depending on the organizational situation, if the target value needs adjustment.</p>
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In some corporate areas, objectives for a five-year period have been set, and these are deployed through lower levels of the organization through the catchball method. Each year's hoshins are a part of these objectives as well as hoshins in one year can be business fundamentals the next year in order to continue the focus on these but at a lower level of significance. For instance, two 1997 hoshins, Customer Satisfaction and Our People have become business fundamentals in 1998. However, it is not each year that hoshins, breakthrough objectives, are needed. In 1998 we have no companywide hoshins, but divisions and groups are encouraged to make their own hoshins wherever it is felt necessary.

The personnel manager: Yes, for instance we conducted a company employee satisfaction survey in Denmark a couple of years back as part of a companywide business fundamental. The survey that took place in 1995 showed that 53 pct. of Hewlett-Packard's employees in Denmark felt that their private life was suffering from the many working hours spent at Hewlett-Packard; that 68 pct. wished that they could place some of their working hours at home; and that 35 pct.

actually considered leaving Hewlett-Packard in favor of a job that would give more time to family and friends.

It was clearly an unsatisfactory result. Especially the last one about a large number of employees considering to leave Hewlett-Packard made it clear that something had to be done, and it should be done sooner or later. A quality group was put together to investigate which problems lied behind these results, and their suggestion was to increase the focus on activities in the work environment that aimed at handling the combination of work life og private life better. It resulted in many of the initiatives that today make up our Work/Life Harmony scheme.

In spring 1998 we made a similar survey to see whether the initiatives had been successful. The survey showed that the number of employees that felt that their private life was suffering from the many working hours spent at Hewlett-Packard had decreased with 15 percentage point; that the number of employees who wished that they could place some of their working hours at home had decreased with 18 percentage point; and that the number of employees that actually considered leaving Hewlett-Packard in favor of a job that would give more time to family and friends had decreased with 15 percentage point. The initiatives have improved the situation but the figures are still not satisfactory. Much more can be done, and it will be done on a continuous basis.

The actual initiatives that were taken dealt with the possibility of working at home and with initiatives to reduce the stress at work. It can also be seen as a local rapprochement to Hewlett-Packard's corporate ideas about Work/Life Harmony. Work/Life Harmony is a corporate employee policy that is concerned with work/life flexibility and respect for the individual employee's needs and desires. Basically, it aims at creating a better balance between employee's working life and family life. However, in order to reach this target it has been acknowledged that the vision is best carried out in practice by local initiatives, based on the employees' preferences at the individual sites worldwide. Our CEO Lew Platt initiated the idea about a Work/Life Harmony scheme in 1993, and the ideas originated presumably from his own experiences as a lone parent with two children after he lost his wife in 1959.

Based on the results and analyses of the employee survey in 1995, a number of local initiatives were instigated at Hewlett-Packard at Birkerød as part of the Work/Life Harmony scheme. Among the initiatives that were implemented was a work-time model which comprised rules and guidelines for working part time and buying additional vacation. A sports center was set up at the site with an aerobics instructor regularly attending. A course called 'living with pressure' is offered to all employees and monthly speakers come to speak at the site addressing subjects re-

lating to the balance between work and family life. A course on personal time management is offered, and a system of 'take away'-dinner has been instigated, which makes it possible to take dinner from the canteen with you home to the family rather than having to start cooking as soon as you have picked up the kids and gone home with them²⁷. It gives the employees the possibility for spending more quality time with their children.

Another important part of the Work/Life Harmony scheme in Denmark is the possibility for employees to have a fully equipped workstation at home. Fully integrated with Hewlett-Packard's intranet from home, close to 80% of the employees are able to do their work from home. Some parts of their work are even more appropriate to do in the quiet surroundings at home away from the open door environment at Hewlett-Packard, and they have the option of working into the night instead of from early morning if they prefer to do so. However, the basic idea is to give the employees the possibility to work at home if for instance their children are ill or otherwise.

The Ph.D. student: Now I start to get the picture. I have had some trouble with understanding the seemingly wide scope of value-based management, and the strong emphasis on the HP Way at Hewlett-Packard. Of course it is important to trust your employees and have faith in that employees will do their best, but I was starting to develop this beautiful picture of an organization in which people had total autonomy, and given the best surroundings then the company would survive the competition. I now begin to see that it is not only that way; there is a clear and efficient strategy and planning system at Hewlett-Packard for implementing the corporate strategy as well as checking whether the objectives are met. It seems that there is much more emphasis on systematically measuring than I previously thought, and I can't help noticing that your people magazine at Hewlett-Packard actually is called *Measure*. Is it then correctly understood that, given the emphasis on Management By Objectives as an important part of the HP Way, objectives are set on corporate, division, group level, and individual level, and that people are given incentives to reach these targets but free to choose how to do it. Thus the systems of measurement are just as important for Hewlett-Packard as the HP Way in order to make the HP Way work.

The managing director: Well, both yes and no. The employees are given freedom to reach their objectives as they see fit provided that their approach is in compliance with the HP Way and our

²⁷ The advantages of the sports center and using the canteen for lunch, including the take-away arrangement, are not free. Due to the Danish taxation system in relation to employee benefits the sports center costs 25 DKr. a month, and the canteen costs 250 DKr. a month for each employee.

standards of business conduct, which describes quite concretely where Hewlett-Packard stands ethically on business conduct.

However, we also have a system of performance evaluation and development that refers to the individual employee. This system makes sure that there is set a number of objectives for each employee, that feedback is given on their results, and that, as well, a plan for the individual is made in regard to his or hers future personal and vocational development. As we at Hewlett-Packard try hard to retain our employees, we need to support and make sure that they continuously develop their skills.

The evaluation system in relation to the individual employee was improved in 1996 as one of the initiatives to support the people hoshin as it is seen that an increasing source of competitive advantage is Hewlett-Packard's ability to create a flexible, inclusive environment that attracts and retains highly talented people²⁸. Thus more emphasis has been put on the completion of development plans for the employees in order to develop our people's resources for the sake of both themselves and the company.

Today the evaluation system comprises of the PE/DP, the Performance Evaluation and the Development Plan. A part of the Development Plan is further called a Position Plan (PP). The position plan is made because every job develops over time, and the PP is thus made so that the employee at all times is aware of what tasks he or she is responsible for. The PE/DP is laid out once a year at a meeting between the individual employee and his or hers immediate superior. A key element is that the meeting is conducted as a dialogue between the two in order to avoid mistakes being made. It is for instance quite important that the employee is able to explain why something didn't go as planned and a consensus can be reached on how to handle this instead of purely looking at the figures. The dialogue will also promote a discussion about which ambitions the employee have for his or her future, instead of merely being given new objectives for the next year. Thus in the dialogue past performance should be explored in order to achieve the best possible results in the future. Through the PE/DP a minimum criterion is set for performance objectives for the year to come and for preparing a development plan; it is a means of tying together the employee's performance and the development objectives; it is a means for identifying

²⁸ It is worth pointing out that Hewlett-Packard had a score of 12 out of 14 on the DISKO research project's flexibility index. The flexibility index was constructed to measure the level of flexibility in companies, and ranged from 0 til 14 of which 14 characterized the most flexible company. This part of the DISKO research project investigated the conditions for flexibility, innovation, and organizational change in a large population of Danish companies. See Nymark (1998a, 1999) for an overview of the project.

areas where the employee needs to improve; it is a means for balancing the dialogue between evaluating the employee's past performance and planning the future performance; and it encourages the employee to play an active role in performance and development planning.

However, it is allowed locally to make alterations and adjustments to the PE/DP but it needs to be aligned with corporate minimum criteria which include a number of critical elements: A signature area to commit people to the agreements, listing of objectives and results, listing of performance factors that the employee will be evaluated on, a summary of previous performance, the employee's comments to the PE/DP, and both a performance plan and a development plan for the coming year.

In employee surveys the employees are asked whether they have a development plan and have sufficient opportunities for training. The surveys are also a reminder to the employees that they are responsible for their own development, and thus are prepared for the changing needs in Hewlett-Packard. In the survey, it is also checked whether the management is willing to discuss career development and supportive of the employee's continuous development in their current job. For instance, performance factors that the employee are measured on are work characteristics as quality, productivity, process improvement, and customer satisfaction; job skills which include factors as technical competence, job knowledge, planning and organization, and job satisfaction; and a job approach which includes factors such as dependability, teamwork, initiative, flexibility, work environment, safety and security.

This should give an insight to how the PE/DP system functions. Once a year employees at all level go through this with their immediate superior. It is done both for the sake of individual development and job satisfaction for the employee and for Hewlett-Packard to make sure that employees throughout the whole system meet the objectives that are required of them. Otherwise the whole idea described in the HP Way of management by objectives and respect for the individual will fall to the ground, as will Hewlett-Packard.

To take an example, our sales people are measured on orders, consultants on orders and turnover, and others are measured on orders and cost. Additionally, there is a number of factors that carry less weight as some of the performance factors I just mentioned and issues in relation to personal development and so on. The higher you get on the hierarchical levels, the more objectives you have to meet. However, the system is flexible enough to take into account that mistakes can be made and that certain parts of a development plan can be outdated. For instance, an employee that was recommended in her development plan to take a course in English found that

it actually wasn't necessary. Then at the next PE/DP session with her superior she just gave the reason for not taking the course, and, of course, that doesn't affect her PE. Rather it might be considered positively that she is reflective in her everyday work life.

Furthermore, the result of the performance evaluation affects the employees' salary. Every job has a salary interval. When an employee gets this job, he or she will be positioned somewhere on this interval. How high the employee starts out on the interval is not fixed, it depends on previous positions and other things of relevance, and it is based on an individual evaluation each time. The salary can never exceed the interval of a job. To raise higher one has to get another job, or take on significantly new tasks that supplement the current job. Besides the salary, bonus is given depending on site, group, and corporate level performance. There is no individual bonus. When the annual evaluation is made the employee is graded on a scale from 1-5. 1 is not good enough, 2 is all right, 3 a little better than just doing ones job, 4 constantly doing a little better than expected, and 5 is exceptionally good. Depending on the grade, salary raises are given, and promotion might be considered. On the other hand, if an employee is given the grade 1 it doesn't look good, and a correction plan to be fulfilled in three months is initiated. If the employee after three months again gets the grade 1 based on the last three months work, then an additional correction plan is made, and if it is still not good enough then the employee is given a number of months to find another job. But this sequence is so far only a hypothetically situation. Much is done from the company side to keep an employee or help an employee back on the track. An employee that has been doing the same job for a number of years, or for other reasons, e.g. problems at home, can fail at the job and needs some help to get back on the track or to change to another job. For the company this is the best solution. The company has no interest in firing people, it is expensive, and unproductive. The only thing an employee can be fired for at Hewlett-Packard is dishonesty and theft.

Furthermore, the final grade an employee gets is never given solely by the immediate superior. It is determined at a meeting between several managers in similar positions, and the board of managing directors participates as well. At the meeting, the individual manager explains his/her recommendation on grades to his or hers employees, and argues why it should be so, and it is only after this process the final grade is given. Thus we try to come as close to an objective evaluation as possible, so it for instance will not happen that an employee who doesn't get along well with his or her manager gets a bad evaluation or grade on that account.

The Ph.D. student: I understand that you have experienced some problems with this system as well. That you have had a problem with setting the objectives on the management level; that too many objectives were set and it was too much to handle, and that now they have been adjusted down to only a few objectives that are simple and manageable. It is of course understandable that primarily new employees are afraid of not reaching their objectives. Another point is that these individual objectives, which are also tied to salary raises, can be counter-motivating in regard to team spirit. That the employee will focus on achieving his or her own objectives first, and then not have time for helping others of fear for not reaching his or hers objectives.

The personnel manager: Well, the general idea about setting the objectives and the PE/DP meetings should be seen as motivating and a way of giving positive feedback. As to the promotion of individualism, it should be mentioned that group and team objectives exist and are meant to help people remember that they are part of a team even though some things might be easier done on their own.

An important part of the yearly personal evaluation is that one's superior can give the employee feedback. Before the meeting, the superior will talk to the employee's colleagues so the superior is able to get a full picture to give feedback on. Often at Hewlett-Packard one's immediate superior is not positioned at the same physical site as the employee so these evaluations are important for feedback. When a new employee arrives, a personal evaluation has to be made within half a year, and, after that, every year. A part of a manager's evaluation can be whether he or she has conducted the yearly PE/DP for the employees that he or she is responsible for. Earlier it was reported to the personnel department when the individual manager had performed the evaluation with each employee, but today we have an electronic system in which the individual managers themselves register that they have performed the evaluation. These evaluations can of course never be fully objective but it is an advantage that the PE/DP functions from lowest to the highest hierarchical level for all employees. This way all managers who perform an evaluation on their employees know what it means to be evaluated and how there can be an inherent uncertainty in the system.

The Ph.D. student: I'm glad to get this explanation. It puts my ideas about the value-based management and management by objectives into a certain perspective on how a 'hard' system exists to follow up on the 'soft' management form in Hewlett-Packard. It seems that the two complement each other, and that the one cannot function without the other. With regard to what I have explained about the ideas of postmodern thinking, symbolic management, and the shift from vi-

sion to value based management, which all are issues concerned with the 'soft' side of management style, your PE/DP system puts the 'soft' side into a certain practical perspective on how a 'soft' management style can be combined with 'hard' reviewing. It emphasizes that what some have called a management style of blind and naïve belief in the employees also has a complementary side in which a certain kind of direction is set. And this complementary side seen by the DP/PE system is not only a tool for setting goals and direction but just as much a tool for giving feedback which is highly requested by the employees.

However, it seems that several of the employees at Hewlett-Packard in Denmark haven't been through the PE/DP. After having been employed at Hewlett-Packard half a year, a employee I talked to had not been through the PE/DP, as well as he had not been on the obligatory introductory course to the culture at Hewlett-Packard. Another employee was employed at Hewlett-Packard at Birkerød on his 14th month when I talked to him, and he still had not had his PE made because his boss couldn't pull himself together to get it done as the employee said. One problem as he saw it was for example that he didn't get any raises before the PE was made because raises in salary are dependent on the grading based on the PE. And especially for new employees it is unsatisfactory that the feedback which lies implicit in the PE/DP system is lacking.

Other employees have explained that with all these organizational changes that are characteristic for Hewlett-Packard then they never have the same manager to follow up upon their PE/DP, but I suspect that it isn't really a problem. I see that there is a sophisticated reporting material so the manager who takes over the employee can easily see the essence of what was discussed and decided at the last PE/DP. Furthermore, it could be claimed that the actual follow up isn't as important as the implicit message of learning to set objectives and reach these that lies implicit in the PE/DP system. Another point has been that some employees felt that it was through the PE/DP that they really became aware and remembered to develop themselves at the personal level. It was emphasized that in their busy everyday work life they could otherwise easily forget to develop their 'soft' competences.

The personnel manager: So you see the PE/DP system positively, not all people like to be measured and graded but I see a serious problem in managers that don't perform the PE/DP on their employees. In a larger scale it would undermine the system.

The Ph.D. student: Yes, I strongly agree that the lack of performing the PE/DP is a serious matter. It gives the impression that these managers don't take the system seriously, and it is also disadvantageous to the employees, who loose the possibility of raises as well as the more im-

PLICIT benefits of the evaluation as discussed before. I think a conclusion that can be made from the examination of the Hewlett-Packard system is that management by objectives, the value based management, or plainly the HP Way only is succeeding because of the strong focus on continuous evaluation and measurement. Thus the success is determined by a combination of the soft and the hard side, and the one cannot work without the other. Therefore it is quite important to take both parts seriously. It is important to have this special system at Hewlett-Packard communicated to the employees, and especially to new employees. Quite a good way of introducing new employees to the system has been through the coach arrangement, but not all are using it. It seems that there are different reasons for this. Mostly because managers are too busy, and don't take the system seriously or they don't understand the implicit value of the system. It can be said that these managers are out of touch with the context of their company philosophy. In emphasizing the peculiarities of the HP Way, and especially the Management by Objectives style, and using the PE/DP system to keep hold of the employees, Hewlett-Packard can be said to have created a system in which Hewlett-Packard unintentionally has implemented the notion of 'reflexivity'. I explained the notion of 'reflexivity' in relation to postmodernism as epistemology. At Hewlett-Packard a strong belief and trust is placed in employees, and especially in their ability to manage themselves. It is also expected from the management side that the employees are self-managing. That they know themselves what to do, and need not to be directed in any way.

'Reflexivity' emphasizes 'the ability to be critical of our own intellectual assumptions', and by using the PE/DP as a tool for goal setting and feedback to the individual employee Hewlett-Packard recognizes that no employee is entirely able to self-manage. That it is not enough to set objectives for the individual employee, feedback is also needed. Also the grading which is a part of the PE/DP system and in which the employee indirectly is given a 'pad on the back' is important. At Hewlett-Packard you seem quite proud of your ability to self-manage and the importance of employee's ability to self-manage if they are to survive at Hewlett-Packard has been emphasized to me several times. But at the same time you have the PE/DP system that would be unnecessary if all employees were machines. But they're not. And in recognizing this and implementing the PE/DP system, Hewlett-Packard recognizes that a critical reflection on the system is needed, and Hewlett-Packard goes a step beyond reflection, which underlines the notion of 'reflexivity', in that you not only acknowledge the need for being critical and reflective of your own intellectual assumptions, i.e. that you can self-manage, but also recognize that this

need for being critical and reflective is something that is beyond the individual and thus Hewlett-Packard has implemented the PE/DP system to make allowance for this human condition.

A problem can also be seen in that the individual departments at Hewlett-Packard function autonomously with their own budget for employees, computers, fax machines, paper et cetera, and are measured on their performance with regard to profits and achieved tasks. A comment I got from an employee was that people at times considered it a second time before asking for help from someone at another department because the one department would bill the other for the service. One of the worst cases in relation to the autonomy of the departments was that in one department an employee who went on sick leave because of the pressure of work at the time was being pressured by the department manager to quit the job if he could not cope with it. The managers' argument was that if the employee would quit the job no matter what then there was no reason to continue to burden the department's budget with expenses for salary to this employee. However, the incident got the attention of the personnel department which intervened for several reasons. It was not the opinion of the personnel department that this was an ethical way of treating an employee; it is impossible for an employee to objectively judge whether or not one can return to his or her job later on in the middle of nervous crisis; and furthermore this was certainly not in compliance with the guidelines of the HP Way. This is a good example of how a stressed working life can push managers to make decisions that they otherwise would know are inconceivable, and that critical reflection as well as keeping the overall picture in stressed situations might not be present. Furthermore, it is an example of the important role of the personnel department as the watchdog of the HP Way in critical situations.

The personnel manager: We see the same thing in receiving new employees to the site. It is largely up to the individual department how well a new employee is welcomed and introduced to the company. What we do from the personnel department side is to give an introductory one-day meeting for all new arrivers which is held every month. At the meeting, new employees are given the HP Way and the Hewlett-Packard Standards of Business Conduct brochures, and the contents are explained to them briefly. They are also given an Environment Health Safety introduction about how environmental issues are treated at the site as well as how to sit ergonomically correct at tables and in front of computer screens, and what to do in case of fire. Furthermore, nobody is allowed to use voicemail before having been introduced to the system at the introductory course.

The employees on the introductory course are divided into groups of maximum ten and given a tour of the site on which they are introduced to the different departments. Besides that, we encourage the different departments' managers to delegate a coach to new arrivers as well as we provide the managers with a check list about what to remember before and when a new employee arrives, for instance arranging a desk and a computer et cetera, but some managers are bad at taking care of this. However, a new initiative from the personnel department's side has been to make an internet based handbook which contains all information about dealing with, for instance, travel expenses, and all these things that new employees need to know. We are working on making a better introduction to the company for new employees, and we plan to educate our managers, which often have a technical background, in what it means to receive new employees and what new employees need to know, emphasizing the more soft side of the job as opposed to a check list rigidity.

The Ph.D. student: Well, I know that Hewlett-Packard has a good name, and that many people seek employment for this specific reason. For instance, an employee I talked to who works as a salesperson had even called Hewlett-Packard to apply for a job because people always were asking for HP Printers at her last job. She simply was fed up with experiencing that no one wanted the printers she sold but always asked for Hewlett-Packard printers.

However, there still seems to be a number of problems when introducing new employees, which was also the conclusion of a consultant report a couple of years ago, and it seems that it has been the reason for a couple of people leaving the company. It seems that there is some dissatisfaction with the handling of new employees. A bad excuse has been given in saying that employees at Hewlett-Packard are expected to find and seek the information et cetera that they need, so they should consider themselves lucky 'if there even is a chair provided for them when they arrive'. In addition, the coach system, which is highly important for new employees in order to adjust to the strong emphasis on the combination of goal setting and autonomy in carrying out the tasks, seems to have flaws at the Birkerød site.

For instance, an employee has explained that it was hard to begin at Hewlett-Packard. She felt that she hardly got any help. Her colleagues were never in their place, and she felt that her colleagues could have been somewhat more attentive upon the arrival of a new employee. When she arrived there was no desk, no computer, and no telephone had been prepared for her, which gave a bad impression and some frustration. She went on a two-hour introductory course, which informed her about the HP Way, security functions, and voicemail, but she got no information

about the products that she was supposed to be selling. There was no coach to help her, apparently it was not used in her department, and because the position was a newly established one, there was nobody she could talk to who had held the position before her. However, today she finds that her work at Hewlett-Packard is the closest she will ever get to an optimal job, but she lacks a more institutionalized program for new employees although the departments enjoy a wide autonomy.

Another employee emphasized that he had felt extremely welcome when he arrived the first day. There had been flowers for him, he was introduced to the department by the manager who normally is located at another site but had come to welcome the new employee. The manager had made sure that the new employee had a desk, and the manager had already booked him for participation in the introductory course. No computer had been by the desk but other employees from the department had been kind and helped to get one.

As to the coach system there seems also to be a number of problems. The main issue is that a coach is not provided for all new employees, it depends on the opinion of the individual manager who is responsible for the department where the new employee is to be working. Some employees have pointed out that managers focus on the things that are measurable such as sales, which also directly affects their salary, and then give less attention to coaching and other 'soft' things that aren't directly measurable. Of course, it is not all employees that really need a coach, some employees come with experience from a similar position in another company, and some come straight from college. One employee had for instance held a similar position in another company in the same line of business so adapting to Hewlett-Packard wasn't that hard, but the employee especially felt that she lacked some managerial sparring at times. A couple of meetings with the manager during the year would be fine for her, instead of just the single PE meeting each year. However, she had chosen Hewlett-Packard especially for the work autonomy but at times she felt that on the line between freedom and control, there was almost too much freedom.

Nonetheless all new employees need some guidance into the peculiarities of the HP Way. It takes a while to settle in, and most employees would benefit from having a coach to address different questions for the first months. It was pointed out by one employee that previously, when the coach system worked better, the appointed coach for a new employee was from another department at times, to whom it was easier to ask slightly naïve questions. One employee emphasized that he had benefited from having a coach the first months to whom he talked every day,

now after 8 months it was still nice to have a specific person to turn to even though it wasn't that often it was needed any more. Today, he is himself coach for a new employee. Another employee pointed out that in the beginning the coach is often used for simple things as for instance how to register travel expenses, later when you get some friends in the organization then you naturally turn to them, and often the coach ends up as a good friend. Lastly, I will point out that it is not all bad, I have just pointed out that it varies between departments whether or not a coach is used and to what degree. For instance, a manager in one department emphasized the importance of appointing coaches to new employees. He always appointed a coach to new employees, and he was even quite definite about appointing a coach who had or previously had small children at home because those people often have a somewhat more pedagogical sense. The coach is in this department also responsible for introducing the new employee to the peculiarities of Hewlett-Packard's culture, to indoctrinate the new employee the right way as it was put.

The personnel manager: It was suggested in the conclusions from the employee survey, a couple of years ago that the employees felt that improvements were needed on how new employees were introduced to Hewlett-Packard, and it was tried again to emphasize the importance of appointing a coach to new employees. At the personnel department we encourage the managers to assign coaches to new employees, but we do not control whether or not the individual managers actually do as recommended. However, It doesn't have to be a manager that is assigned as a coach, a colleague is fine, but it is required that you are pointed out and it is said that you are now the coach to the new employee, otherwise people tend to rush on with their daily doings. On the other hand, we expect people at Hewlett-Packard to be able to act on their own initiative. If people just are sitting back and expecting others to take the lead then they will be disappointed. A coach is assigned to make the adjustment process to the peculiar Hewlett-Packard culture easier, not to do the job for new employees. They are expected to keep themselves occupied, to create, maintain, and expand their own job.

One thing that at times stands between the 'softer' issues and the realities at Hewlett-Packard is that Hewlett-Packard has its background in technical science. Both Packard and Hewlett were educated as engineers and our image as an engineering company is strong. We have kept our focus on making the best technical product, not that much on design and promotion, but now we see that customers also look at a company's political side. How a company treats its employees, their environmental policy et cetera, which we haven't focused on before, so we are changing

towards directing more attention to ‘softer’ issues, and make sure to be more visible in the press and at higher educational institutions²⁹.

The Ph.D. student: When it is mentioned that people are expected to create, maintain, and expand their job, attention is turned to another side of the Hewlett-Packard system. It might be a side which, as an employee points out, Hewlett-Packard is a bit ashamed of. Nevertheless it is a side which is important for practically the whole Hewlett-Packard system, but still might be a bit in contrast to the HP Way. I am talking about the flex force system.

The flex force system is a kind of buffer in which flex force employees are supposed and encouraged to create a full position for themselves in the organization, but at the time of hiring there is only room for a temporary position. Not all new employees are hired into flex force positions. If there is an existing slot or position which another employee has left, then a new employee can take over this full position. The flex force buffer can be said to function so that the policy of not being a ‘hire and fire’ company can be maintained. By hiring flex force employees Hewlett-Packard can be sure they don’t risk having to lay off full position employees. Not until Hewlett-Packard is absolutely sure of having created a full position an employee is hired as such. Until then the employee is flex force, and is supposed to find new and innovative assignments or take over other responsibilities so it can be justified that a full position can be given. A department is only allowed an additional employee when it has shown through the flex force employee that a position for a full position employee has been created.

When an employee has adjusted to a new position, the employee is often able to take on responsibility for additional tasks, which is the philosophy of creating positions through the flex force system. If a full position cannot be created, the employee isn’t re-hired, and this isn’t considered a lay-off. As it has been told to me, people are a bit uncomfortable about the flex force, and it has been initiated that people are not allowed to be kept in a flex force position over a longer period of time. As one employee said, keeping people in flex force positions over a longer period of time isn’t to respect the individual, and does thus not apply to the HP Way. After a period, flex force employees should be hired in full positions, or be told that it would be better for them

²⁹ An interesting example of the ‘invisibility’ of Hewlett-Packard was referred by a manager at Hewlett-Packard in Birkerød. An American study in which the 500 largest companies were asked whom their best network, support, and service supplier was. Hewlett-Packard came out as number one in the study although Hewlett-Packard had not been on the list of companies to choose from in the survey. People had simply crossed out one of the other companies and put Hewlett-Packard in instead.

to find something elsewhere, and thus not be re-hired. However, it is suggested that this policy isn't kept entirely.

The difference between permanent staff and flex force staff is that permanent staff have a fixed salary, pension, and profit sharing while the flex force staff only have a fixed salary, and a contract on 3, 6 or 12 months. However, it has been seen that some flex force employees still are employed in the same temporary position after two years, which they are not supposed to be. Because of the respect for the individual policy, the flex force employee should not be allowed to have his or her temporary contract renewed. Keeping flex force employees is not in agreement with the HP Way because it is unsatisfactory to be on temporary employment for a longer period of time. So if a full position is not created or a full position that the flex force employee can apply for, is vacant then the employee should not be rehired. Of respect for the individual the flex force position should be given in contract to another person.

One employee at Hewlett-Packard at Birkerød I talked to was originally hired on as a flex force contract. He calls it a 'try-and-hire' position because it was a kind of experimental positions in which the tasks weren't clearly defined and it wasn't obvious whether or not it was a position that would 'make or break'. However a number of goals were set and the first goal that he set himself was to create a full position. It meant that he was very aware of creating a network with other employees, talking to different people, listening in on problems and offering solutions within his competence that he could solve for other employees. He reached his goal of a full position by finding and inventing tasks that he could solve, and adding them to the tasks that he was already carrying out. But again, as he said and others have pointed out, the flex force system is considered the black sheep at Hewlett-Packard but, as he also pointed out, nonetheless it is a cornerstone in the system.

The managing director: It is indeed correct that the necessary consequences of our highly praised system are somewhat on the hard side. Our talk about work autonomy, high delegation of responsibility, and focus on values, which all are elements of the value based management philosophy, might indicate a laissez-faire management style. But as you have pointed out, when you take a closer look at our way of organizing these practices then it is almost an entirely other picture that emerges. In order to allow this 'soft' side of the organization, we have to uphold a system of quite strict regulation and control.

The Ph.D. student: I have actually come across another issue that complements what you're just saying about the peculiar Hewlett-Packard practices. It has been explained to me that there are

only two modes of speed in Hewlett-Packard, namely stop and go. Or full speed and full stop, as one employee has described it. This practice complements the story about salary cuts to avoid lay offs and borrowing. The essence is that Hewlett-Packard has dedicated itself to avoid laying employees off even during a crisis situation, to avoid crisis but keeping a keen eye continuously on the deficit/surplus ratio. Borrowing is not an option at Hewlett-Packard, the debt that Hewlett-Packard has, as for instance seen in annual accounts, has been passed on to Hewlett-Packard when taking over other companies. All new initiatives and the like are financed by previous years' profit. When it seems that for instance a division is on its way to experience less growth than previous years, strict cost control is instigated, and if that doesn't suffice, then first high level managers are asked to take a cut in salary and so forth downwards. However, what is seen as peculiar in Hewlett-Packard is the experience by the employees of two modes of speed. Either it is full speed ahead or full stop. Employees have experienced it as you go on with expenditures when a new fiscal year begins until the warning signal blows, then the heels are set in, and it comes to a full stop.

An employee explained that shortly after he was hired in 1997 a stop for hiring new employees was initiated and this was seen again at approximately the same time the year after. Another employee saw the phenomenon as a generally recurring one that took place every year in a quite hysterical fashion. When Hewlett-Packard is controlled after a wide system of measurable objectives, then if there is a quarter or half-year where the results haven't been entirely as expected, the management steps on the breaks with spending costs which means 'no travels, re-use the paper clips and the like'. As he sees it, Hewlett-Packard cannot figure out how to drive the company without either full speed ahead or full stop. The philosophy at Hewlett-Packard is that the reactions on those indications are dramatic even though it is only indicated that things are beginning to look less good. He finds that Hewlett-Packard has a problem in not being able to find some middle ground between these two modes of speed. He gave an example of the statement of the first half-year 1998; it is often after the first half-year result that these measures are taken. The statement had shown progress and profit was made, but not as much as it was expected by the investors on the stock market. So shortly afterwards, strong cost control was instigated, no one was allowed to travel unless it was highly necessary, and everybody was expected to cancel everything possible that wasn't directly related to customer activities. For him it was somewhat frustrating to see the business being run in such a fashion. He found it quite dramatizing to take so high precautions on a result that was far from being catastrophic.

However, a third employee points out that even if these two modes of speed can be annoying, they are actually a critical factor for the survival of Hewlett-Packard. It has ensured Hewlett-Packard a two figured growth each year, and provided Hewlett-Packard the position of the only computer company that always has made profit.

So it seems that there are different opinions on this part of the Hewlett-Packard practices even though many seem to be a bit annoyed with it. However, as the last employee that I referred to emphasized, it seems as if the strong focus on objectives in relation to growth and profit has been a cornerstone in the success that Hewlett-Packard has enjoyed.

The managing director: Yes, as you previously pointed out, the Hewlett-Packard way is quite a mix of a number of complementary factors that individually are useless, and might even seem unintelligible for people outside the company, but together they are part of a system that has been developed incrementally over the years to a highly interlinked system that is dependent of a number of core factors in order to function successfully. As you have pointed out, there is a part of the system that we are not proud of, and a part that might seem a bit odd, but together it seems to be a very applicable solution. I hope that we end up today by narrowing down these inter-linked core factors so we can put a stronger focus on these in the future, and we can become better to communicate the system to our employees and other stakeholders.

Regarding your explanation of our two modes of speed system, I would like to add that the system of asking managers and subsequently employees to take a salary cut, as you have explained in the story of the salary cut, is an integrated part of Hewlett-Packard's policy of continuous growth year after year, which you just have illustrated. We use it worldwide if necessary, and we use it locally at different levels at the organization depending on the seriousness of the problem, and whether or not it is only a division or a specific department that has problems in meeting goals, and thus has to adjust their expenses. And it is used in combination with for example the stop for hiring new employees which you just touched upon.

In the case that you have described with the story about the salary cut, all employees worldwide were asked to take a five percent salary cut, and all management to take a ten percent salary cut in order to avoid lay-off and borrowing. There didn't really seem to be any resistance to the request, and people were allowed to refuse for instance if they had recently bought a house or something that had put a strain on their private economy. I don't remember anyone taking that option in Denmark, and worldwide I think it was accepted by approximately 80 percent of the employees. As long as the employees know that it only is a temporary solution it doesn't seem to

create any concern; rather it might pull people together in emphasizing the team spirit. I think most people considered it a natural thing to avoid laying off colleagues, and you could say that this shows that the values described in the HP Way truly function in practice.

The only ones who were not happy were the unions, but at Hewlett-Packard unions have never had any influence. Actually we have recently lost a major order because the Danish LO tried to persuade us into an agreement of having Hewlett-Packard unionized to get the order, but we refused and the order went to our biggest competitor Compaq instead. It also means that we can negotiate salaries with the employees individually and follow our salary system without external interference. As long as the salary is fair, and the salary system is transparent enough to understand for all, nobody has had any reason to be unsatisfied, and we haven't experienced anything like that. We haven't banned unions at Hewlett-Packard but at the times that the unions have tried to get a grip at Hewlett-Packard nobody has seemed to be interested.

The plan was to carry on with the salary cut for half a year but already after three months, it wasn't necessary anymore for all employees. Only management carried on for almost a year with the salary cut. On the other hand, everything else went on as usual. For instance people still got raises in salary after the special salary box system as a part of their PE, we talked about earlier, but they only got 95 percent of the intended raise in the period. Again I will emphasize that these measures are not taken when things are critical as you understand crises in other companies. These measures are taken when our profit isn't as large as expected in the budget, and that activates our cost control by different measures and at different scales of gravity. In 1998 our first half year statement did not live up to our expectations, then all top level management was asked to take a salary cut, which in Denmark affected three managers.

The personnel manager: It seems to me that the control system at Hewlett-Packard has been covered sufficiently. I would like to move the discussion on to the peculiarities of the HP Way, the stories that have been identified, and the relation between the HP Way and the stories, as well as how the HP Way functions in practice.

The Ph.D. student: The stories that have been identified describe significant and critical events that have happened in Hewlett-Packard's history. Not all are long and voluminous; actually the best might be the short ones. They are short and precise, and with a clear message or moral. What the stories have in common is that they communicate an implicit message about the Hewlett-Packard culture.

By storytelling the culture in Hewlett-Packard is passed on in the organization. The culture varies in companies. What is *comme il faut* at one company might not be so at another company. In order for an employee to work in an organization, he or she needs to understand the culture of the organization or how things are done at this specific organization. The culture isn't something that can easily be narrowed down, and described in a few lines that the employee can be given the first day at a new work. To a large degree the culture consists of tacit norms, and people might not even be aware of this and that cultural aspect until they have broken a tacit norm. However, some events in the organization tell a lot about the organizational culture. These events often become stories, which are passed on from employee to employee in the organization. When an employee comes across something that he or she might find odd, and goes to his or her coach or colleague for advice or an explanation, a story about a previous significant event in the organization is often used to put the occurrence into perspective. Thus the stories are carriers of meaning or sense-making in the organization.

Stories, contrary to the culture, are explicit as the stories that have been singled out earlier, but carry their message implicitly in the moral. Some stories are often given at a company's introductory meeting for new employees but often in a very superficial form. These I described earlier as formal stories. Often the emphasis at introductory meetings is on giving the company history and not creating meaning for the new employee, but it is to a large degree two sides of the same thing. The one supplements the other. By being given the history of a company new meaning is created for the new employee, but to what degree depends on what and how the history is given. Is a presentation on major successes of sales or the growth rates of the company, then it tells the new employee about what the company is proud of and thus indirectly what the employee needs to strive for if he or she wants to be successful in his or her new job. On the other hand, if the history is communicated as significant events as the ones identified here, more information is given to the new employee about how to behave. It tells something about what is allowed and what is not, and an implicit picture is created in the head of the new employee of how to react in specific situations that might occur. For instance, how you should react when your co-worker has made an error, or when you think that your manager has misguided you.

Some of the stories directly describe what Hewlett and/or Packard have done in a specific situation. The strong culture that has been created by Hewlett and Packard in emphasizing the values of the HP Way has made them icons or role models at Hewlett-Packard. So stories about what the founders have done, and thus implicitly not done in a specific situation also provide guidance

for what to do for employees at Hewlett-Packard in an uncertain situation. If the employee can justify the choice or action that the employee is about to take by comparing with what Hewlett or Packard have done, then the employee can take action on his or her own without asking a manager or colleague for advice. The situation of the employee and the situation in the story does not have to be identical, the importance lies in the moral ascribing to both situations.

At my studies at Hewlett-Packard I have looked into whether or not employees know the stories that have been identified, and how they have heard the stories. Often stories are changed a bit when they are passed on. Presumably because people can't remember the whole story, just the significant parts and the moral, and thus the story might turn out somewhat different. However, the importance lies not in whether or not the story is correctly passed on but whether or not the moral of the story is intact. Furthermore, I have looked at the practical relationship between the HP Way, and the development and maintenance of the corporate culture at Hewlett-Packard. Culture is not a stable thing. It is something that is sustained and reinforced unconsciously on a continuous basis, and it is affected both by management and employees. It is affected by the action of management and employees as well as by the stories that are told about this action. And these stories can originate both from management and employees. Hypothetically, there can also be competing stories about the same event, and the surviving story or viewpoint will in the long run be the one with the highest truth-value to the receiver.

For instance, the story that I have identified as the story about the lock busting episode was explained to me by one of the employees that I talked to at Hewlett-Packard at Birkerød. I used to ask in the interview whether the employee could remember events that had happened, either events that the employee had experienced or been told, which the employee felt gave a good picture or were a good example of the culture at Hewlett-Packard. If the employee was uncertain of the implications of the term culture, I often used to ask for an example of the HP Way in practice. However, this employee told me about an episode at Hewlett-Packard at Birkerød in which some measuring instruments had been locked down, and then there was someone who needed a piece of the equipment that had been locked down. He broke open the latch, and the result afterwards has been that it is avoided to lock things down. The incident occurred, according to this employee, at a time when it was discussed whether to lock different things away because some things recently had disappeared from the stock. However, breaking up the latch made people see that this was not in agreement with the HP Way. This story illustrates that when the stories are passed on, they change after having been re-told time after time. In this case, the story

has been adjusted locally, but what is of importance is that the moral remains the same, which is the case here.

An employee who couldn't remember any significant events when asked, told me anyhow about the salary cut episode later on and gave it as an example of something that describes the peculiar spirit at Hewlett-Packard. It was described as something that lies implicit, is tacit and intangible, and is hard to put words on. Another employee explained that he never had taken the time to read the HP Way, he found that the HP Way is something that just is there, implicitly. That it is reflected by different policies, and in daily practice. The advantage of the HP Way is that it is something that has been developed over a number of years in practice and only then written down after nearly twenty years, it isn't some academic gibberish.

What the employee said emphasizes a hypothesis that I discussed with the training manager at the HP site at Ipswich. The hypothesis is that when Hewlett-Packard employees are fully capable of describing the HP Way in detail, or for instance the list called 'David Packard's 11 Simple Rules' which is used at Ipswich, it may be cause for concern rather than if the employees are unable to explain the HP Way in detail. If they are able to explain the HP Way in detail, it might be a sign that they haven't accustomed themselves to the way of working at Hewlett-Packard, and then overdo their concern for trying to understand the HP Way. On the other hand there are the people that only superficially and vaguely can explain the HP Way. Some of the employees that I interviewed told me that they had been in doubt whether to read the HP Way before the interview because they only could remember it vaguely and could only explain the HP Way in general terms. This can be interpreted as they have accustomed fully to the way of working and being at Hewlett-Packard. However, an American HP employee, whom I met at Hewlett-Packard at Ipswich, told me that she felt that it could take as long as up to four to five years before you really feel that you are accustomed to and have understood how to work in accordance with the HP Way. It varies of course, it is also dependent on the background that the individual employee has before coming to Hewlett-Packard, but most people agree on two years.

The spirit of the HP Way is described by one top manager at Hewlett-Packard in Denmark as a security net. If one acts in accordance with the principles that lie behind the HP Way then you can always be sure of your support base. An employee who came from a similar position in another computer company felt that she quickly felt comfortable with the HP Way, and the way of doing things at Hewlett-Packard. She ascribed it to the fact that there were many similarities between the two companies but especially two things were different from her previous job. At

Hewlett-Packard she felt that there was a stronger and more enthusiastic team spirit, and she partly ascribes that to the fact that Hewlett-Packard never has had experienced a real crisis and deficit. But what actually had confused her was that at the other company there had been rules for everything, and arriving at Hewlett-Packard she looked for rules so she could get into the job fast and fulfill her goals but found that there were none. That was a situation that she had to get accustomed to, and a part of the HP Way that she hadn't been prepared for.

An employee at Hewlett-Packard at Birkerød explained to me that he had been given the HP Way at the short introductory meeting along with a short explanation, but he felt that the HP Way is learned through the daily work in interaction with colleagues. Several people have pointed out that working in Hewlett-Packard in accordance with the HP Way is not about checking the HP Way document when in doubt, rather it comes down to behaving in accordance with common sense. The closest the HP Way comes to playing an explicit role in the everyday working life is for instance when someone has been treated badly. It is not said so, rather it is asked 'is this now in the spirit of the HP Way?', and thus implies that it is not. The way that the HP Way has been manifested in the organizational culture has seemingly been through Hewlett-Packard's ability to draw on their own history. In this way 'the HP Way in practice' has been communicated through stories about what the founders have done, and emphasizing that the values that the founders built Hewlett-Packard on still are the guiding values at Hewlett-Packard.

One employee emphasizes that the HP Way isn't that unique, it is 'only' a set of ethical values that appeal to people. However, as I see it, it isn't as simple as that. What complicates the system is how to make it work, it is fairly easy just to single out a number of positive values, but to make it work in practice is a completely different matter.

A central theme in the whole management system at Hewlett-Packard is that managers are not people who direct the employees. The system is built around an idea of the employee as a self-managing, autonomous person, who should be inspired and guided implicitly by management in the everyday work life. Thus management directs by setting goals and emphasizing corporate values, not by telling people what to do. If new issues or situations arise then the topic is dealt with in the management group in order to reach a consensus about the issue that can be communicated consistently to employees in different departments. The management group consists of about 30 people, which are all the managers at Hewlett-Packard in Denmark.

The key word here is consistency. If the managers signal isn't consistent with other managers, and there isn't consistency between what a manager says and does, then the employees will not

be able to be achieve this inspiration or implicit guidance, because they wouldn't know whether to do as the management does or to do what the management says. And this implicit guidance is often communicated and spread out through the organization by the stories that are told. As one of the employees pointed out when we discussed the idea about stories as carriers of the corporate culture, then there has been no negative stories about management or about the management-employee relationship, which indicates a good relationship between what is said and done by the management at Hewlett-Packard. One story that this particular employee used herself, when asked about what for instance is not allowed at Hewlett-Packard, is one about an employee who was fired because he had made some kind of price coordination on certain hardware products with other companies. It had been done with the best intentions but it was the kind of thing that wasn't allowed at Hewlett-Packard, and he was sacked immediately when it was disclosed.

The managing director: Going back to the management theory you explained earlier, is it related to the everyday working life at Hewlett-Packard?

The personnel manager: Most is, isn't it? Much of the theoretical discussion on both the level of the company and the level of the individual seems related to issues that we recognize in our everyday work life at Hewlett-Packard, as well as many of the issues that indirectly have been brought up at this meeting.

The Ph.D. student: Take a look at this slide. It gives an overview of the main theoretical positions that have been brought up, a short description, how it is related to Hewlett-Packard, and some possible problems.

Table 14. Basic theoretical positions and their relation to Hewlett-Packard.

<i>Theoretical position</i>	<i>Description</i>	<i>Hewlett-Packard</i>	<i>Potential problems</i>
The role of stories and storytelling	Stories function by giving meaning and order to the world for the individual. Stories are used to communicate long-standing values and belief, which lie on a lower level of awareness. By storytelling, stories are passed on between individuals to infuse situations with meaning. At least two kinds of stories exist. 'Top-down' stories as e.g. the stories about significant events in part 3 directed at new employees and external surroundings, and 'horizontal' stories within the organization that function to make sense for the individual employee in ambiguous situations.	The stories about significant events that have been identified previously all contribute to picturing the virtues and values of Hewlett-Packard. The stories' function is to give an understanding of the Hewlett-Packard's organizational culture to new employees, and to uphold a consensual understanding of the culture for all employees.	'Top-down' stories can be counter-productive, and be frustrating for the employees, if the stories do not correspond to the impression employees have of management behavior and company policy, and 'horizontal' stories, stories between employees, might arise to allow for this divergence.
Postmodern organization theory	The idea is that entering a new stage predominantly pressured by the rapid development in technology and especially in information technology. Companies, especially in high-tech industries, re-structure into flatter hierarchies in flexible organizational forms with decentralized responsibility. These changing conditions also require new forms of managing.	Hewlett-Packard has since its foundation in 1938 been in the high-tech industry. The technological development in the industry has decreased product life times, and especially in the last decade numerous steps have been taken to accommodate the speed and flexibility that is required. Focus has been on flat and flexible organizational forms, and corresponding managerial measures.	Hewlett-Packard has delegated a large freedom to the individual employee in regard to day-to-day activities and the planning of the individuals' work. However individual feedback, promotion etc. function after a time consuming and bureaucratic system which can be frustrating to the employees. Especially when it is not backed up by management.
Organizational symbolism	Symbols are used for representing something else or more than itself. Stories are verbal symbols that function by providing reason and coherence, and implicitly as plots acceptable patterns of behavior. Symbolic managers guide the employees by being role models.	Post-industrial organizations as Hewlett-Packard are characterized by employing highly educated knowledge workers. Management of these employees function not by daily supervision and control. They are managed symbolically. They are trusted and given freedom in planning their work. Organizational stories and role models provide the implicit management these employees require.	Even though employees at Hewlett-Packard are familiar with working autonomously, and trusted by management with a large degree of freedom to plan and carry out their tasks, feedback might be needed more often than the scheduled annual PE/DP reviews. It seems that there is too much freedom for some.
Organizational culture	The culture is said to be the social glue that ties an organization together. Meaning is emergent and intersubjectively negotiated, thus the culture is always in a process of developing. The values in the culture can well be communicated through stories. Most values tend to be taken for granted, and through the morals of stories the values are given.	The HP Way is an attempt to make the organizational culture at Hewlett-Packard explicit. The HP Way describes values and goals for Hewlett-Packard, and is thus an implicit guideline for acceptable behavior. How this is handled in practical situations is not as obvious. In cases of doubt, the stories of significant events provide the substance for interpreting and providing practical understanding of the HP Way.	Room for differences between national cultures has to be taken into account if necessary. An overall culture is acclaimed for guidance through the HP Way, but there can be no single organizational culture at Hewlett-Packard. Sub-cultures will exist with group, site, and division specific elements.
Vision and value based management	A vision is a realistic and credible future for the organization, building a shared vision for the company is thus important. However, some businesses, for instance the high-tech business have trouble predicting even an immediate future, because of the rapid changes that take place in the business environment. Therefore, a vision of the ideal company is created in which the long-lasting values of the company are described on which the employees can base their behavior in the organization.	Hewlett-Packard is as an actor in a post-industrial industry in which prediction of the future is hard to make. Instead Hewlett-Packard focuses inwards on a vision of a company that ascribe to certain values and virtues. Instead of focusing on trends and competitors, Hewlett-Packard strives after being market leaders, and thus setting the standard for others. Extensive research is done, and especially the HP Labs contribute to upholding this position and ambition.	In focusing inwards on being market leaders, another issue must not be overlooked. A trend among consumers seems to be that they do not necessarily buy the best product. They also want to know about company policy on more ethical issues. Good products and services are not enough, a strong ethical image might also be communicated. Packard's book on the HP Way is a step in this direction. Thus vision changes from being a tool for internal use to being a tool for external use. A vision for consumers through creative imagery. To manage by values by emphasizing the HP Way is being undermined when not all managers believe in the complex system which is the basis for working the HP Way.

Now this slide gives an idea of the basic thought and relation between the emphasized theory and Hewlett-Packard. At Hewlett-Packard you have a well educated working staff, what has been called knowledge workers in the management literature. These people are able to work autonomously to a high degree. They need a strong consensus about their objectives, and when these goals have been set in co-operation with the management, the employees are able to carry out the work without managerial guidance. The employees themselves decide and interpret what course of action they find most appropriate in order to reach the goals that they have been given. This managerial approach acknowledges and emphasizes that the employees are individuals that understand and interpret their surroundings differently, but as long as the employees and the management have a consensual idea or vision of future goals, which is set by management and employees thoroughly at individual, group, and corporate level, differences are what makes the organization stronger rather than having 120,000 Lew Platt clones.

The HP Way is a means for setting these basic rules of behavior in the organization; it is an attempt to make the corporate culture explicit. It is also called the corporate philosophy, and is thus the management's view of the *ideal* culture which Hewlett-Packard strives for. However, when working so autonomously as Hewlett-Packard employees does, it can be hard for new employees or older employees experiencing new situations to accustom themselves to the peculiar Hewlett-Packard way of doing things. And the culture of an organization is not an explicit thing, and it is furthermore always in a process of change, it is not a fully stable entity. Often you don't find out about specific aspects of the culture until you experience it in some unique way, as for instance when you do something that is not culturally acceptable. 'Why wasn't I told this before' some might ask, but first of all the culture is a large entity with numerous sub-entities, and secondly much of the culture lies tacit. It is only a fragment that can be stated in the corporate philosophy, and furthermore, it is the management's view of the *ideal* culture. Much of the culture is developed in the interaction between employees, and between employees and management, and thus communicated by employees to employees outside the reach and influence of management. The best way managers can influence what is said and expected about management in the culture is by ensuring consistency between what management does and what management says. It is crucial for management to live up to its own words and rules.

In the organization, the culture can be said to be an unconscious and intersubjective consensus with numerous actors. The way that the organizational culture can be communicated more explicitly is through the stories that are told in the organization. At Hewlett-Packard numerous sto-

ries exist. The stories are subjective and interpretative. For instance, the 1995 book by David Packard gives his story about the development of the corporation, what he finds to be of importance, and implicitly the book says much about the managerial perceptions and ideals for Hewlett-Packard, it tells what management values at Hewlett-Packard. Stories are also told by and from an employee perspective. For instance, the story about the photocopying room episode is a story that tells employees that it is allowed to make mistakes at Hewlett-Packard, that management admits it's own mistakes, and that they can expect employees and management to work together with mutual respect. The story about the lock busting episode tells employees about the corporation's attitude and devotion to innovation and especially about the high the level of trust in employees.

Common is for all stories that they give meaning to and indicate the way that things are done in the organization, and what is allowed and what is not allowed. Thus organizational stories can well be taken up at courses and staff meetings to communicate and ensure a continuous consensus about the organization, the culture, and the work environment. Organizational stories can be given as examples of significant events that tell much about the organizational culture and work environment at introductory meetings for new employees. New employees will gain a better understanding of the culture, and thus able to work the HP Way earlier than otherwise. Employees that prepare and explain the stories will have to work with their understanding of the culture again, and thus the stories are developed further and perhaps new stories are incorporated. For employees who have been employed for a while stories are also relevant. They function to maintain and revise the employees' understanding of their organizational culture, which increasingly becomes unconscious.

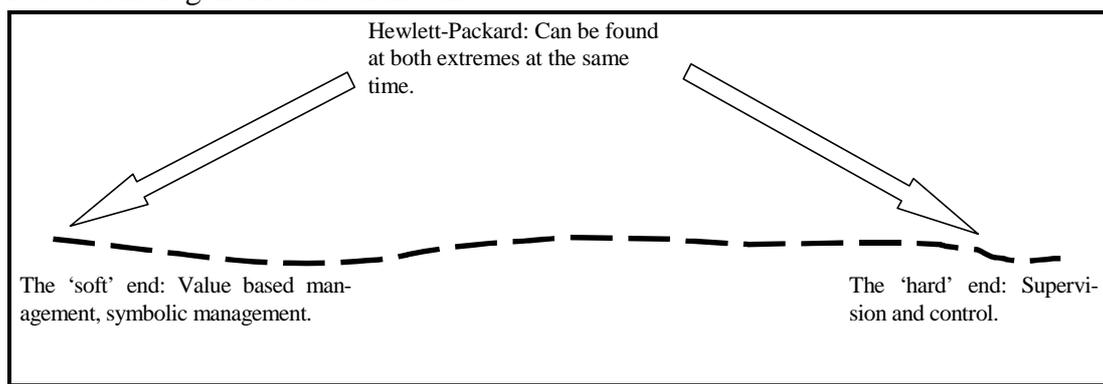
It might further be suggested that a 'storytelling committee' is appointed with members from different managerial levels and employee representatives much like the quality circles that are well-known in many companies. Thus the company can ensure that the explicit stories that might be used at introductory meetings not only are seen from the management's point of view, but also seen from the employees side. This would be consistent with the Hewlett-Packard symbolic management style in trying to communicate company policy by setting examples instead of directing.

However, it is important for me to emphasize that the stories that have been singled out earlier as stories about significant events are to a large degree stories which are obvious to the external researcher. The stories about significant events are examples of stories that have been found to tell

much about the culture at Hewlett-Packard. They are all so obvious and explicit in the understanding that they can be found in secondary material such as newspapers, books et cetera. Numerous stories can exist in the everyday working life at Hewlett-Packard, stories that nobody thinks of until an employee comes to them for advice about something the employee has found odd, and then the best answer is a story about some local event which may have taken place many years ago. It can more or less have been forgotten, but the moral of the story has influenced the organizational culture in a specific way, and thus being told the story behind a certain policy provides meaning and understanding.

It is through the organizational stories that the culture is codified and communicated, and the organizational culture can thus be said to be constituted through these stories of significance. And it is in this process that the values of the organization is passed on and adjusted. In a company like Hewlett-Packard and other post-industrial companies this process becomes of increased importance, because the management form has changed to a symbolic form in which the way of management by instructing and directing employees is disregarded. Employees here enjoy a large degree of freedom to carry out the work as they see best, and are trusted to reach the goals they have been set at yearly PE's. Although this is seen by some as a very 'soft' managerial form, it is obvious at Hewlett-Packard that value based management both has a very 'soft' side and a very 'hard' side. On a management form continuum Hewlett-Packard will be placed at the two extremes at the same time as seen on figure 15.

Figure 15. A managerial form continuum.



All companies are located somewhere on the continuum, and now that flexible organizational forms have become the organizational fashion, an increasing number of companies might disdain the more static organizational forms and the traditional management forms, and increasingly move towards the 'soft' end of the continuum. However, as we have discussed earlier, the

Hewlett-Packard system contains both a severely 'soft' side and a severely 'hard' side. The soft side is represented by the managerial system based on the corporate values. As long as the employees ascribe to these values and virtues of Hewlett-Packard they have the autonomy to carry out the work as they see fit. The 'hard' side at Hewlett-Packard is represented by the evaluation systems at all levels. The hoshin kanri system functions at corporate level and is the model for the rest of the organization. Hoshins, or breakthrough achievements, are set along with business fundamentals at the corporate, division, and unit level. At the individual level, goals are set yearly through the PE system. And after every year the individual employee is evaluated on a number of factors, both professional and social factors, and even given a 'grade' in order to determine the employee's future course and salary. Thus both the 'hard' and the 'soft' side on the managerial continuum are represented at Hewlett-Packard, and both have to be represented in order for the system to function. In the peculiar system that Hewlett-Packard has built up over numerous years, the one side cannot function without the other.

The personnel manager: I have been studying the writer of strategic management Henry Mintzberg lately. I have picked out a few quotes by Mintzberg's latest writings that complement your findings, and are highly relevant to this discussion about Hewlett-Packard:

"Leadership is generally exercised on three different levels. At the *individual* level, leaders mentor, coach, and motivate; at the *group* level, they build teams and resolve conflicts; at the *organizational* level, leaders build culture." (Mintzberg, 1998: 145)

"The idea is to keep each unit small, to ensure its responsiveness to customer needs and employee concerns. ... Hewlett-Packard is another organization which has developed a system of small, semi-autonomous units, and encourages entrepreneurs to pursue their ideas in separate divisions, the newest divisions representing innovation, the older, more established divisions a continuity in culture and perspective ..." (Mintzberg, Ahlstrand & Lampel, 1998: 342)

"The managers ... of a Hewlett Packard can certainly recite the official credos that are supposed to represent their cultures (such as the seven point 'HP Way'). But could they describe in detail the nature of that culture and how it impacts on their behavior? Our suspicion is that much of this exists below the level of conscious awareness." (Mintzberg, Ahlstrand & Lampel, 1998: 342)

On the organizational level, you are saying with regard to stories and storytelling that leaders 'build' culture, and this storytelling is as means for influencing intangible and unconscious elements of the organizational culture. What isn't said by Mintzberg is that the idea of organizational storytelling might be a means to raise the level of awareness of the culture to a higher degree of consciousness as we have been discussing.

Leaders as mentors and coaches go well along with the leadership style at Hewlett-Packard as we just have discussed with regard to the ‘soft’ managerial style, which you also have related to value based management and so-called symbolic management in the slide over theoretical positions in relation to Hewlett-Packard.

The managing director: I have been doing some homework too and have brought a couple of quotes from newspaper articles, in which Hewlett-Packard managers have been interviewed, about the leadership style at Hewlett-Packard:

“As a senior manager for Hewlett-Packard said ... my job is to steer this organization along a winding and unpredictable road ... we have been sufficiently agile to adapt as the road winds, and be foresightful about what might be ahead. The analogy of the road travelled captures perfectly the notion of preparing for an unpredictable future and for aligning the people process to the corporate goal in such a way as to be flexible and adaptable without losing the underlying philosophy that creates continuity and consistency (Gratton, 1998).

“The idea is to lead by persuasion, not fiat; showing, not telling; pulling; not pushing. ‘In the HP environment, you really can’t order people to do anything,’ he says [Platt]. ‘As CEO my job is to encourage people to work together, to experiment, to try things, but I can’t order them to do it. We’ve picked people who are high-energy self-starters. You can’t tell them what to do.’ He adds, ‘The best I can do is sort of bring people together and hope they mate’” (Deutschman, 1994).

These comments are consistent with what we have been talking about with regard to the value based management and symbolic management; and it is seen that both the senior manager and Lew Platt emphasize the use of the ‘soft’ management style at Hewlett-Packard. Furthermore, the senior manager points out the importance of incorporating the corporate goals without losing the corporate philosophy in which the values and virtues of Hewlett-Packard create continuity and consistency as well as stability. So attention is already on the importance of combining the ‘soft’ and ‘hard’ side of Hewlett-Packard’s management style, but how it is carried out in practice and communicated in practice involves a number of problems, as we have discussed, if all people in the organization do not understand and respect the system. An aspect that we might consider focusing more on in the future is the value of organizational storytelling as a link between the management rhetoric and an increased understanding of how the system works in practice among all people of Hewlett-Packard.

The personnel manager: So what now, where do we stand? What can we say about management and organization at Hewlett-Packard based on our discussion today? What can we conclude from our discussion?

The Ph.D. student: We could try to draw some imperatives up for Hewlett-Packard’s management style in conclusion:

Figure 16. Organizational imperatives for Hewlett-Packard

- The HP Way:
 - Ensuring the corporate values.
- The evaluation system:
 - Ensuring that the PE/DP system works for all employees.
 - The hoshin kanri system.
- Company practice:
 - Ensuring the mentor/coach system.
- Management style:
 - Value based management.
 - Symbolic management.

These imperatives are seen as the cornerstones of the Hewlett-Packard system. I would consider them as woven together in a web in which one part of the system is dependent on the existence of the other parts in order to make the entire Hewlett-Packard system function well.

As we previously have been talking about, the values stated in the HP Way are considered the overall guidelines for acceptable behavior at Hewlett-Packard. The existence of such guidelines ensures a stable reference point in otherwise rapidly changing and ambiguous surroundings. To ensure that these values are communicated to all employees and worked into the organizational culture, stories are allowed and encouraged to spread in the organization. The stories of significant events are a vehicle for communicating the values in the culture; it is the morals of the stories. David Packard told his own story of Hewlett-Packard in his 1995 book from which much can be deducted about values and management at Hewlett-Packard. When Packard and Hewlett returned briefly to active roles in the late 1980s, they emphasized the organizational values and the HP Way in particular as the critical factors that keep Hewlett-Packard unique and in front. It has been followed up by your current president Lew Platt. Ensuring that the HP Way continues to work in practice is a critical factor at Hewlett-Packard.

The HP Way and the feeling of being part of something unique creates a team spirit, which for instance can be seen in the strong support for the policy to avoid borrowing and lay-offs although it might include a decrease in the employees salary.

Trust and respect for the individual is an important point in the organizational values, which are strongly seen in the management system. It is based on what is called value based management in the literature. As long as the employees act in accordance with the corporate values then they have full autonomy to carry out their work in whatever way they find best in order to reach their goals. However, as it has been discussed, such a 'soft' management style needs to be supported by a 'hard' system as well. The 'hard' system is the PE/DP evaluation system. A personal

evaluation is supposed to be carried out every year along with the set up of a development plan. At this meeting the employee, and his or her superior, meet for a discussion of the employees' achievements in the previous year, and the setting of new goals for the coming year. These goals are of both a professional and social character, and a grade is given even on the performance on which the decision of a salary increase is based. It is the only formal chance of getting any feedback on individual performance, and some managers seem to ascribe too little importance to this.

In several cases, the managers haven't respected the rules on which the PE/DP system is based, which might constitute a problem. Furthermore, another significant part of getting accustomed to the HP Way, and the quite autonomous work environment, is the mentor/coach system. It is seen that some managers take lightly on this instrument to introduce new employees to the peculiar system at Hewlett-Packard. In the industry where Hewlett-Packard conducts its business, employees are increasingly becoming a valued asset. And too much employee turnover is a problem for a company like Hewlett-Packard because it takes quite a while to get fully accustomed with the system. Some employees say half a year, some say that it takes several years. Numerous initiatives have been made to lower the employees' stress as for instance the work/life scheme, which actually was instigated after a critical report on employee satisfaction, but personal feedback and a better introduction are factors that would help employees to get accustomed to the peculiar Hewlett-Packard culture. Why do people always have to learn it the hard way? Having assigned a coach, a person that knows his or her way around the system, would be an advantage to all employees. It could easily be a person from a different department than the employee whom he or she is coaching. It would enable a more free dialogue, and furthermore, by this coach system, the organizational stories could increasingly be communicated to employees when two employees have a more 'institutionalized' informal relationship.

The hoshin kanri system is also a critical factor for the functionality of the system. It pervades Hewlett-Packard at all levels, and is also the fundamental idea behind the PE/DP system. The hoshin kanri system ensures that goals are set at all levels, and that they are continuously evaluated and reviewed. This 'hard' management style inherent in this measuring approach is directly responsible for the ability that Hewlett-Packard has to allow the strong emphasis on the 'soft' management style. This style I have called value based management or symbolic management.

A single issue that stands out, which Hewlett-Packard is not proud of and which to a certain degree can be said to be on the edge of the HP Way, is the flex force system. The flex force system

is a dark side of the Hewlett-Packard system but it is nonetheless necessary. Without the flex force system Hewlett-Packard would have problems with regard to the policy of not firing people, and they would have to avoid taking in or testing experimental tasks without this flexible work force. Again, it is seen that Hewlett-Packard isn't faithful to its policy on flex force employees in all cases. For instance, a person is only allowed to be employed as a flex force employee for a certain time and after that he or she should either be hired in a full position or should not have the flex force contract renewed, but that policy is not upheld in all cases.

However, the flex force system is a good example of the Hewlett-Packard system as an interwoven web. It is constituted by a number of significant elements which have trouble existing without the presence of each other.

The personnel manager: One thing that also should be considered is that Hewlett-Packard has never had a deficit. And the culture is built strongly around this fact. It might very well be that if Hewlett-Packard was to experience a deficit over a longer period of time then that would be quite a chock, and the entire system would be severely tested if that would happen.

But as the very last thing, I would just point out a couple of issues that we have to pay attention to at the more tactical level. As I see it, what we have been talking about today has been more of a strategic interest to Hewlett-Packard.

These few things that we need to approach immediately is that we need to pay more attention to not engaging in hubris. We may have become too confident in ourselves, which is reflected in an arrogance that might be dangerous in the long run. We have for long done very well financially, also in comparison with other companies, and we are known for, if not the best products in the world, then products at a high quality level. We need to avoid letting ourselves into a situation in which we must face the consequences of having let ourselves be lulled into a supercilious attitude to our competitors. Again this year, we have had problems with our half-year statement, and even though we came out fine in our 1998 financial year statement in Denmark³⁰, it is a sign that we have to pull ourselves together, and lay off the arrogance.

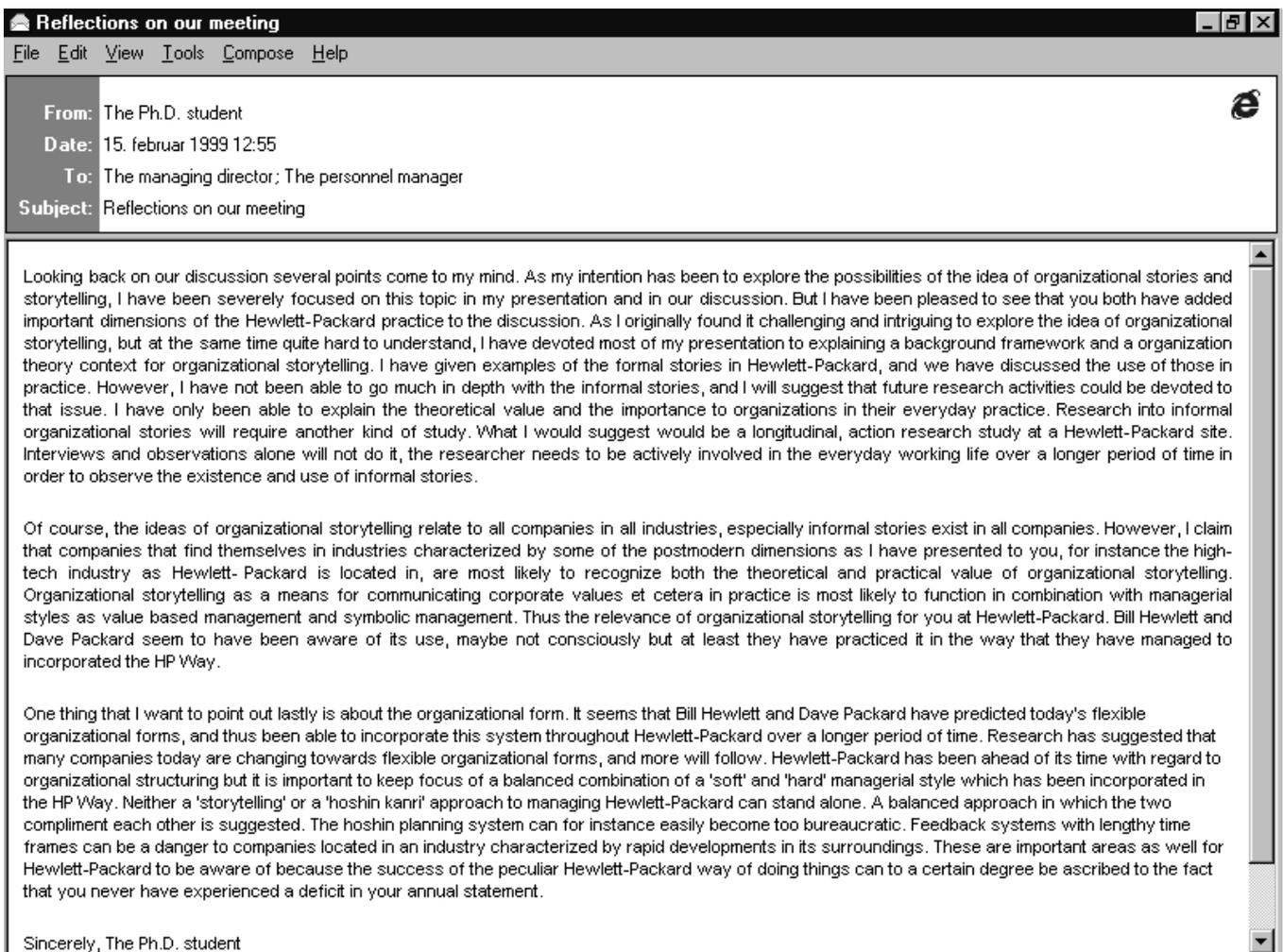
Another issue that we need to pay more attention to at Hewlett-Packard in Denmark is the media. We have always been an engineer company, and have focused on making high quality products, the best product, and making the best products has given us a good name. But, today, the customers are changing their criterias for buying products. Increasingly, people want to know

³⁰ See Rechnagel (1998) and *Computerworld* (1998b).

about companies political standpoint towards child workers, engagement in countries with regimes that suppress the human rights and so on. It isn't enough anymore 'just' to have an outstanding product. We need to jump on the media wagon and build up a positive image around the company, it is also something the potential future employees would pay attention to. We need to create a story of Hewlett-Packard in the public mind, which customers will think of when hearing the name Hewlett-Packard, and not just having potential customers think of printers when they hear the name Hewlett-Packard. We need to take the image creation of Hewlett-Packard, that Packard began with his book on the HP Way, a step further.

The managing director: Let us end this meeting here. Let us divide and reflect on the issues that we have been discussing here today, and then send a mail to each other in a couple of days on what we have learned from our discussion today.

Epilogue



The screenshot shows an email client window with the title "Reflections on our meeting". The menu bar includes "File", "Edit", "View", "Tools", "Compose", and "Help". The email header information is as follows:

From: The Ph.D. student
Date: 15. februar 1999 12:55
To: The managing director; The personnel manager
Subject: Reflections on our meeting

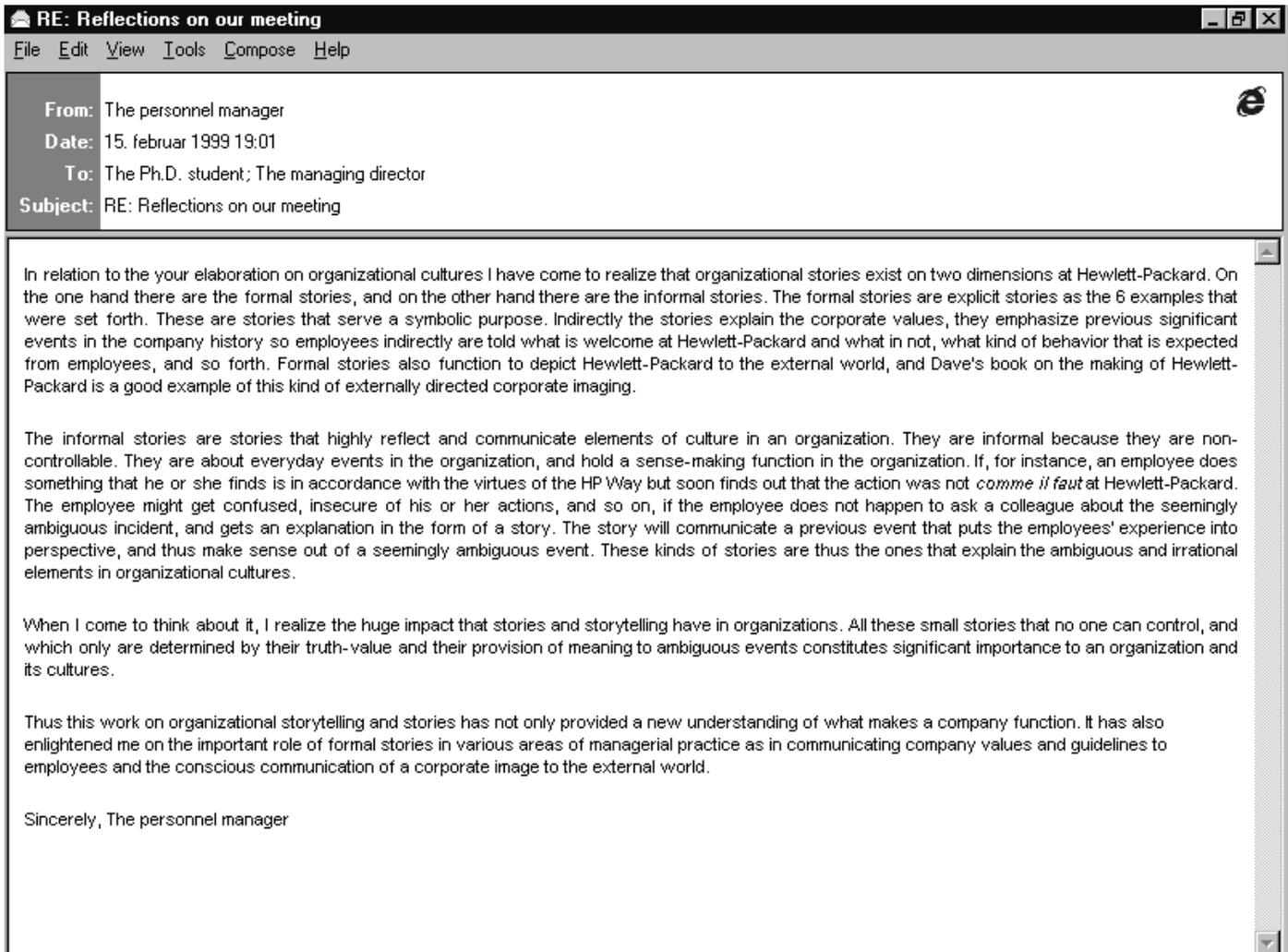
The main body of the email contains three paragraphs of text:

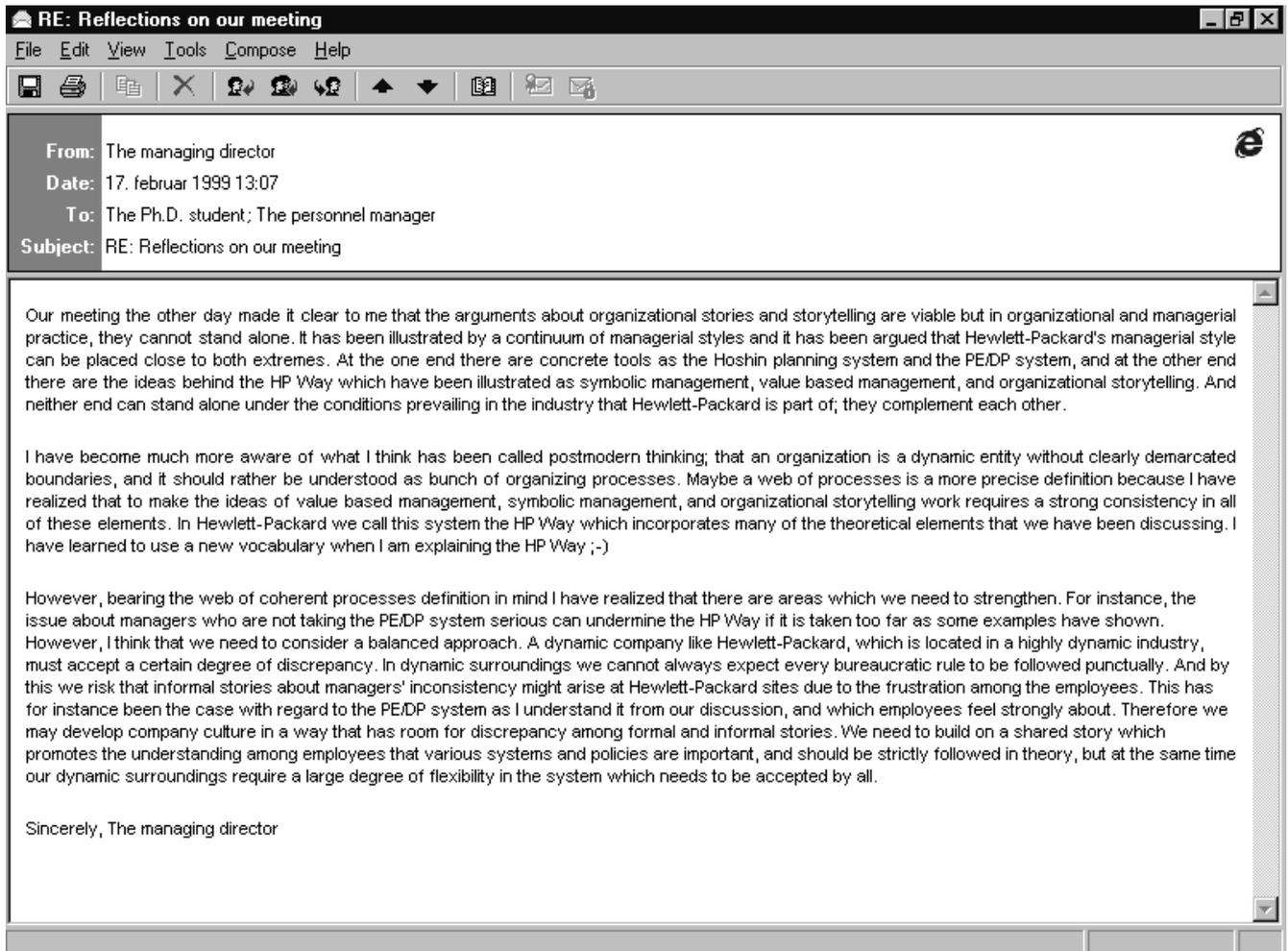
Looking back on our discussion several points come to my mind. As my intention has been to explore the possibilities of the idea of organizational stories and storytelling, I have been severely focused on this topic in my presentation and in our discussion. But I have been pleased to see that you both have added important dimensions of the Hewlett-Packard practice to the discussion. As I originally found it challenging and intriguing to explore the idea of organizational storytelling, but at the same time quite hard to understand, I have devoted most of my presentation to explaining a background framework and a organization theory context for organizational storytelling. I have given examples of the formal stories in Hewlett-Packard, and we have discussed the use of those in practice. However, I have not been able to go much in depth with the informal stories, and I will suggest that future research activities could be devoted to that issue. I have only been able to explain the theoretical value and the importance to organizations in their everyday practice. Research into informal organizational stories will require another kind of study. What I would suggest would be a longitudinal, action research study at a Hewlett-Packard site. Interviews and observations alone will not do it, the researcher needs to be actively involved in the everyday working life over a longer period of time in order to observe the existence and use of informal stories.

Of course, the ideas of organizational storytelling relate to all companies in all industries, especially informal stories exist in all companies. However, I claim that companies that find themselves in industries characterized by some of the postmodern dimensions as I have presented to you, for instance the high-tech industry as Hewlett-Packard is located in, are most likely to recognize both the theoretical and practical value of organizational storytelling. Organizational storytelling as a means for communicating corporate values et cetera in practice is most likely to function in combination with managerial styles as value based management and symbolic management. Thus the relevance of organizational storytelling for you at Hewlett-Packard. Bill Hewlett and Dave Packard seem to have been aware of its use, maybe not consciously but at least they have practiced it in the way that they have managed to incorporate the HP Way.

One thing that I want to point out lastly is about the organizational form. It seems that Bill Hewlett and Dave Packard have predicted today's flexible organizational forms, and thus been able to incorporate this system throughout Hewlett-Packard over a longer period of time. Research has suggested that many companies today are changing towards flexible organizational forms, and more will follow. Hewlett-Packard has been ahead of its time with regard to organizational structuring but it is important to keep focus of a balanced combination of a 'soft' and 'hard' managerial style which has been incorporated in the HP Way. Neither a 'storytelling' or a 'hoshin kanri' approach to managing Hewlett-Packard can stand alone. A balanced approach in which the two compliment each other is suggested. The hoshin planning system can for instance easily become too bureaucratic. Feedback systems with lengthy time frames can be a danger to companies located in an industry characterized by rapid developments in its surroundings. These are important areas as well for Hewlett-Packard to be aware of because the success of the peculiar Hewlett-Packard way of doing things can to a certain degree be ascribed to the fact that you never have experienced a deficit in your annual statement.

Sincerely, The Ph.D. student





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