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Narratives and Organizational Dynamics
Exploring Blind Spots and Organizational Inertia

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This article aims to demonstrate how narratives have the potential to bring about organizational inertia by creating self-reinforcing mechanisms and blind spots. Drawing on extensive interview data from a U.K. bio-manufacturing company, the empirical analysis shows how such narratives emerge by constructing a web of related, self-reinforcing narratives reflecting a consistent theme. The analysis demonstrates how the dominant (success) narrative remains vivid despite the existence of deviating narratives and severe crisis. In particular, the empirical findings illustrate how narratives construct a self-sustaining frame of reference, preventing the organization from questioning the principles underlying its past success. The discussion explains how narratives create self-reinforcing mechanisms and blind spots. It contributes to our understanding of the role of narratives in organizational change efforts and illustrates the way such self-reinforcing blind spots become a potential source of organizational inertia and path-dependence.

Keywords: narratives; organizational change; inertia; blind spots

One of the most significant trends in organization and management studies has been a growing interest in narratives and their role in enacting organizational life. Sometimes, organizations are more generally viewed as storytelling systems (Boje, 1991a) and narratives are seen as constructing and constituting the identity of
an organization (Brown, 2006; Czarniawska, 1997). Within this stream of research, organizations are understood as narratives, discourses, or texts; hence, narratives are constitutive of organizations. From this perspective, organizational analysis becomes a literary genre (Boje, 2001; Czarniawska, 1999), and studying organizations then means analyzing narratives (Barry, Carroll, & Hansen, 2006). Research on narratives in organizations so far has tended to describe organizations as a web of different narratives that coexist in time and space (Boje, 1991b). The organization as a whole is seen as an arena of multiple narrative streams, consisting of plural and diverse voices, creating multiple and hybrid organizational identities seeking legitimacy (Brown, 2006).

As this stream of research has pointed out, narratives simultaneously construct and shape organizational dynamics, which makes narratives interesting and potentially very fruitful for studying organizational change processes (Boje, 1991a; Boyce, 1996; O’Connor, 2000; Rhodes & Brown, 2005). A narrative perspective on organizations has the potential to account for and reveal the hegemonic “centripetal” as well as the resistant and “centrifugal” forces existing in organizations (Brown, 2006, p. 740).

This article builds on these insights and offers an enriched perspective on the way that organizational narratives influence and construct organizational dynamics. Shedding light on the narrative construction of organizational change processes allows us to capture the coexistence of stability and change (Feldman, 2000; Tsoukas & Chia, 2002). Our observations, which are founded on empirical data from a U.K.-based bio-manufacturing organization, reveal how inertia occurs when a web of related, self-reinforcing narratives evolves in an organization. We aim at demonstrating how such a web of narratives has the potential to construct unquestioned, self-legitimizing “truths” that the organization may be unaware of (blind spots). This may shed new light on the construction of inertia and blind spots in organizations beyond concepts such as selective perception (Zajac & Bazerman, 1991) or managerial myopia (Tripsas & Gavetti, 2000).

The article is organized into four main sections. The first section discusses narratives in organizations in more detail, accounting for the hegemonic as well as deviating nature of narratives in organizations. The second section focuses on the empirical case study by describing the research setting and design. The third section presents the main findings and analysis, which reflect the coexistence of continuity (stability) and discontinuity (change). The fourth section explores how, under certain circumstances, narratives achieve hegemony by creating a self-legitimizing, self-reinforcing blind spot in the organization. These insights shed new light on the way narratives evolve historically and are able to operate as webs of self-reinforcing narrative constructions that suppress deviating voices. The article concludes by discussing the implications of these findings for our understanding of organizational narratives and organizational change processes.
Narratives and Organizational Dynamics: Stability and Change

Adopting a narratological, linguistic perspective on organizations involves, at least from our point of view, accounting for their socially constructed nature through networks of coexisting conversations (Ford, 1999), dialogues (Golant & Sillince, 2007), discourses (Alvesson & Kärreman, 2000; Heracleous & Marshak, 2004; Oswick, Keenoy, & Grant, 2002; Phillips, 1995; Watson, 1995), texts (Hatch, 1996; Keenoy & Oswick, 2004; Swanberg O’Connor, 1995), stories, or narratives (Boje, 1991b; Czarniawska, 1997). The literature on narratives is far from monolithic, and multiple, overlapping, but also differing definitions of narratives and stories exist (Gabriel, 2004). Mostly, narratives are defined as a natural mode of communication representing the primary (but not exclusive) means of collective sensemaking for members of an organization (Brown, 2006; Czarniawska, 1997; Gabriel, 2000). Narratives, as particular types of texts, involve temporal chains of events undertaken by characters, ordered by a plot that provides dramaturgical coherence through a beginning, middle, and end structure (Fisher, 1984; Polkinghorne, 1988). They give meaning to events that happened in the past (Ricoeur, 1984), construct individual or collective identities (Brown, 2006), transfer emotions, norms, and values, and are often embellished with metaphors to make them more entertaining (Gabriel, 2000). In particular, stories are often seen as being entertaining (dramatic, funny, romantic), following a literary plot (Gabriel, 2004), whereas narratives are sometimes more provisional in nature, consisting only of fragments and terse without a complete plot (Boje, 2001). In our article, we focus on both complete and incomplete narratives as well as those that are less entertaining. For the purposes of our analysis, we define narratives as verbal everyday modes of reality construction. This definition reflects that our focus is on the ways in which narratives construct frames of reference that affect how individuals and organizations choose to perceive (“see”), talk and listen, feel, and relate to their reality.

From a narratological, social constructionist perspective, organizations are pluralistic and polyphonic. Numerous empirical studies (e.g., Boje, 1991b; Currie & Brown, 2003) have shown that there is an almost unlimited number of different narratives that are constructed in response or in relation to each other. This diversity of narratives at any one point in time reflects an equally diverse number of different themes and events that people in the organization make sense of (Brown, 2006). Organizational members cocreate reality by participating in the construction of narratives, thereby being able to oppose or support centralizing impositions (Clegg, 1981; Humphreys & Brown, 2002). Thus, as Currie and Brown (2003) assert, organizations are “polyphonic, socially constructed verbal systems characterized by multiple, simultaneous and sequential narratives that variously interweave, harmonize or clash” (p. 566).

The coexistence of a multiplicity of narrative streams is sometimes assumed to reflect a power struggle for hegemony and resistance (Boje, Luhman, & Baack,
1999; Brown, 1994; Currie & Brown, 2003; Golant & Sillince, 2007; Humphreys & Brown, 2002) or, equally possible, to create shared meaning and understanding (Bartel & Garud, 2009; Carlile, 2002). From this perspective, organizations are conceptualized as arenas of negotiation and/or contestation (Hardy & Phillips, 2004; O’Leary, 2003; Tsoukas & Hatch, 2001; Watson, 1995), manifested in the various floating narratives that drive a constant flux. It is this flux that best captures the dynamic nature of narratives in organizations that also accounts for their contribution to both organizational stability and change (Oswick, Grant, Michelson, & Wailes, 2005). As often assumed, narratives may evoke a degree of stability when they reflect a dominant theme claiming hegemony and persistence. However, such narratives are assumed to coexist with other heterogeneous and deviating narratives, calling for change by questioning the dominant theme (Brown, 1994). Hegemonic themes can amount to what is sometimes called a grand narrative (Boje, 2001). This suggests that most of the narratives told in an organization are modifications of one mainstream narrative that tends to remain stable over a period of time, has long historical roots, and takes time to emerge (Boje, 2001). Such narratives impose what is sometimes referred to as a monological and unitary “regime of truth” (Foucault, 1980; Humphreys & Brown, 2002). Thereby, hegemonic (grand) narratives in organizations act as stabilizing forces calling for continuity. However, they almost inevitably also produce deviating, heterogeneous narratives (Gephardt, 1991) that look like “little acts of resistance to dominant narratives” (Boje, 2001, p. 12). The “centripetal forces” of (grand) narratives coopting the plural possibilities are often encountered by equally powerful “centrifugal forces” of deviating narratives (Brown, 2006, p. 740). Thereby, the legitimation of the (grand) narrative is constantly questioned and challenged by deviating narratives, reflecting a web of power relationships that gives order to the social world (Foucault, 1973).

Current research, therefore, points to narratives as sources of both organizational stability and change, which establishes them as somewhat paradoxical devices (Martin, Feldman, Hatch, & Sitkin, 1983). By constituting claims for hegemonic worldviews, narratives can make an organization unreceptive toward change (Boje, 1991a; Gabriel, 1991; Geiger, 2008). But on the other hand, there usually is resistance to that dominant theme, calling (more or less openly) for the change of the dominant practices (Foucault, 1980). Whether the deviating voices are powerful enough to break the dominant practices is a different question. Sometimes, as previous research has shown, narratives countervailing the dominant theme can even be deliberately used to foster organizational change and liberate from defensive routines (Marshak, 1993). For example, Denning (2000) speaks of “springboard stories.”

Our article builds on this stream of research and contributes to our understanding of the pluralistic nature of organizational narratives as a means of capturing the microdynamics of organizational stability and change. Our analysis of the narratives in the case study organization we report in this article enables us to both illustrate
these microdynamics and provide some fresh explanations about the way narratives shape organizational dynamics by constructing self-legitimizing blind spots leading to inertia.

Method

Research Setting

The case study organization (here referred to as Bio-Mule) is a U.K.-based small and medium-sized bio-manufacturing organization with about 400 employees. Until 1999, the organization was part of a global conglomerate in the chemical industry. It had a long history, dating back to the 1970s, of being an R&D unit engaged in the area of industrial biotechnology. This R&D unit had a strong reputation for excellent research. In 1995, the large conglomerate underwent a phase of mergers. The pharmaceutical business and the agro-chemical businesses merged with different European organizations. The R&D unit and the specialty chemical business were bought out by a consortium of two venture capital firms. It is during this dramatic process that the R&D unit emerged as an independent organization in 1999 known as Bio-Mule.

When Bio-Mule became an independent entity, it reoriented itself to become a player in the emerging bio-pharmaceutical sector by focusing on contract manufacturing bio-pharmaceutical products. It sought to position itself as a partner of small biotechnology organizations who do not possess the capability of developing processes or undertaking large-scale manufacturing of bio-technology. The key point here is that Bio-Mule, which built its capability and expertise in R&D in industrial biotechnology, became a player in the health care bio-manufacturing sector and, in the process of this transformation, repositioned its capabilities from R&D to also include manufacturing. In 2004, the venture capitalists invested heavily in new large-scale production facilities to strengthen the manufacturing capabilities. But, running these new large-scale production facilities demanded new capabilities and meant new challenges for Bio-Mule. This was especially due to the need to establish robust and compliant manufacturing processes for large-scale production.

At the time of our study, the organization was facing a major financial crisis, partly caused by the ongoing difficulties experienced by Bio-Mule in completing manufacturing projects successfully and getting the new facilities running properly. This resulted in the loss of key clients and the immense pressure, especially from the venture capitalists, to become financially successful. As a result, Bio-Mule was facing a massive strategic reorientation from a dependent R&D unit toward becoming an independent bio-manufacturing organization. The timing of our study was excellent in that it provided us with the opportunity to study how narratives shape organizational dynamics. See Figure 1 for an overview of the historical development of Bio-Mule.
This study on the multivocality of organizations focuses on narratives as a means of understanding organizational change processes. Such a research approach reinforces the subjective nature of narrative studies and their orientation toward capturing the multiple versions of reality as constructed by social actors (Czarniawska, 1999). Consistent with the nature of the research question, we adopted an exploratory research strategy. This enabled us to focus on asking why and how narratives emerge and under what conditions they invoke organizational change or stability. These types of questions in turn called for an in-depth qualitative research approach investigating processes of social construction (Heracleous & Marshak, 2004; Phillips & Hardy, 2002) that would permit us to study the narrative constructions and reconstruction of the company’s history to the present day.

The study was conducted over a period of 15 months in 2006 and 2007 and was designed to unfold in two main phases, with each phase employing a range of data collection methods. The primary method of data collection was the qualitative–narrative–semistructured interview, whereas supplementary data collection methods included ethnographic participant observations (Jorgensen, 1989; Van Maanen, 1988), archive materials (e.g., annual reports, strategy plans, internal magazines), and focused groups during feedback presentations.

Phase 1 included a series of discussions with members of the senior management team about broader strategic issues that the organization was facing at the time of the study. We also started reviewing archival material that provided us the necessary background to understand the strategic reorientation that the company was facing.

The second phase of the data collection included 43 narrative interviews. Thirty-eight interviews were conducted with members of the organization, representing approximately 10% of the employee population, whereas 4 interviews were held
with clients and 1 with an external consultant. The sample of interviewees was selected to ensure that a range of seniority levels across all hierarchical groups and functions was represented, including a broad range of years of employment and specialization. This provided a useful way of comparing the various narratives spread across the organization with those told from an outsider’s perspective. Table 1 lists the characteristics of the sample.

We were particularly sensitive during the narrative interviews that we conducted to capture the experiences, feelings, and subjective impressions of interviewees. Following the narrative interviewing technique (Gill, 2001), interviewees were encouraged to tell us their stories about the events they experienced without prior reflection or preparation (Clandinin & Connelly, 2000). All narrative interviews followed the same minimal basic structure that included, among others, the following questions:

- Can you please tell us your personal story within Bio-Mule?
- What specific events, people, and practices shaped the identity of the organization and its position in relation to its competitors?
- What were/are—from your perspective—key success factors today and in the past? Have they changed?
- What was your experience of the transition into an independent organization? What is currently critical?

We frequently used the question “What happened next?” as a means of keeping the storytelling process uninterrupted. This also enabled us to capture the issues that
were most vivid and important to interviewees without imposing our categories and themes. This approach also gave us a good sense of past events and themes as well as current issues and the connections between the past and the present.

All narrative interviews lasted between 60 and 90 minutes in length and were conducted by at least two members of the research team, face-to-face and on a one-to-one basis with all interviewees. The interviews were held either in the interviewees’ offices or in a meeting room dedicated to the research team on the premises of the company. All interviews were tape recorded and transcribed verbatim. They were conducted during a period of 11 consecutive days in the company. This provided us with the opportunity to adopt an ethnographic orientation alongside the more formal interviewing and to spend a considerable amount of time talking informally to some of the participants during coffee or lunch breaks. We also had the opportunity to interview four representatives of client firms during a conference that was organized by the case study organization and speak to one external consultant who was working for them on various projects for a long time.

Another very valuable source of data proved to be the two feedback sessions during which we presented our preliminary findings first to the board members and our project sponsors and in a subsequent event to all participants in the study. The feedback sessions were also tape recorded and transcribed. These feedback sessions were designed as focused group discussions, which enabled us to check and confirm our interpretations of the data and helped us to sharpen our analysis. It increased our confidence in the descriptive validity of the case study (Maxwell, 2002).

Presenting the emerging narratives and thereby testing their respective power subject to the way they were recognized by organizational members proved important to test our interpretation.

Qualitative techniques were used to understand the narrative sensemaking through hermeneutic exploration (Phillips & Hardy, 2002; Strauss & Corbin, 1990). Consistent with our inductive approach, we began by open coding each data transcript (Strauss & Corbin, 1990), aiming at identifying common themes. Individual stories were aggregated into a storytelling episode by identifying the recurring representation of a common theme at a particular period in the chronology of organizational key events (see Figure 1).

The variety of narratives emerged through a systematic process of triangulation that consisted of a clustering of data around themes by each member of the research team across the various sources of data. The pool of narratives culminating around similar themes generated by each researcher was discussed in a series of research team meetings where we compared our individual themes and developed a consolidated version of the schema, displaying different themes for each period. This process enabled us to identify a series of common themes as well as deviating voices opposing those themes. We also were vigilant in checking systematically for the consistency both in the narratives we identified as well as in the relative significance we noted that participants
attributed to different narratives. In a third step, we compared the themes across different periods. This way, we could trace how different themes were seen at a particular point in time from different points of view (Boje, 1991b) (at least retrospectively) and how these themes developed over time (how they changed or did not change). In the end, we were able to trace the development of different themes across different points in time, informed by the chronology of key organizational incidents. Although it is a limitation of our study that we do not have access to “real time” data throughout the historical evolution, in studying current change processes, it is more important to understand how actors reconstruct and interpret past events and decisions because it is those reconstructions that guide today’s decision making rather than the objective account of past events (Weick, 1995). Because, through narratives, organizational members connect the past with the present (Pentland, 1999), they provided us with rich insights into the (re)construction of the historical evolution. We were, therefore, particularly interested in the retrospective accounts of our participants.

Throughout the data analysis, we were mindful not to impose our categories or themes but rather to let them emerge from the data. This enabled us to remain open in our interpretations to recognize both dominant themes (that tended to be repeated in a similar way by many of the interviewees) and also deviating narratives, which were set in opposition to the dominant theme (questioning its truthfulness or rightness).

The themes we chose to present in this article are a product of this analysis of the data. We fully recognize the inherent subjectivity of the narrative research (Deetz, 1996) and that there cannot be a definitive, right, or ultimately true interpretation. Moreover, the output of our analysis is itself a narrative constructed by us as the researchers (Rhodes & Brown, 2005), designed to inform and persuade its audience. But, because this is an exploratory research strategy anyway, it does not come as a quest for ultimate truth but rather for a plausible and interesting analysis that enriches our understanding of socially constructed phenomena.

**Findings and Analysis**

The presentation of the findings from the case study is organized around four main themes that emerged from our analysis. We begin by presenting the diverse nature of the organizational narratives by providing examples of homogeneous narratives culminating around a common theme and heterogeneous narratives that are deviating from this theme. We also present the historical evolution of the narratives within Bio-Mule and focus in particular on capturing and explaining the dominance and persistence of a common theme that shows how stability is constructed despite the existence of deviating voices in organizations. Table 2 provides an overview of our inductive approach of identifying narrative constructions, which will be elaborated in more detail below.
### Table 2
The Narrative Constructions

<table>
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<tr>
<th>Questions Asked</th>
<th>Sample of Open Codes</th>
<th>Theme</th>
<th>Core Narrators</th>
<th>Frequencya</th>
<th>Representative Quotes</th>
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<tr>
<td>Explanation for success</td>
<td>• core capability • source of success • key differentiator • customers value most • key driver • our distinctiveness</td>
<td>The customer intimacy narrative: Customer intimacy as the source of success. We do everything the customer wants.</td>
<td>• senior management • middle management • operational staff</td>
<td>• 91%</td>
<td>• “Customer intimacy really is the core of what makes us distinct here. We have a long history of working intimately with our clients and that’s what we take pride in.” (SM A)</td>
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<td>Explanation for past success</td>
<td>• core capability • source of success • key differentiator • customers value most • key driver • our distinctiveness</td>
<td>Historical evolution of the customer intimacy narrative: Has its roots 20 years ago, was developed by senior management long time ago to articulate the distinctiveness of the company.</td>
<td>• senior management • junior staff</td>
<td>• 82%</td>
<td>• “It [customer intimacy] is reflected in the whole organization. It literally is all over and you must have heard it several times I suspect. You know we’re really getting brainwashed with it. Senior management is telling the story all the time that this is what has made this place what it is now, you know, it made us successful here. And I have the feeling that this is believed in most parts of the organization.” (Junior Member of Commercial Dept.)</td>
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<td>• 37%</td>
<td>• “We have contact with clients every day and work intimately with them and they tell us that they really value this.” (R&amp;D Team Leader)</td>
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<td>• “We are very flexible with the customer. The customers are running the projects. . . . We have to build a good relationship with the customer, and constantly ask ourselves, what would the customer value? . . . I have customer contacts almost every day. . . . That’s hard work but that’s really what our customer intimacy approach actually is, I think.” (Lab Technician)</td>
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<td>• “So, a key part of the business always has been our capability in working intimately with the customer and the science that underpins that. So if you go back to the early years of the business, I think we were about 60 people. . . . Although we’re now much bigger . . . our concept of customer intimacy we believe is one of the key things that differentiates us in the marketplace and we believe it because I guess we have a certain arrogance . . . but also because it made us successful.” (Head of R&amp;D)</td>
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<tr>
<td>Questions Asked</td>
<td>Sample of Open Codes</td>
<td>Theme</td>
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<td>View of clients</td>
<td>• clients &lt;br&gt; • relationship &lt;br&gt; • cooperation</td>
<td>The parental narrative: We care about our clients’ babies as much as they do. Having fun together is most important.</td>
<td>• senior management &lt;br&gt; • middle management</td>
<td>• 48% &lt;br&gt; • 32%</td>
<td>• “We take care of our customers’ baby as much as they do. Our interaction is very close and we have very good personal relationships.” (SM C)</td>
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<td>The crisis narrative: We are overstretching ourselves in our effort to deliver customer intimacy. We lack robust processes to manufacture in a compliant way.</td>
<td>• CEO &lt;br&gt; • middle management</td>
<td>• 100% &lt;br&gt; • 7%</td>
<td>• “We meet a lot with our customers and interaction is fun. We laugh a lot and spend a good time together. Some of them we also meet out of office, together with our families.” (Member Manufacturing Dept.)</td>
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<td>Explaining crisis</td>
<td>• crisis &lt;br&gt; • main problem &lt;br&gt; • causing headache &lt;br&gt; • failure &lt;br&gt; • fail to achieve &lt;br&gt; • lack of experience &lt;br&gt; • burden</td>
<td>The control narrative: They have limited manufacturing experience and lack robust process. This is why we have to have close control over them.</td>
<td>• clients &lt;br&gt; • consultant</td>
<td>• 100% &lt;br&gt; • 100%</td>
<td>• “All our attention is focused on working closely and intimately with the customer instead of getting our manufacturing processes right. We can pride ourselves for our way of working intimately with customers but in fact we first have to get robust processes, otherwise we cannot deliver what we promise.” (Team Leader QA Dept.)</td>
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a. Frequency lists as percentage of the number of people of a particular group (e.g., senior managers) who were telling the identified narrative.
Construction of a Common Theme: The Customer Intimacy Narrative

Although it is notable that a lot of narratives are told within the organization, our findings reveal a set of common themes around which different individual narrative episodes congregate. A topic that is perceived to be important and tended to be repeated very frequently during the narrative interviews is related to the past success of the company. Most narratives culminating around the explanation of the company’s success gave reference to the idea of “customer intimacy.” This was particularly evident from our coding scheme, which confirmed that across individual storytelling episodes, customer intimacy was perceived as being key to the company’s past, present, and future success. Customer intimacy, therefore, emerged as a prominent theme in our subsequent analysis, and we traced the narratives talking about that concept. The narratives referring to customer intimacy were reflected across all functions and hierarchical levels but—as will be shown—in slightly different ways. Although it made no difference in which functional department the narrative was told, the theme slightly varied across hierarchical levels.

Senior Management

The narratives of board members and other senior managers emphatically stressed the relationship between customer intimacy and company success. This is a view maintained by all senior managers interviewed, who are all (with one exception) long serving (more than 15 years) members of the organization. The quotations presented are illustrations of commonly held views of senior management. For example, a senior manager described the unique selling position of the company in the following way:

What makes us distinct is a combination of people and technology. Our people who work closely with the customer make the real difference, which is hard to sell. A key aspect of our work is customer intimacy. There is no single formula. Every customer is different and has to be treated according to its needs. . . . We are open with the customer and have customer contacts at all levels and all functions. (Senior Manager A)

A frequent theme told by senior management was the notion that there is no single framework for dealing with customers and, therefore, flexibility is core. The importance of recognizing the distinctive needs of each customer was also pointed out frequently:

So, the thing we’ve been trying to sort of understand is . . . that our core mode of interaction, or core business, is our customer intimate business model. . . . Essentially, customers have to feel that they’re getting exactly what they need, because they all need very different things. They’re all very different. There is no single customer model that works for us. (Senior Manager B)
From the perspective of senior management, customer intimacy is a selling point that should be made visible in the marketplace as a key distinguishing feature. Senior management talks about customer intimacy as a corporate philosophy and a core principle underpinning the company’s competitiveness.

**Middle Management and Operational Staff**

The narratives told by middle management (which in this case were the team leaders) and the more operational staff who actually carry out the R&D as well as the manufacturing process reveal a consistent interpretation of the company’s key distinguishing feature. For example, a leader of a small R&D subteam had put it this way:

> We are very customer driven. We have a high degree of customer contacts and for me as a program manager it is easy because I am responsible for only one project [customer] and the customers like that, they feel valued. . . . Our key distinguishing asset clearly has been customer intimacy. We have a very strong relationship with the customer and everybody in the company is involved in it. (R&D Team Leader/Program Manager)

From their point of view, customer intimacy is no longer a strategic ideal but an operational reality. The responsibility to deal with the customer infiltrates throughout the hierarchy and is also reflected in the day-to-day operations. This is evident in the narratives of the operational staff when they describe their daily work practices.

Looking at the middle and operational levels, the theme on the company’s distinctiveness is repeated in more or less the same way. At all levels and functions within the company, customer intimacy is seen as being the core source of past and current success. Whereas senior management is focusing more on the economic and marketing aspects of customer intimacy, middle management and operational staff talk about what customer intimacy means in practice and, especially, how it is reflected in day-to-day operations. This is not surprising because customer intimacy, which is seen as a corporate philosophy at the senior level, is becoming a work practice at the middle and operational levels. All narratives observed seem to reflect the same theme with only little variation in terms of style and what customer intimacy actually means for them, across different hierarchical levels. Or, to put it differently, the same melody is performed in a variety of styles, but the message of the melody remains the same across all narratives.

**Historical Evolution of the Common Theme**

Following our chronological coding scheme, we were also able to trace how the customer intimacy narrative has evolved over time. People were referring to customer intimacy when talking about different periods of the history of the organization
If you would ask the question “What were we good at?” well, we were good at the science and good at, you know, good at working intimately with the customer. . . . When this business was formed, it was essentially formed by a bunch of people who knew each other well and were good at surviving, good at working out what to do to get to the next bit and consequently very, very used to the whole idea of customer intimacy. And I think in essence this is still the thing that differentiates us. (R&D Scientist A)

The concept of customer intimacy is seen as being the company’s strength, historically, and relates back to a group of senior people who developed that idea. A member of the commercial department who was recently recruited echoed a similar view, saying,

Customer intimacy comes from the senior people who have been involved with XXX [the conglomerate mother]. It was certainly Manager Y who makes very strong bonds with customer intimacy and the head of R&D. I have the feeling when you get to know these people that those are the sort of key drivers behind it and the rest will certainly have acknowledged that it is the right thing to do. I think it was their philosophy that they put into the business. (Member Commercial Dept. A)

It is interesting to note that the employees quoted above talking about the origins of the customer intimacy idea were with the company for less than 6 years, a time when the company was no longer part of the conglomerate. They were, therefore, not talking about their own experience but about what they have heard, or, to put it differently, they were retelling the customer intimacy narrative. It is perceived that the philosophy of customer intimacy has been the key success driver in the past and is therefore assumed to remain a key factor of the competitiveness of the company today.

Talking About Clients: The Parental Narrative

Analyzing the content of the customer intimacy narratives further and distilling the inherent view of clients displayed that especially senior and middle management, who have the most customer contacts, have a rather parental, caring view of the
clients they are working with. This view was nicely expressed by a senior manager working in the R&D department:

We are working emphatically with the customer and take care of their baby. You know the clients usually only have one product and this is their baby they care about and we know this and treat their baby as if it would be ours. Because if you upset their baby, they get upset and we prefer to have good and intimate relationships with our clients. (Senior Manager D)

In almost all narratives mentioning the customer intimacy concept, it is stressed that they work emphatically with the clients, have strong bonds with them, and also prefer a family-like relationship, as spelled out by a commercial manager:

We know our clients well and we love interacting with them. You might have observed it in the canteen. We prefer to go for lunch with them, sit with them and have a coffee, and most importantly we have lots of fun. We laugh with them and spend a good time—this is really important for us and they also value this. (Commercial Manager B)

It seems of utmost importance to have a good time with the customers and to have good and personable relationships. Customer intimacy is, therefore, not only a form of working together in rather technical terms but manifests itself also in personal relationships. Caring for and loving the customer like parents do their kids seem to be deeply rooted values that are reflected in the way they interact with the customer and care about them. In their narratives, they paint a rather family-like picture of their relationships with clients and the way they interact with them and do not seem to mention tough negotiations on prizing and contracts. Instead, having fun together almost seems to be more important than creating value and delivering good results. The idea is that the two go hand in hand.

The Deviating Voices: The Crisis Narrative

Following our coding scheme, we were able to distill a rather small number of narratives—hardly audible—that were critical of the customer intimacy narrative and the way the organization responds to customer needs. We identified these deviating narratives by analyzing the content of the narratives referring to customer intimacy. This second category referred to the concept of customer intimacy not as a source of past success but as a reason for their current problems. These deviating narratives provide explanations for the current problems and the perceived crisis that the organization is facing. The CEO summarized the crisis as follows:

In 2004 we had major financial problems because we lost a key customer. This has hit Bio-Mule very hard. . . . Now perhaps I should have been fired at that point in time because it was under my watch that happened and I should obviously have seen that
coming. What we completely underestimated was the complexity of getting that facility up and running and delivering effectively and so we forecasted for success and did not in any way achieve that success. . . . It’s been a real challenge to keep the focus on compliance and getting robust, stable, and reliable processes. . . . Just continuing and priding ourselves for our customer intimacy approach will not suffice. (CEO of Bio-Mule)

A member of the quality assurance team highlighted the dark side of the customer intimacy narrative in the following way:

The key obstacle is a cultural one and again that manifests itself in two ways. One is the way that we deal with customers . . . and one is that customers are overly intimate with us—they have too much say in how we run our systems. . . . Bio-Mule needs to be capable of compliant manufacture of licensed products which requires established systems and staff aligned with these requirements. . . . We find it very difficult to say no to customers because the business has grown because of customer intimacy. (Member Quality Assurance Dept. A)

In the deviating narratives, it is first recognized that the organization is facing a severe crisis and the pains that come along with it and, second, that the narrative of customer intimacy is partly responsible for that problem. These voices allude to the circumstance that under the new strategic positioning in the changed business environment, the concept of customer intimacy causes conflicts that result in the lack of reliable and compliant production processes. The deviating narratives point out that the concept of customer intimacy is hindering the organization from changing toward becoming a successful and compliant bio-manufacturing company.

The Outsiders’ Perspective: The Control Narrative

Interesting to observe was that the theme of the crisis narrative slightly altered when outsiders were asked to tell their version. The external consultant working with the company for almost 2 years provided us with his perspective. He described the problem they are facing in the following way:

Having no FDA approved processes, the customers are not having confidence in the way they work. Customers therefore demand changes in the processes, since if they themselves do not trust their own processes, the customer also does not and so the change goes on and on. They still think that they please the customers by doing everything they want. But if you talk to customers, you will hear that they are confused because of the poor guidance they get. The strength of the customer intimate philosophy now becomes a weakness. They simply never have robust and compliant processes. (External Consultant)

The absence of Food and Drug Administration (FDA) approval reduces the confidence the customers have in the robustness and reliability of the existing processes.
By not trusting the way the company operates, customers get the feeling that they need to have greater control over the processes. Customers, therefore, strongly demand close interaction in the process development phase and request changes. This point of view was confirmed by the narratives of the clients:

See, of course they are in trouble since they lack robust and approved manufacturing processes. They always tell us that this issue will soon be resolved and that we can trust in them, but we still have to closely monitor what they are doing. It is our baby they are handling and we thus have to control their manufacturing processes, you know. We only get little guidance from them and often do not know what they actually want and we get the feeling that they also do not know. (Client B)

From the clients’ perspective, the crisis of the company is a result of their inability to manufacture in a compliant and robust way and the little guidance they receive. This aspect is not reflected in the crisis narratives told within the organization itself. Customers would value not only robust manufacturing processes but also more guidance and would prefer to work less intimately with them. The lack of trust in the company’s ability makes a high degree and close interaction with them necessary—at least from the clients’ perspective. However, despite these voices and the critique on their way of working intimately with the customer, the customer intimacy narrative remains more or less unchanged.

Discussion

Plurality of Voices: Hegemony and Resistance

Consistent with the literature on narratives in organizations, in our case study, there are common themes and deviating narratives reflecting the multivoiced character of organizational change (Currie & Brown, 2003; Dunford & Jones, 2000). All identified narratives are related to one another and can only be understood in relation to each other (O’Leary, 2003). The crisis narrative told by some members of the organization as well as the control narrative narrated by clients are only meaningful in relation to the dominating customer intimacy narrative because they respond to and oppose this dominant, widespread theme. In line with literature on storytelling organizations (Boje, 1991b; Humphreys & Brown, 2002), there seems to be a common, widespread narrative with long historical roots that says, “Customer intimacy is the basis of our success.” This theme seems to dominate within the organization because it is widely spread, has evolved over time, and is told by almost all members of the organization. Its dominance is further leveraged by the parental narrative reflecting the way they interact with their clients. These two narratives seem to reinforce each other. Customer intimacy means having a family-like relationship with the client, and a family-like relationship with the client fosters customer intimacy. Thereby, these
two complementary narratives constitute a dominant and hegemonic theme. However, also consistent with previous research, this hegemonic theme is accompanied by deviating, opposing narratives that call this dominant theme into question and oppose it (Hardy & Phillips, 2004). Similar to previous studies, in our case, the plurality of voices reflects hegemony and resistance at the same time (O’Leary, 2003).

However, what is interesting from our case study is that despite the existence of deviating narratives of resistance (from insiders and outsiders), the customer intimacy narrative remained relatively unchanged over the years and no significant change in the orientation of the organization could be observed. Despite the severe crisis the organization is facing and the reorientation from R&D to manufacturing, referring to the past success of the customer intimacy philosophy is still believed to be a legitimate reason for not changing this idea. The question therefore arises as to why, despite the crisis and the deviating narratives, the customer intimacy narrative is still dominating. Current analysis has so far only shown that there is a common, widespread theme having long historical roots that is challenged by centrifugal, deviating narratives. Why the common theme could become so dominant deserves some further explanation.

**Self-Legitimizing Nature of Narratives**

Looking at the way the customer intimacy narrative has evolved historically, it is interesting to note that it simply survives because it refers to past success. As previous research on organizational narratives has alluded to, narratives are retold within a particular community in case the community finds the narrative “good,” “interesting,” “exciting,” “entertaining,” or “beautiful” (Czarniawska, 1997; Gabriel, 2000). This finding can be further understood by building on Lyotard’s (1991) concept of narrative knowledge. Following Lyotard, narratives are able to convey two different aspects simultaneously. On one hand, they tell something about good luck, justice, beauty, success, or failure, and on the other hand, they simultaneously carry their implicit evaluation criteria of what makes a good narrative. Therefore, Lyotard speaks of the ability of narratives to legitimize themselves. Opposed to scientific knowledge, which has to be justifiable in the light of reasons, Lyotard holds that narratives are not in need of such an explicit legitimation but are simply accepted because they comply with the implicit norms of a community (Schreyögg & Geiger, 2007). And it is precisely narratives that constitute and transfer these norms and, thereby, they become self-legitimizing. Hence, the self-legitimation of narratives is achieved through the unreflected transfer and retelling of the narrative. This reminds us that each community has its own standards for “feeling” what a good narrative is, and only good narratives tend to be retold (Gabriel, 2000).

This self-legitimizing characteristic of narratives helps us in better understanding the way the customer intimacy narrative developed. Past success triggered the emergence of the customer intimacy narrative and it is still simply told over and extrapolated as a basis for future success. Those who keep on telling it simply take
its truthfulness for granted. The validity of the claim that customer intimacy has been the source of past success is simply not questioned in that organization. It is seen as legitimate because it produces its own legitimation by simply being retold over and over again. This self-legitimating character of the customer intimacy narrative operates as a sort of *defensive mechanism* (Argyris, 1990) protecting itself from being questioned. The web formed by the two complementary narratives (parental and customer intimacy) that reinforce each other is defended against disconfirming feedback (opposing resistance narratives) by simply being told over and over again. It is considered to be true because it is retold. This process of replication via repetition is driven by a focus on reproducing a “regime of truth” that eventually becomes legitimized because it is institutionalized.

However, this ability of self-legitimization alone cannot fully explain why the customer intimacy narrative became so dominant that it was even able to ignore the deviating crisis narratives. And this is even more remarkable because the CEO was among those telling the deviating narratives.

**Self-Reinforcing Mechanism**

To explain the powerfulness of the customer intimacy narrative and its ability to remain alive despite the existence of deviating voices, we suggest observing the overall narrative construction and the relationship between the different narratives. First of all, as outlined above, the customer intimacy and the parental narratives were perfectly complementing each other and thereby reinforced themselves in their perceived truthfulness. Interesting to observe is that despite the existence of the opposing crisis narrative told by insiders and the control narrative narrated by clients, the assumptions underlying the customer intimacy narrative and its relation to other narratives have never been questioned. Instead, an analysis of the relationship between the different narratives reveals the self-reinforcing nature of the overall narrative construction. Whereas the assumption underlying the customer intimacy narrative and the parental narrative is to do everything the customer wants to make him or her happy, the crisis narrative alludes to the insufficient manufacturing capabilities and an overarching R&D focus. This is echoed in the clients’ control narrative, which highlights that clients see the need to exercise close control over their manufacturing processes because they do not trust their robustness. Interesting to observe is that this, in turn, is reinforcing the perceived truthfulness of the customer intimacy narrative because the clients have to work closely with the organization to receive the anticipated results. Seen this way, a self-reinforcing feedback is created that confirms the narrative saying that customer intimacy is key to the company’s success. This self-reinforcing feedback that is created through the overall narrative construction implicitly confirms the truthfulness of the customer intimacy narrative not least because some of the key underlying assumptions are not questioned.

It therefore could potentially be argued that the overall narrative construction operates as a sort of blind spot (Zajac & Bazerman, 1991) in the organization. The
organization was unaware of the self-reinforcing mechanism of the narrative construction that confirmed the truthfulness of the customer intimacy narrative in an implicit, self-legitimizing way. Thereby, even the deviating narratives could have been integrated smoothly into the overall sensemaking process without calling the governing, hegemonic assumptions of the dominant narrative into question. The blind spot prevented them from questioning their “success” principle of customer intimacy; it was systematically hidden in the narrative construction (for a related finding, see Diamond, 2008). Figure 2 explains diagrammatically the logic of this self-reinforcing narrative construction.

**Inertia and Blind Spots**

These insights into the self-reinforcing nature of narrative constructions could potentially shed new light on our understanding of blind spots in organizational perception, which are often seen as antecedents of organizational inertia. The existing literature defines organizational inertia as the inability to enact internal change in the
face of significant external change (Gilbert, 2005; D. Miller & Friesen, 1980). Blind spots are usually attributed to selective (competitor) perception (Zajac & Bazerman, 1991), to myopic managerial decisions (Levinthal & Posen, 2007; K. D. Miller, 2002), or to cognitive inertia of middle or top managers (Tripsas & Gavetti, 2000). Our focus on narrative and narrative constructions can potentially provide an additional perspective for our understanding of blind spots in organizations. As our analysis has shown, narratives are extremely powerful in shaping organizational dynamics, and their self-amplifying process of constructing self-legitimizing truth claims can create blind spots. These blind spots are not the result of managerial myopia or simple selective attention but rather are a product of the self-referential nature of narrative constructions in organizations. Despite the existence of critical voices (from inside as well as outside) that the organization is aware of, the self-legitimizing nature of the narrative construction creates a self-reinforcing feedback mechanism that implicitly confirms dominant assumptions. The blindness is therefore not the outcome of a purposeful act of domination that silences the deviating voices but, rather, results from the circumstance that the functioning mechanism of the narrative construction is systematically hidden. By forming a web of self-reinforcing narratives that are self-legitimizing, they limit the organization’s ability to “see” new perspectives or “listen” to other voices. Silencing or choosing to ignore these alternative perspectives would limit the capacity of organizations to engage in fundamental change. Our narrative analysis shows how organizations become wedded to routines that reinforce the existing organizational culture and the dominant ways of doing things, thus reinforcing the status quo and limiting the scope for organizational learning to support the process of organizational change (Antonacopoulou, 1999, 2008). These insights extend our current understanding of the role of frames of reference in organizational change (Isabella, 1990; Westenholz, 1993) by drawing attention to the way such frames of reference emerge and become self-reinforcing.

A narrative approach to blind spots and inertia therefore directs our attention to the centrality of self-reinforcing feedback because it may trigger an implicit “true believer” reaction, confirming the verisimilitude and perceived truthfulness of underlying assumptions (Martin, 1982). This way, a web of related narratives operating as a self-referential frame of reference may emerge, which imprints the organization its “regime of truth” (Foucault, 1980, p. 132). This regime of truth implicitly regulates what can be said in an organization and what is rather left out of the discourse. Only the existence of blind spots allows for this implicit regulation, the domination is only accepted because its operating mechanism is hidden, or, as Foucault (1990) has put it, “power works only under the precondition of hiding major parts of itself” (p. 107).

Seen this way, narratives play an important role, first of all, in the construction of self-reinforcing feedback but also in its sustainment. As our analysis has shown, self-reinforcing feedback gets triggered potentially by a web of related, complementary narratives. These narratives usually have long historical roots and are therefore widely spread throughout the organization. The self-legitimizing nature of this narrative construction is central for the emergence of self-reinforcing feedback confirming the
truthfulness of the underlying assumptions. This way, a self-referential, self-sustaining frame of reference might be induced that the organization may not be aware of, which represents a blind spot. And such a blind spot is continually maintained and sustained by the self-reinforcing feedback the organization “receives” or, better, perceives. As a consequence, the organization risks becoming inert, because it is no longer able to interpret disconfirming feedback (here in the form of resisting narratives) appropriately. Such a “narratization” (self-referential frame of reference) of organizations may lead to a complete “narrative closure” of the whole organization. Because this narrative closure is implicit, organizations risk becoming blinkered by limiting their openness to new perspectives and inhibiting path-breaking knowledge to emerge (D. Miller, 1993). Organizations that do not question their dominant narratives run the risk of creating blind spots that make them unable to question their dominant knowledge claims and change accordingly. The organization simply becomes unable to investigate its underlying assumptions, even when they become unsuccessful.

**Conclusion**

This article and the empirical findings give additional insights about how dominant (success) narratives evolve and how they are able to ignore deviating voices and thereby bring about inertia. In studying narratives, we could provide some additional insights into the emergence of inertia and blind spots. Our analysis shows how inertia might result from the existence of a web of self-reinforcing narratives, preventing the organization from questioning its dominant assumptions. In particular, the so-called “success stories,” which refer to the recipes of past success, are likely to trigger the emergence of such a self-reinforcing web. This may be because they tend to be told over and over again, thereby becoming self-legitimizing, which prevents the organization from questioning the truthfulness of the underlying assumptions for success in light of today’s strategic orientation. These success stories could therefore become dangerous vehicles preventing the organization from reflecting on its weakness and adapting to environmental changes accordingly.

Such a narrative analysis has the potential to enrich theories investigating path dependence (Bettis & Wong, 2003; David, 1985), myopic organizational decision making (Tripsas & Gavetti, 2000), self-fulfilling prophecies (Edwards, 2001), or processes of simplification (D. Miller, 1993) because these theories equally stress the importance of self-reinforcing feedback for the emergence of inertia. A narrative analysis may help in understanding how such a self-reinforcing feedback evolves in an organization and how it is sustained over time. It provides us with a sufficiently deep level of analysis necessary for grasping the described processes of affirmation and blindness. Studying narratives allows a glimpse beyond the rational façade of organizations and helps in exposing their possibly self-legitimizing and self-reinforcing tendencies, which might enhance our understanding of how organizations slip into inertia and become path dependent.
From a managerial point of view, these findings bring to the fore that managers have to be aware of the problematic nature of dominant (success) narratives and their self-reinforcing tendencies. This implies that managers could be more skeptical toward so-called success stories before engaging in their uncritical retelling. If a dominant success story is in place, it should rather provoke its questioning together with a need to actively search for and listen to weak and deviant narratives. This invites managers to challenge the dominant narrative and, in doing so, to detect and disclose the blind spot. This way, the dominant narrative might lose its defining power because its operating mechanism is revealed and its supportive structures exposed. In Bio-Mule, our intervention has at least made our interviewees and the board aware that they have to question their taken-for-granted approach of delivering customer intimacy. Managers could, therefore, introduce new narratives that directly address the blind spot and challenge the self-referential frame of reference, thereby giving rise to new orientations. We recognize, of course, that such new narratives could potentially lead to new blind spots, which become orientations of the future.

We acknowledge that this case study may potentially be considered an extreme case of closure and resistance to change, and the observed narrative constructions are therefore also not necessarily prototypical. However, a narrative approach to organizational change has the potential to reveal how narratives construct self-referential frames of reference, which can lead to inertia. It is this power of narratives that our article contributes to helping us understand better in relation to the organizational dynamics that they shape and in which they are embedded in. Further research could fruitfully build on and extend these first insights by further exploring the antecedents and conditions responsible for triggering self-reinforcing feedback and blind spots. Given the fundamental role of self-reinforcing feedback in the emergence of organizational inertia, which is also stressed in theories of path dependence, future studies could further explore how such webs of self-legitimizing narratives evolve over time. A more longitudinal perspective has the potential to reveal which indicators allow for an early awareness of a self-reinforcing process. Our first insights have pointed to the emergence of deviant, opposing narratives as early signals, but the interesting question remains how to interpret and act on them. This could help in generating more insights into the way such a narrative construction could be broken and how the emergence of such a self-reinforcing frame of reference could best be avoided.

References


