

# Thesis in: Enterprise management and evolution



## **A narrative approach to corporate crises: evidence from the Italian railways' industry**

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# Agenda



- Introduction: what is narrative approach to corporate crises?
- Methodology of analysis
- Case presentation
- Sample composition
- AnsaldoBreda & Finmeccanica
- Other market players & industry
- Discussions and conclusions

# Introduction: what is narrative approach to corporate crises?



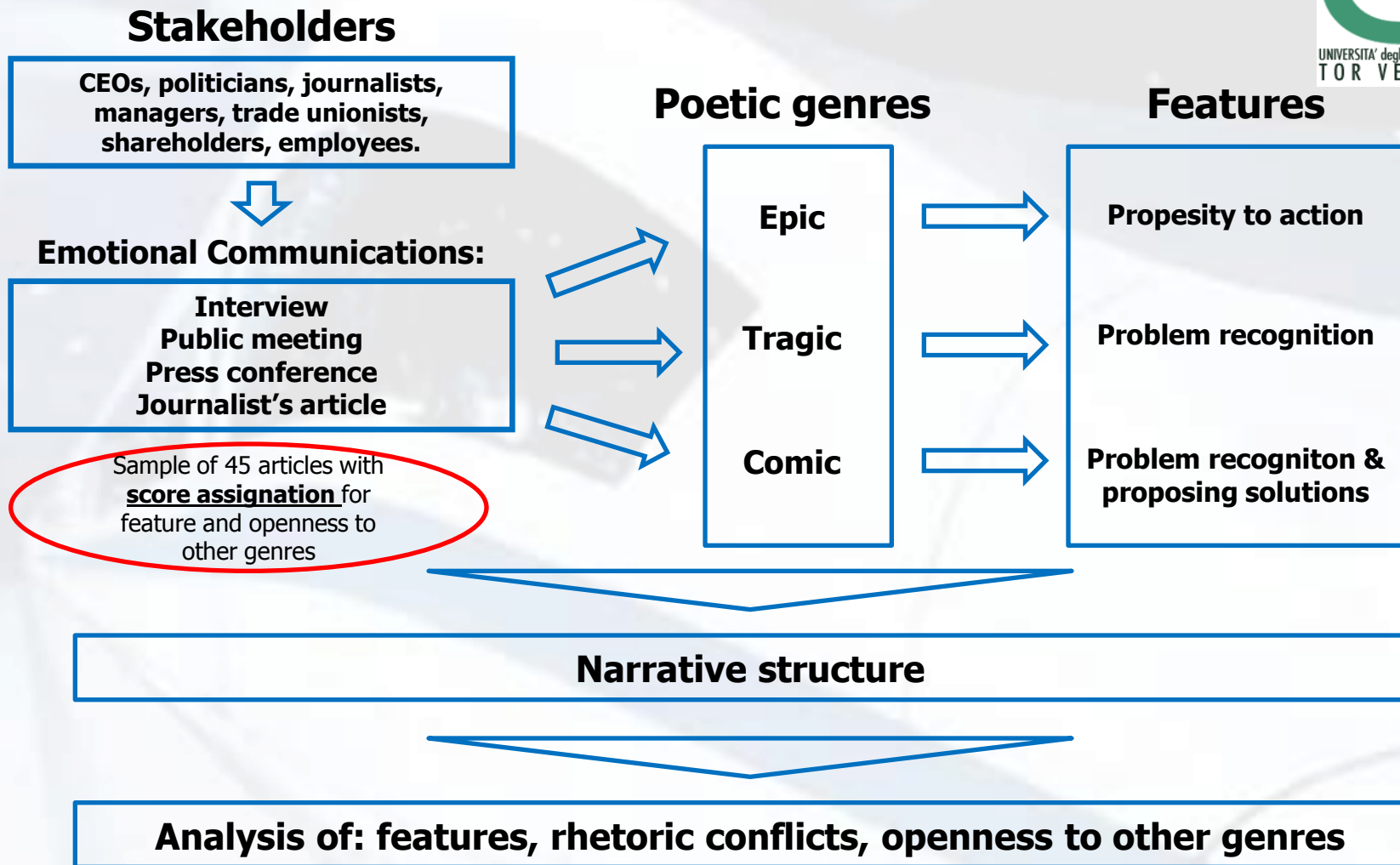
Narrative approach is:

- An **analysis of different emotional communications** used by stakeholders during corporate decline and crisis;
- A technical analysis that **highlights the overall narrative structure** of an industry.
- A method that suggests which are basically the **helpful communications** and which are instead the **harmful ones**;

The research questions are:

- Can narrative approaches **help to recognize decline** stage and causes of decline?
- Do Rhetoric conflicts among different stakeholders affect performance recovery?
- Can narrative reduce corporate and industrial inertia? Can it represent a source of inertia as well?

# Methodology of analysis



# Case presentation



- The Italian railways' industry is facing a deep distress. The initial industrial **decline** has finally fallen in a worse **stage of crisis**;
- In particular AnsaldoBreda is in a very difficult situation and its future is still unclear;
- The **industrial and corporate inertia** seems to be the **main obstacle** to change and turnaround;
- The main stakeholders have not been able to avoid such situation;



Narrative analysis shows if the communications around corporate crisis foster performance recovery and change or if it represents an obstacle to industrial and corporate turnaround.



## An effective narrative structure implies:

- High level of problem recognition, proposing solution and propensity to action
- Few rhetoric conflicts and high openness to other genre
- A balanced situation between narrative convergence and narrative divergence. Comic genre should not remain in the margin



# Sample composition



Genre\Firm	Ansaldo Breda	Ferro sud	Fervet	Finmeccanica	Firema	Keller	Railway industry in general	Total
comic-tragic	1				2		1	4
comic-epic	4				1		1	6
tragic	8	4	1	3			1	17
epic	5			2	1			8
epic-tragic	3				1	2		6
comic	1			1			2	4
Total	22	4	1	6	5	2	5	45

Stakeholder / genre	comic	comic-epic	comic-tragic	epic	epic-tragic	tragic	Total
CEO				8		1	9
general journalist	1					5	6
other	2				1		3
politician		4	2		3	6	15
shareholder		1	1			1	3
top manager			1		2		3
trade unionist	1	1				4	6
Total	4	6	4	8	6	17	45

- **AnsaldoBreda** represents the most important market player;
- During the crisis, the most common narrative approach is the **tragic** one;
- There is not a **balanced situation**;
- Some **secondary genres** have been identified;
- **CEOs tend to be epic, general journalists tend to be tragic as well as politicians and trade unionists, industrial journalist tend to be comic.**

# AnsaldoBreda & Finmeccanica



## AnsaldoBreda

Genres and stakeholders	Number of articles	Average score for problem recognition	Average score for providing solutions	Average score for propensity to actions	Average score for openness to other genres
<b>comic-tragic</b>	<b>1</b>	<b>3,0</b>	<b>2,0</b>	<b>1,0</b>	<b>3,0</b>
shareholder	1	3,0	2,0	1,0	3,0
<b>comic-epic</b>	<b>4</b>	<b>5,8</b>	<b>7,3</b>	<b>6,8</b>	<b>7,5</b>
shareholder	1	5,0	7,0	4,0	8,0
politician	3	6,0	7,3	7,7	7,3
<b>tragic</b>	<b>8</b>	<b>7,5</b>	<b>2,0</b>	<b>1,5</b>	<b>4,9</b>
shareholder	1	8,0	4,0	1,0	8,0
politician	4	7,8	1,8	1,8	3,8
general journalist	2	7,0	2,0	1,5	5,5
trade unionist	1	7,0	1,0	1,0	5,0
<b>epic</b>	<b>5</b>	<b>2,8</b>	<b>3,2</b>	<b>7,8</b>	<b>4,8</b>
CEO	5	2,8	3,2	7,8	4,8
<b>epic-tragic</b>	<b>3</b>	<b>6,3</b>	<b>2,7</b>	<b>6,0</b>	<b>6,7</b>
top manager	1	7,0	4,0	5,0	8,0
politician	1	7,0	1,0	6,0	5,0
other	1	5,0	3,0	7,0	7,0
<b>comic</b>	<b>1</b>	<b>5,0</b>	<b>5,0</b>	<b>2,0</b>	<b>8,0</b>
trade unionist	1	5,0	5,0	2,0	8,0
<b>Total</b>	<b>22</b>	<b>5,6</b>	<b>3,5</b>	<b>4,5</b>	<b>5,6</b>

## Finmeccanica

Genres and stakeholders	Number of articles	Average score for problem recognition	Average score for providing solutions	Average score for propensity to actions	Average score for openness to other genres
<b>tragic</b>	<b>3</b>	<b>8,3</b>	<b>1,7</b>	<b>1,0</b>	<b>6,0</b>
CEO	1	8,0	1,0	1,0	8,0
general journalist	2	8,5	2,0	1,0	5,0
<b>epic</b>	<b>2</b>	<b>3,0</b>	<b>2,0</b>	<b>8,5</b>	<b>4,0</b>
CEO	2	3,0	2,0	8,5	4,0
<b>comic</b>	<b>1</b>	<b>7,0</b>	<b>5,0</b>	<b>3,0</b>	<b>8,0</b>
general journalist	1	7,0	5,0	3,0	8,0
<b>Total</b>	<b>6</b>	<b>6,3</b>	<b>2,3</b>	<b>3,8</b>	<b>5,7</b>

- The score for **problem recognition** is the highest;
- The scores for **propensity to action and especially for providing solutions** are too low;
- The **openness to other genres** can be surely improved;
- CEOs tend to be epic, journalists politicians and trade unionists tend to be tragic and comic approaches are just exceptions;
- There are still several rhetoric conflicts about the disposal of AnsaldoBreda.



# Other market players & industry



## Other market players

Genres and stakeholders	Number of articles	Average score for problem recognition	Average score for providing solutions	Average score for propensity to actions	Average score for openness to other genres
comic-tragic	2	7,5	4,5	3,0	7,0
politician	2	7,5	4,5	3,0	7,0
comic-epic	1	8,0	6,0	7,0	8,0
politician	1	8,0	6,0	7,0	8,0
tragic	5	7,0	2,2	1,6	4,4
politician	2	8,0	1,5	1,5	4,0
trade unionist	3	6,3	2,7	1,7	4,7
epic	1	1,0	3,0	5,0	8,0
CEO	1	1,0	3,0	5,0	8,0
epic-tragic	3	6,0	2,0	6,7	6,3
top manager	1	6,0	3,0	6,0	8,0
politician	2	6,0	1,5	7,0	5,5
<b>Total</b>	<b>12</b>	<b>6,4</b>	<b>2,9</b>	<b>3,8</b>	<b>5,9</b>

## Industry

Genres and stakeholders	Number of articles	Average score for problem recognition	Average score for providing solutions	Average score for propensity to actions	Average score for openness to other genres
comic-tragic	1	9,0	8,0	2,0	9,0
top manager	1	9,0	8,0	2,0	9,0
comic-epic	1	9,0	7,0	7,0	8,0
trade unionist	1	9,0	7,0	7,0	8,0
tragic	1	8,0	3,0	1,0	8,0
general journalist	1	8,0	3,0	1,0	8,0
comic	2	7,0	7,0	4,0	7,5
other	2	7,0	7,0	4,0	7,5
<b>Total</b>	<b>5</b>	<b>8,0</b>	<b>6,4</b>	<b>3,6</b>	<b>8,0</b>

- The narrative structure of the industry in and of the other markets players is similar to AnsaldoBreda's one;
- The score of the **problem recognition** is the prevalent one;
- Communications seem not to be able to provide real solutions and foster concrete actions;
- The score for openness to other genres is quite high for what concerns the analysis of the industry as a whole.



# Discussions and conclusions (1 of 2)



## The overall narrative structure

Genres and stakeholders	Number of articles	Average score for problem recognition	Average score for providing solutions	Average score for propensity to actions	Average score for openness to other genres
<b>comic-tragic</b>	<b>4</b>	<b>6,8</b>	<b>4,8</b>	<b>2,3</b>	<b>6,5</b>
top manager	1	9,0	8,0	2,0	9,0
shareholder	1	3,0	2,0	1,0	3,0
politician	2	7,5	4,5	3,0	7,0
<b>comic-epic</b>	<b>6</b>	<b>6,7</b>	<b>7,0</b>	<b>6,8</b>	<b>7,7</b>
shareholder	1	5,0	7,0	4,0	8,0
politician	4	6,5	7,0	7,5	7,5
trade unionist	1	9,0	7,0	7,0	8,0
<b>tragic</b>	<b>17</b>	<b>7,5</b>	<b>2,1</b>	<b>1,4</b>	<b>5,1</b>
CEO	1	8,0	1,0	1,0	8,0
shareholder	1	8,0	4,0	1,0	8,0
politician	6	7,8	1,7	1,7	3,8
general journalist	5	7,8	2,2	1,2	5,8
trade unionist	4	6,5	2,3	1,5	4,8
<b>epic</b>	<b>8</b>	<b>2,6</b>	<b>2,9</b>	<b>7,6</b>	<b>5,0</b>
CEO	8	2,6	2,9	7,6	5,0
<b>epic-tragic</b>	<b>6</b>	<b>6,2</b>	<b>2,3</b>	<b>6,3</b>	<b>6,5</b>
top manager	2	6,5	3,5	5,5	8,0
politician	3	6,3	1,3	6,7	5,3
other	1	5,0	3,0	7,0	7,0
<b>comic</b>	<b>4</b>	<b>6,5</b>	<b>6,0</b>	<b>3,3</b>	<b>7,8</b>
other	2	7,0	7,0	4,0	7,5
general journalist	1	7,0	5,0	3,0	8,0
trade unionist	1	5,0	5,0	2,0	8,0
<b>Total</b>	<b>45</b>	<b>6,2</b>	<b>3,5</b>	<b>4,1</b>	<b>6,0</b>

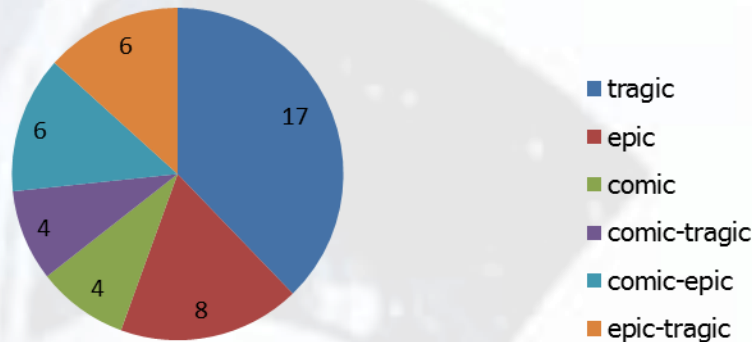
The final conclusions are:

- **The main linkages between stakeholders and poetic genres suggested by scholars are basically confirmed;**
- **The score for openness to other genre is higher than the decline phase, but it can be improved;**
- **There are still many rhetoric conflicts**
- **A more balanced situation is required.**

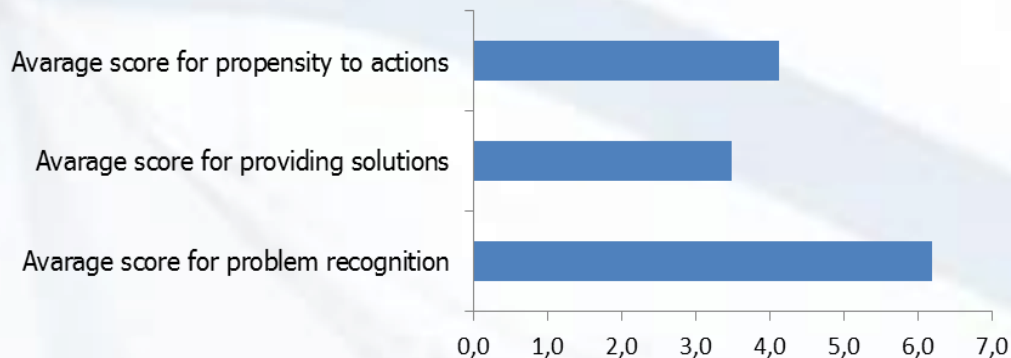
# Discussions and conclusions (2 of 2)



**Narrative structure, number of articles**



**Narrative structure by average scores**



The final conclusions are:

- The **comic genre remains in the margin**;
- The tragic genre is predominant: tragic articles are more than twice the epic articles;
- The score for problem recognition is acceptable, but there is lack of propensity to actions and providing solutions

- Narratives were a source of inertia during the decline;
- Stakeholders are moving in a more balanced situation;
- Nevertheless, the current narrative structure is still not able to reduce structural inertia;
- Openness and collaboration, providing solutions and propensity to action and are required, as well as less rhetoric conflicts.

Thanks for  
the  
attention!