

DISSERTATION

INSPIRATION OF EMPLOYEES THROUGH ORGANIZATIONAL VISION:
EFFECTS OF LEADERSHIP, COMMUNICATION, AND REWARD SYSTEMS

Submitted by

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In partial fulfillment of the requirements

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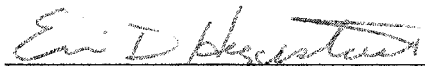
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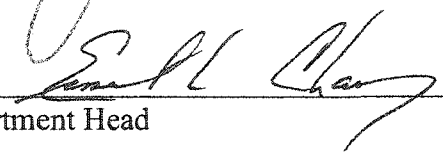
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ABSTRACT OF DISSERTATION

INSPIRATION OF EMPLOYEES THROUGH ORGANIZATIONAL VISION: EFFECTS OF LEADERSHIP, COMMUNICATION, AND REWARD SYSTEMS

This study tested a model of contextual social system factors within organizations that are hypothesized to influence inspiration of employees from their organization's vision. The model was derived from the open system theory of organizations (Katz & Kahn, 1978) and from convergent predictions made by modern leadership theories (e.g., transformational leadership; Bass 1998). The following factors were predicted to effect vision inspiration: charismatic-visionary leadership at the executive level; trust in executive leadership; charismatic-visionary leadership at the departmental level; trust in departmental leadership; intensity of communication of the vision message; and collective or organization-level reward systems. The model was examined using a survey of 70 employees (faculty and staff) of a fine arts college located in a major city in the southeastern United States. Principal component factor analysis (PCA) was used to examine the factorial structure of the survey instrument, and predictive hypotheses were tested using multiple linear regression. Overall, results of the PCA did not support the distinction between charismatic-visionary leadership and trust in leaders at either the executive or departmental level; thus, these variables were collapsed at each of these levels into a broader leadership construct, called simply charismatic leadership. The

remaining items clustered together generally as intended, yielding four internally consistent predictor scales and a homogenous vision inspiration criterion. Collectively, measures of charismatic leadership of executives, charismatic leadership of department leaders, intensity of vision communication, and collective rewards systems explained significant variance in employees' vision inspiration, $R^2 = .25$, $F_{(4,64)} = 5.34$, $p < .001$. Thus, the general thesis that contextual organizational factors are important determinants of within-organization variation in vision inspiration was supported. In addition, bivariate correlations supported the specific hypothesized relationships between predictors and the criterion; however, none of the four predictors met conventional standards for statistical significance in the context of the overall regression model. These results were likely due to the small sample and low statistical power. Only the standardized regression weights for charismatic leadership of executives ($\beta = .23$, $p = .066$) and departmental leaders ($\beta = .21$, $p = .093$) approached significance. Practical and theoretical implications of the results are discussed.

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Chapter 1

INTRODUCTION

The influence of organizational vision and visionary leadership on effectiveness at the individual, group, and organizational levels has long been suggested in organizational theories. Management researchers and business consultants have stressed the importance of vision from their experience (e.g., Nanus, 1992; Quigley, 1993), as have applied psychologists. Organization development (OD) practitioners, for example, describe an important outcome of their practice as improved “visioning processes” within the organization (French & Bell, 1999). Implicit in their consulting models is that such visioning processes are important for organizational effectiveness. Recent evidence showing a positive correlation between the presence of an organizational vision and venture growth suggests they may be right (Baum, Locke, & Kirkpatrick, 1998).

Vision has been proposed as the means by which senior leaders in organizations inspire followers and give meaning to their actions (Shamir, House, & Arthur, 1993). This *inspiration* from vision is theorized to derive from leaders’ articulation of an “ideological goal” that followers can feel morally satisfied in pursuing (House & Shamir, 1993). Charismatic and transformational leadership researchers (e.g., Bass, 1985; 1988; Conger & Kanungo, 1998) similarly contend that inspiration of followers through charisma and use of vision are important characteristics of exceptional leaders, a

contention that seems to be well supported empirically (Shamir et al., 1993). An integrative model recently proposed by Zaccaro and Banks (2001) describes how vision characteristics and leadership behaviors may combine to influence effectiveness among subordinates. Interestingly, most of the subordinate responses to vision and leadership predicted by this model are similar to the notion of inspiration: high efficacy, high motivation, high level of effort, and self-identification with the vision. Beyond these inspiration-type outcomes, vision and leadership are also predicted by this model to influence confidence, trust, and loyalty given to the leaders, and to elicit organizational citizenship behavior (OCB; see Organ, 1997) from subordinates. Clearly, organizational vision is implicated as a component of effective leadership processes, and likely impacts effectiveness at multiple levels of the organization through inspiration of employees.

While inspiration of employees seems to be a primary outcome of effective vision, researchers have only recently begun to develop models that consider what factors may help predict such inspiration (e.g., Zaccaro & Banks, 2001). In other words, *under what conditions do employees get inspired by their company's vision?* Addressing this question would advance the understanding and study of organizational vision and leadership processes. In practice, an elaborated model of the conditions that predict vision inspiration could also help organizational leaders develop support among employees for their visions. In addition to the direct leader-follower interactions and characteristics of vision content discussed by Zaccaro and Banks (2001), it seems likely that broader organizational systems and processes may also affect how inspirational a given vision is to followers. For example, reward systems that encourage employees to develop long-term relationships with the organization might make a given vision more inspirational by

helping to align employees' interests with the interests of the organization. The intensity of communication about the vision by leaders and the overall visibility and employee awareness of the vision message could plausibly impact the effectiveness of that vision, as well. A preliminary model of such organizational systems and leadership behaviors that are likely to impact vision inspiration has been proposed by this author in an earlier unpublished manuscript (Lahti, 2002). That model represents the first known attempt at describing which social system factors are likely to impact employee inspiration from vision, and why. The model was tested using secondary analysis of a large existing database of organizational survey data, and general support for most of the model was found.

However, given the limitations of the secondary analysis in the earlier study (Lahti, 2002), it is important to try to replicate those findings in another sample, and with more precise measurement of the constructs of interest. In addition, recent developments in the economy and business climate in the United States have highlighted a potentially important factor in organizational vision research that was not specified in the previous model – trust in executive leaders. Corporate scandals and allegations of executive fraud seem to be daily news since events such as the bankruptcy of telecommunications powerhouse WorldCom and the highly publicized collapse of Enron. The salience of these issues is likely to be extremely high among employees, and it seems likely that trust could play some role in the vision inspiration process. For example, one might reasonably hypothesize that the degree of trust in executive leaders would affect how eagerly employees would embrace those same leaders' vision of the future of the company. In fact, some have argued that employee trust in leaders is *essential* to accomplishment of

vision-related goals (Conger, Kanungo, & Menon, 2000). Trust has been discussed in the leadership literature for decades (e.g., Likert, 1967), though with considerable variation among authors as to its proper place in leadership models (i.e., as a predictor, outcome, or part of other leadership constructs). Recent meta-analytic research (Dirks & Ferrin, 2002) has begun to clarify the construct(s) and role of trust in leaders, allowing stronger arguments to be made for its inclusion and specific placement in our model.

Therefore, this dissertation proposes a revised and extended model of factors related to employee inspiration from organizational vision, derived from current leadership research and the open system theory of organizations (Katz & Kahn, 1978). The proposed model is intended to elucidate how an individual's perceptions of the organizational climate and practices can predict vision inspiration. This model complements other models that have substantial focus on characteristics of the vision (e.g., vision content and vision articulation; Zaccaro & Banks, 2001), and attempts to capture actionable phenomena that could plausibly be affected or improved by an organization. Extending and improving models of vision inspiration is significant, because it can both further our understanding of this important organizational phenomenon, as well as illuminate how organizations might practically affect the success of their visioning efforts. The new model is empirically evaluated using employee survey data. Theoretical implications of the results as well as practical applications for organizations are discussed.

What is Vision?

The construct of organizational vision remains somewhat ambiguous in much of the literature, with many authors developing their own slightly idiosyncratic definitions.

Consistent with the name of the construct, most authors use the term vision to mean pictures, descriptions, or mental images shared among organizational members of what the organization should be like in the future (e.g., French & Bell, 1999; Gardner & Avolio, 1998; Kotter, 1990; Yukl, 1994). In contrast to long-term planning tools like scenarios (Schwartz, 1991), which describe possible future environments the organization may encounter based on a rational analysis of large-scale driving forces, visions describe the preferred future form of the organization itself. A vision can be used to specify the ideal future relationships between the organization and its environment (e.g., suppliers, customers, and competitors), as well as the ideal internal functioning of the organization (e.g., how employees are treated; French & Bell, 1999).

Vision has been confused, though, with related concepts like mission, strategy, and values. Quigley (1993), for example, described vision as being comprised of three components – values, mission, and goals. Yukl (1994) stated that the core of an organization's vision is its mission statement. Nanus (1992), on the other hand, unambiguously contended that a mission is not a vision: "to state that an organization has a mission is to state its purpose, not its direction" (p. 31). Kroeck (1994) likewise stated that visionary leaders set a "clear and exciting direction for an organization" (p. 178). Unfortunately, an attempt to disentangle vision and mission by defining vision as providing direction makes vision sound eerily similar to strategy. Strategies are typically defined as direction statements that are designed to align the organization with its changing environment (Zaccaro & Banks, 2001).

The construct of values has also been entangled with organizational vision. Values have been defined in the context of executive leadership as "broad and relatively

enduring preference(s) for some state of affairs” (Hambrick & Brandon, 1988, p. 5).

Robbins and Duncan (1988) discussed the role of executive values in the development of vision. These authors described visioning as a negotiation process that takes place among top leaders in the organization, with the CEO or senior leader potentially playing a dominant role. An image of the future of the organization is articulated, perhaps by a single visionary CEO or senior executive, and leaders attempt to generate consensus around this vision (Robbins & Duncan, 1988). The value core of this negotiated vision, though, likely reflects the value orientation of the visionary and is generally not negotiable (Zaccaro & Banks, 2001). Thus, the development of an organizational vision is influenced by both social and political processes among top leaders, and by the deeply held values of its original proponent(s). House and Shamir (1993) similarly implied that visions *are* values statements, since they reflect the visionary leaders’ articulation of value-based, ideological goals. However, values may affect the visioning process in less obvious or direct ways, as well. For example, Nanus (1992) describes how values serve as the framework within which leaders select or develop a vision, highlighting or embodying notions about what should really matter in the performance of their organization (see also Hambrick & Brandon, 1988). In addition, existing values within the organization may be consistent or inconsistent with the vision leaders promote, and may ease or impede its implementation (Nanus, 1992). Of course, all of these descriptions could be accurate – organizational visions may indeed imply or communicate particular values, be influenced by leaders’ idiosyncratic values, and be reinforced or undermined by organizational or cultural values.

A recent review by Zaccaro and Banks (2001) of the accumulated research on vision helps clarify the distinctions and similarities among vision, strategy, and values. They found several common characteristics of vision across scholars and theories. First, visions usually represent idealized future states for the organization – what the organization should become rather than what it is. Unlike strategies, they are not necessarily derived from rational analyses of the organization’s capabilities and environment, and may instead reflect organizational leaders’ interpretations of future environments. Effective visions are thought to be grounded in positive or growth-oriented themes (Senge, 1990), not negative or prohibitive statements that might attempt to steer the organization away from bad behaviors or threats in the environment, for example. A second common characteristic is that visions are typically longer in time span than strategies. Consequently, effective visions are not rigid or static (Nanus, 1992), and allow leaders to modify their translation of vision into strategies and goals based on changing environmental conditions. Another common characteristic of visions is their basis in values. Simply by proposing what the organization should be in the future (versus other possible futures), visions reflect the values of the visionary. Values for which leaders have strong personal conviction are likely to be core determinants of the vision (Gardner & Avolio, 1998). These values are often seen as providing for the vision message the passion and persuasiveness necessary to facilitate organization-wide influence (Senge, 1990). Finally, visions are often seen as symbols of change. However, unlike strategies which are also used for organizational change, “visions may be used more often to enact changes in the organizational culture and climate” (Zaccaro & Banks, 2001, p. 186).

For present purposes, a shortened version of these common characteristics will be adopted as a working definition of vision. Organizational vision can be thought of as: *a description of what the organization could become in the future, that is based on senior leaders' values and their perceptions of the organization and its environment, and that is persuasively communicated to organizational members, often as a symbol of change.*

What form does this description of a potential future, an organization's vision, actually manifest? Some authors have discussed organizational vision as a mental model held by the visionary, and possibly shared among a team of executive leaders (Nanus, 1992; Zaccaro & Banks, 2001). In order to be communicated to employees and effect any change in the organization, however, the vision must also have some articulated external form. Essentially, the abstract mental model of the vision must become a vision message from leaders to others in the organization (as described in the definition, above). The communication of the vision could take a variety of forms such as written or electronic documents like vision or values statements, verbal explanations or metaphors, or even indirect means such as modeling and rewarding of appropriate or desired behavior. In reality, a company actively engaged in promoting a vision would likely use multiple channels of communication to reinforce the message, and may employ different communication tactics with different constituents (e.g., employees, shareholders, board of directors) and use sophisticated feedback mechanisms to determine the impact of the vision messaging campaign (Quigley, 1993). For the present research, it is not necessary to specify the precise forms of a company's vision; therefore, the various types of vision messages will be referred to simply as organizational vision.

Importance of Vision

Strategic management and leadership scholars have stressed the importance of top leaders visioning or promoting an organizational vision for a variety of outcomes: superior performance of subordinates (Nadler & Heilpern, 1998); strategic change (Robbins & Duncan, 1988; Westley & Minzberg, 1989); navigating chaotic environments (Biggadike, 1998); and long term organizational excellence and survivability (Nanus, 1992). Vision has also been described as the means by which senior leaders inspire and give meaning to the work of their subordinates (Shamir et al., 1993), and thus is theorized to exert powerful, organization-wide effects. However, despite its proclaimed status, relatively little empirical research directly involving vision has been conducted to test such contentions. Most of the evidence that does suggest effects from vision comes from related leadership research.

Given the role of organizational leaders in developing and promoting a vision, discussion of organizational vision is inextricably (and unsurprisingly) tied to discussion of leadership. Transformational and charismatic leadership theories (e.g., Bass, 1985/1998; Conger & Kanungo, 1998; House, 1977), in particular, directly address vision-related leadership behavior. Subtle differences between transformational and charismatic theories exist, primarily in whether leaders' influence is theorized to derive from an emotional attachment they engender as role models, or from more cognitive bases. Bass' theory (1998) can be viewed as broader, subsuming charismatic leadership as one component of transformational leadership. However, the basic idea underlying both streams of research is that effective leaders go beyond simply initiating structure and providing contingent rewards for subordinates (i.e., transactional leadership; Bass, 1998).

Effective leaders are thought also to exhibit one or more of the characteristics of transformational leadership, including: charismatic leadership, inspirational motivation, intellectual stimulation, and/or individualized consideration (Bass, 1998). In their review of this literature, Kirkpatrick and Locke (1996) identified three core components across transformational and charismatic leadership theories, two of which are directly related to vision: communicating a vision, possessing a charismatic personality, and taking actions to implement the vision (e.g., role modeling, intellectual stimulation, individual consideration, building confidence in followers). Clearly, then, transformational and charismatic leadership are implicated in organizational vision processes, and research in this area may yield insights as to the importance of vision in organizations.

A large body of empirical research supports the general contention that transformational leadership is effective. Meta-analyses and large scale reviews have shown that ratings of transformational leadership are related to followers' attitudes and performance (Bass & Avolio, 1993; Lowe, Kroeck, & Sivasubramaniam, 1996; Shamir et al., 1993). These effects appear to be quite robust, and have been replicated in a variety of settings and with a variety of outcomes. A recent field study, for example, found that safety-specific transformational leadership of supervisors was strongly related to safety-related outcomes (Barling, Loughlin, & Kelloway, 2002). Experimental manipulations of charismatic leadership using trained actors have produced the predicted effects in follower performance and attitudes (Howell & Frost, 1989), and transformational leadership training has been shown to influence subordinates' perceptions of leaders, their organizational commitment, and even business unit financial performance (Barling, Weber, & Kelloway, 1996). However, given the complex constellation of leadership

behaviors implied by transformational leadership, more specific evidence is needed before accepting visioning per se as the primary driver of such observed effects.

A laboratory study by Kirkpatrick and Locke (1996) provides clearer evidence that vision-related leadership behaviors can indeed influence followers. As mentioned above, these authors identified three core components across transformational and charismatic leadership theories: communicating a vision, possessing a charismatic personality, and taking actions to implement the vision. They manipulated these three variables using trained actors as leaders in an assembly task simulation exercise. Most notable for our purposes is the vision manipulation. In the *vision* condition, leaders promoted a “vision of quality” accompanied by a few motivational or inspirational statements. In the *no vision* condition, leaders presented factual information related to the task. The presence of vision resulted in small but measurable positive effects ($\omega^2 = .05-.19$) on subsequent ratings of leaders such as trust, intellectual stimulation, inspiration, and charisma, and a small positive effect on performance quality after controlling for participants’ ability ($\omega^2 = .01$). Although the relationship with performance was quite small, Kirkpatrick and Locke (1996) also argued that post-hoc analyses showed vision had stronger, indirect effects on performance through goal-setting and self-efficacy. Thus, vision was found to be positively related to subordinate attitudes and performance when manipulated in a laboratory simulation.

Perhaps the most compelling evidence supporting the importance of organizational vision comes from a longitudinal field study relating vision characteristics and vision communication to venture growth in entrepreneurial firms (Baum et al., 1998). These authors found that vision quality (e.g., brevity, clarity, challenge, future-

orientation) and growth-oriented themes directly predicted venture growth (sales, employment, and profit growth) in 183 companies in the architectural woodwork industry. However, the indirect effects through the more proximal *vision communication* relationship were larger. Their results support the general contention that vision is related to organizational effectiveness, and imply that an organizational vision is more likely to affect performance to the extent that it is communicated to employees.

Vision Inspiration

Inspiration of organizational members and constituents is usually implicated as the proximal outcome of an effective vision¹ that leads to other outcomes such as performance and commitment (Nanus, 1992). The construct of vision inspiration per se has not been clearly defined in the literature beyond its lay connotations, although a review of several authors' descriptions of the process outcomes of vision provides additional insights as to what is meant by inspiration. Conger and Kanungo (1987) state that successful visions are persuasive, and others contend that acceptance and buy-in of followers are critical in order for visions to affect performance (e.g., Biggadike, 1998; Nanus, 1992). The level of persuasion hypothesized from vision inspiration is not passive agreement though; most authors propose that effective visions energize or motivate employees to actively pursue the vision. Similarly, effective visions have been hypothesized to effect commitment of followers – to the vision (Nanus, 1992), to the organization (Snyder, Dowd, & Houghton, 1994), and to the leaders (Zaccaro & Banks, 2001). Snyder et al. (1994) state that “organization-wide commitment, however, is possible only after a leader has...*inspired* those within the organization to embrace the

¹ Note that “effective vision” is meant here to refer to the success of the overall visioning process, and not just characteristics or content of the vision message itself.

vision as their own” (p. 113, italics added). So, clearly inspiration involves commitment to the vision, presumably with the associated motivation to pursue said vision (Zaccaro & Banks, 2001).

Vision inspiration is considered here to be an affective reaction to, and cognitive appraisal of, an organizational vision, rather than the effectiveness behaviors that have been hypothesized to follow from it (e.g., higher effort and performance, loyalty, and organizational citizenship behaviors; Zaccaro & Banks, 2001). This is an important distinction for elaborating a theoretical causal model of factors that influence vision inspiration, as inspiration is hypothesized to be more proximal to and directly affected by the vision communication process. Given this distinction, and given discussions of vision and inspiration in previous scholarship, the construct of vision inspiration is defined here as: *individuals’ identification with and commitment to their organization’s vision, as well as their feelings of motivation and efficacy regarding their potential contributions to achieving the vision and related goals.* To the extent that an individual has these positive feelings and cognitions, they can be said to be inspired by their organization’s vision.

Importance of Vision Inspiration

In addition to the rational argument that vision inspiration is important because it is hypothesized to be the proximal outcome of vision processes within organizations, there is some empirical evidence that shows inspiration is related to meaningful organizational outcomes. Specifically, results (discussed below) of a re-analysis of earlier data for these purposes show that employee vision inspiration is positively correlated with several indicators of organizational effectiveness. Within the large multi-organization data set used in my earlier vision research (Lahti, 2002), I correlated

employee vision inspiration with several organizational outcomes utilized in the original study (Paul, Waldera, Lahti, & Ganz, 2000). At the individual level, within-organization variance in employees' vision inspiration was strongly related to employees' loyalty, or willingness to support and endorse their organization ($r = .60, p < .001, N = 2824$). At the organizational level, variability between organizations in their mean levels of employee vision inspiration was positively related to net sales growth ($r = .44, p = .132, N = 13$), and with an expert panel's ratings of brand momentum ($r = .51, p = .076, N = 15$).

Although the latter two results did not reach statistical significance due to small number of participating organizations, the direction and strength of the relationships are apparent. Thus, these three results taken together provide some initial evidence that vision inspiration indeed matters, and is a worthwhile criterion for organizational research.

Factors Likely to Influence Vision Inspiration

Given the apparent importance of vision, and its hypothesized effects through inspiration, an elaboration of factors likely to influence vision inspiration could be quite useful. Zaccaro and Banks (2001) proposed the most comprehensive model to date involving vision and how it may inspire effectiveness at the individual, unit, and organizational levels. Their model is an integration and extension of several models of organizational leadership that address the effects of leaders' vision on followers (Bass, 1996; Conger & Kanungo, 1987; House, 1977; Sashkin, 1988). Zaccaro and Banks' model (2001) provides many testable relationships, some already well supported empirically. However, their model describes only the impact of direct leader behaviors and vision characteristics on vision-related outcomes. While I agree that such factors are likely to be important, I contend that additional characteristics or perceptions of the

broader social system in which a vision is presented are likely to influence vision inspiration, as well.

Social system factors are likely to be important because the process of inspiring employees with a vision can be considered to be a specific example of organizational communication processes. As discussed, vision almost invariably originates at the top of an organization, from the founder, CEO, or executive team. In order for the vision to be shared outside this typically small cadre of leaders, in order for the vision to inspire employees and to affect performance, it must first be communicated (Snyder et al., 1994). This logical contention has preliminary empirical support from the aforementioned longitudinal study of vision and vision communication (Baum et al., 1998). The nature of the vision communication, from the discussion and definition above, is persuasive (Snyder et al. 1994). Accordingly, if the vision inspiration process is considered to be a specific example of persuasive downward communication in organizations, a theoretical framework that addresses communication in organizations can be used to inform and broaden our models of factors related to vision inspiration.

Open system theory. Katz and Kahn's (1978) open system theory of organizations – likely the most comprehensive theory in organizational psychology – can be applied to our discussion to present a broader perspective, suggesting additional social system factors that may influence vision inspiration. Extremely broad and flexible, open system theory deals with multiple levels of organizational systems and their interrelationships, and is applicable to many organizational phenomena including communications processes. Fundamental to the theory is an emphasis on the close relationships between structures/systems and their supporting environments. This relationship is seen as

fundamental due to the concept of entropy, the assumption that all systems (biological, mechanical, organizational, etc.) require continued inputs of energy for their maintenance and survival. For social structures in particular, including organizations, “the most important maintenance source is human effort and motivation” (Katz & Kahn, 1978, p. 3). Motivation has been discussed here as a possible outcome of successful organizational visions. Thus, open system theory likely has much to contribute to the discussion of vision inspiration.

Figure 1 depicts an open system perspective of factors at multiple levels of analysis that could hypothetically influence vision inspiration, and illustrates the nested nature of these systems. From this perspective, social system factors such as leadership and communication correspond to one level of analysis, imbedded within broader organizational and external systems, and encompassing individual and further micro-level systems. Katz and Kahn (1978) contend that in social science, unlike natural science, the optimal strategy for explaining phenomena at one level in the system is to examine the next more complex level. Thus, in seeking to explain and predict an individual level phenomenon such as employees’ inspiration from organizational vision, we should examine processes at the level of the social system. Open system theory, however, distinguishes between “levels of conceptualization” and “levels of phenomena.” The level of conceptualization refers to ideas and theories about the phenomena, whereas the level of phenomena refers to the processes that are actually encountered, observed, and measured. Accordingly, Katz and Kahn (1978) contend that, although the study of organizational phenomena should emphasize the social system level for conceptual explanations, many of the measures actually used to examine these phenomena will be

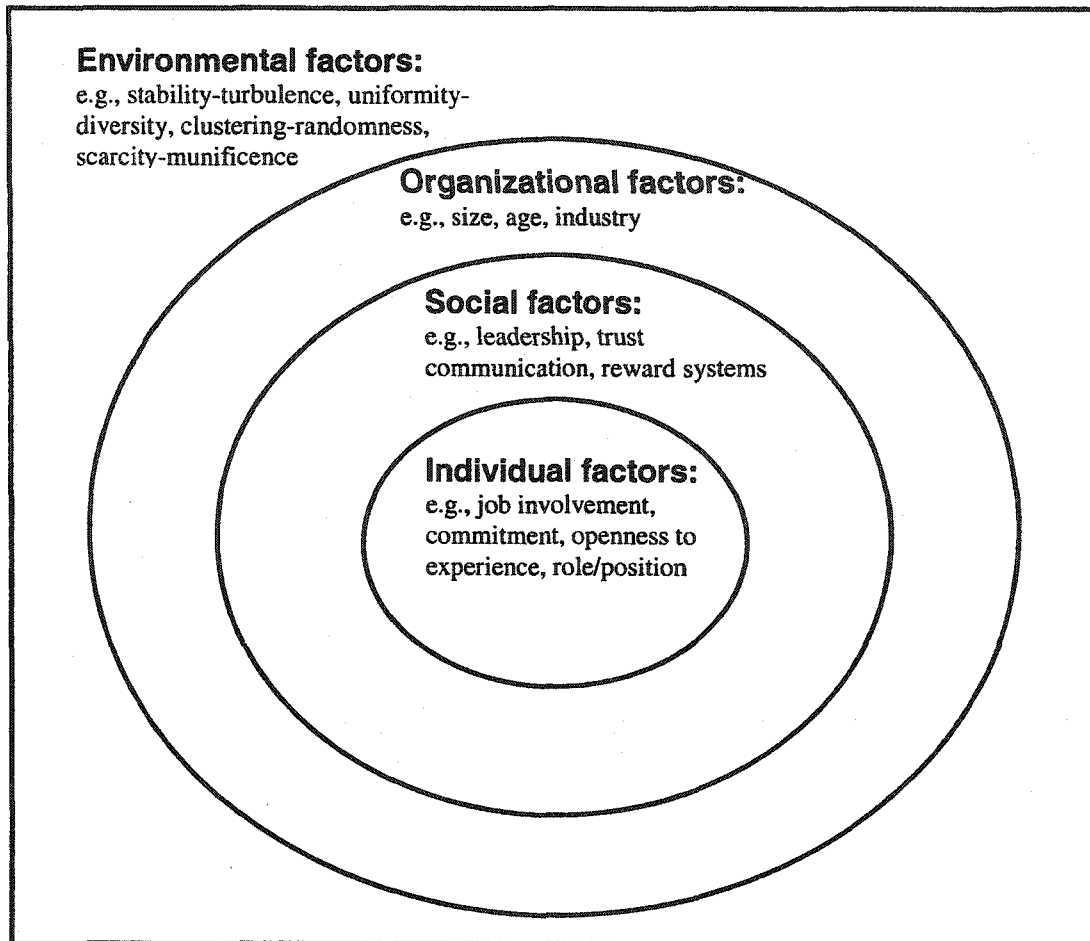


Figure 1. An open system model of factors that may influence employees' inspiration from organizational vision.

comprised of observations and reports of individual behaviors and attitudes. In essence, concepts from the social system level should guide our use and interpretation of data from the individual level; open system theory does not demand aggregate organizational- or unit-level measures to explain organizational processes. In terms of the study of vision, individual-level perceptions of the organization can be plausibly linked to the resulting individual-level cognitions and affect of inspiration. Thus, it seems appropriate to study the corresponding social-level phenomena at the level of individual perceptions.

Open system theory illustrates the need for researchers of organizational vision to go beyond dyadic leader-follower interactions and consider the larger leadership or maintenance system for possible explanatory concepts. Additional guidance for deriving predictions from open system theory comes from the specification of organizational vision as a form of downward communication. Open system theory (Katz & Kahn, 1978) specifies five basic types of downward communication in organizations: task instructions; job rationale, or information about how ones job role relates to other organizational members and tasks; information about procedures and practices; performance feedback; and ideological information related to indoctrination of goals. Organizational vision clearly fits under the last type related to conveying a sense of mission or values. Accordingly, we can derive factors that are predicted to influence vision inspiration, in particular, from factors that are known or predicted to be important for persuasive downward communications, in general. Figure 2 depicts five factors derived from open system and leadership theories that are hypothesized to be related to vision inspiration.

Charismatic-visionary leadership. Open system theory posits that the core problem confronting any social system is the variability and instability of human behavior, including the potential for individuals to withdraw from the system entirely. Given that “human effort and motivation” is the very maintenance force that keeps organizational systems from deteriorating, organizations must have processes in place to control such instability and ensure dependable patterns of behaviors. Shared values and expectations, along with rule enforcement (rewards and sanctions), are proposed as the major forces within organizations used to influence human behavior. The effect of these influence and control processes is to integrate individuals into a broader organizational

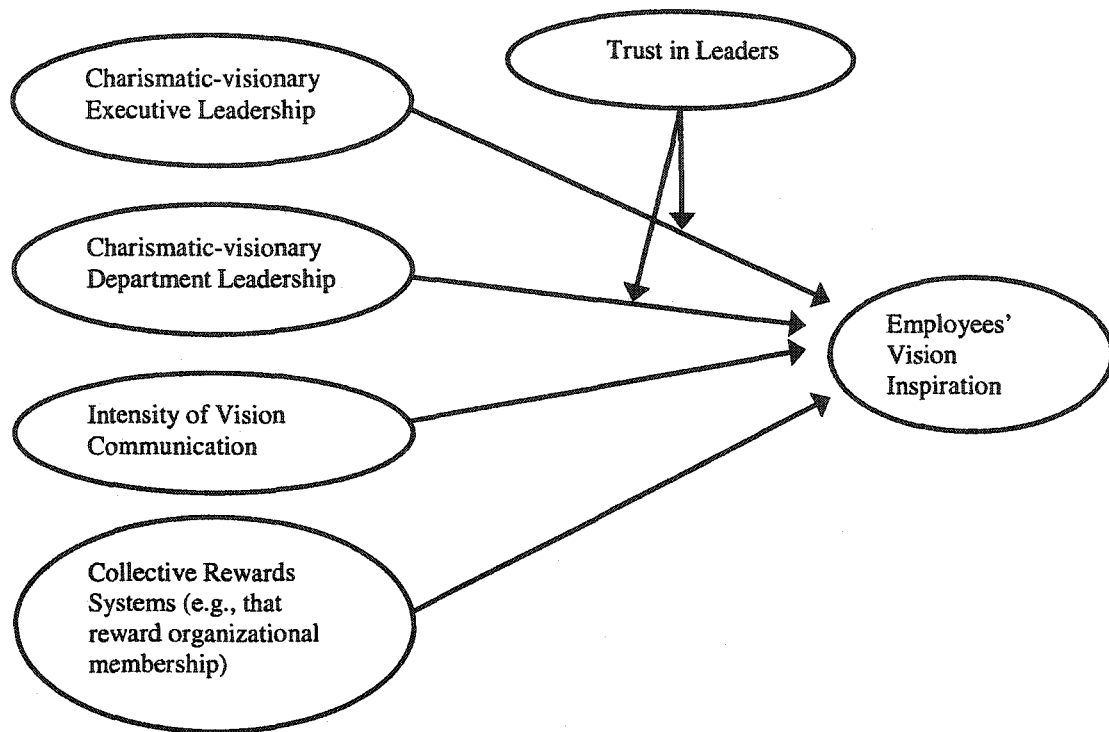


Figure 2. Hypothesized model of factors likely to influence employee inspiration from organizational vision.

system, by creating stable patterns of behaviors among individuals (i.e., roles), guided by social expectations of behavior (i.e., norms) and accepted values dictating and justifying what kinds of behavior are deemed appropriate. In other words, norms and values are proposed to be “psychological cement” that bind people into the system so that they remain with it and perform their roles, and the system can be maintained and survive. In open system theory, the values of an organization refer to “a justification and idealization of its functions” (Katz & Kahn, 1978, p. 755), similar to the earlier discussion of values in organizational vision.

Katz and Kahn (1978) state that, by epitomizing system values and engendering identification from employees, organizational leaders may serve to further integrate

followers into organizational systems. This integrative effect is proposed to be enhanced by the charisma of leaders. In other words, by embodying and modeling organizational values they promote, executive leaders can influence subordinates to behave in ways presumably more consistent with organizational survival (e.g., to expend effort). In addition, this influence is assumed to be stronger for leaders who are more charismatic (Katz & Kahn, 1978). Extending this reasoning beyond values to organizational vision more broadly, open system theory implies that leaders who model and promote a vision can positively affect followers' cognitions and behavior, and that leaders with charisma are likely to produce stronger effects.

It should be noted that this discussion involves employee perceptions of leaders' behaviors and characteristics, rather than traits or characteristics of leaders as measured by formal assessment. As such, the leadership characteristics discussed in this paper are more properly known as leadership attributions. As mentioned previously, however, these individual-level cognitions are precisely what may influence individual-level vision inspiration, regardless of their external validity.

Convergent predictions about the effects of leaders' use of vision are made by modern leadership theory. Transformational leadership theory (Bass, 1998) proposes that effective leaders exhibit one or more of the four components of transformational leadership: charismatic leadership, inspirational motivation, intellectual stimulation, and individual consideration. Two of these components – charismatic leadership and inspirational motivation – are directly implicated in the vision processes of leaders. Charismatic leaders are perceived by followers as self-confident, moral, credible, trusted, and respected role models with whom they identify and seek to emulate. Charismatic

leaders may also be seen as being innovative, adaptive, and/or entrepreneurial (Gardner & Avolio, 1998). Clearly these kinds of leadership attributions could affect how persuasive or inspirational are the vision messages promoted and modeled by such leaders. The second relevant component of transformational leadership, inspirational motivation, refers to the meaning and challenge transformational leaders provide for their followers' work, and also explicitly includes vision-related behavior. These two constructs, while theoretically distinct in transformational leadership theory, usually form a single combined factor of charismatic-inspirational leadership (Bass, 1998). In fact, some discussions of charisma and vision contend that articulation of an effective vision is essential to being perceived as charismatic (e.g., Conger & Kanungo, 1987; Gardner & Avolio, 1998), so it is unsurprising that the charismatic leadership and inspirational motivation constructs are not readily distinguishable.

Thus, based on both open system theory and transformational and charismatic leadership theories, the leadership attributions most likely to affect vision inspiration involve leaders who are seen as having and modeling a vision, and communicating the vision persuasively and charismatically. To avoid confusing the specific construct derived for this model with terms unique to Bass's (1998) transformational leadership theory, as well as to capture the vision-heavy nature of the construct as it is discussed here, this leadership construct will be labeled *charismatic-visionary leadership*. Previous results from multiple regression analyses of my earlier model (Lahti, 2002) support the contention that these types of executive leadership attributions are positively related to employee vision inspiration ($\beta = .40, p < .001$). However, as discussed earlier, these results

should be viewed as preliminary and subject to replication. Accordingly, I propose the following:

Hypothesis 1: Employee attributions of charismatic-visionary leadership of executive leaders will be positively related to employee vision inspiration.

Open system theory and a related extension called Stratified Systems Theory (Jacobs & Jaques, 1987) both specify that leadership is likely to vary in purpose and form as a function of the leader's level in the organization. However, Bass (1996) and others have argued that transformational leadership is relevant to all levels of leadership, including the micro-leadership level of small group leaders or supervisors (Hater & Bass, 1988). These leaders, although not necessarily responsible for developing the organizations' vision, are still responsible for promoting and modeling the vision to subordinates. Likewise, previous research (Lahti, 2002) suggests that charismatic-visionary leadership at the supervisory or department-level is positively related to vision inspiration, even when taking into account executive-level charismatic-visionary leadership ($\beta = .09, p < .001$). Accordingly, I propose the following:

Hypothesis 2: Employee attributions of charismatic-visionary leadership of department leaders will be positively related to employee inspiration from organizational vision.

Trust in executive leadership. Recently, allegations and evidence of executive misconduct have resulted from major economic events such as the collapse of Enron and the bankruptcy of WorldCom. Widespread media coverage of arrests in some cases (e.g., Adelphi) seems to have made such bleak news even more salient to the public. As such, the cold focus of regulators, investors, and especially employees, all looking to avoid

such disasters in the future, may have shifted toward evaluating the character of executive leaders (in addition to remedies such as instituting new financial checks and balances, including having chief financial officers and other executives sign off on corporate accounting statements). Although previous research has not directly investigated the possible link between trust and vision inspiration, it seems likely that the levels of trust accorded leaders in an organization would have direct bearing on employees' acceptance of, commitment to, or inspiration from a vision communicated by those same leaders.

In their review of contemporary, cross-disciplinary scholarship on trust within and between organizations, Rousseau, Sitkin, Burt, and Camerer (1998) found considerable commonality among definitions, and subsequently defined trust as: "a psychological state comprising the intention to accept vulnerability based on positive expectations of the intentions or behavior of another" (p. 395). Regarding trust in executive leadership and vision-related behavior of employees, the "vulnerability" employees implicitly accept when they go along with a vision would be the risks of continued involvement with the organization and the pursuit of leader-defined goals and vision (to the exclusion of other goals or opportunities). Trust, based on the attribution that a given leader is honest and nonexploitative, has sometimes been distinguished from credibility, the observation or attribution that the leaders' words match their deeds (Gardner & Avolio, 1998). The trust perspective highlights that employees' choice to put forth effort to pursue a vision may depend on their "positive expectation of the intentions or behavior" of leaders – their trust in leadership to honestly guide the organization towards effectiveness and survival. Although vision-related outcomes were not explicitly considered, a recent meta-analysis (Dirks & Ferrin, 2002) found that trust in leadership was related to organizational

commitment and commitment to decisions made by or goals set by the leader. These results provide some indirect evidence that trust may indeed affect vision-related cognitions.

There remains considerable uncertainty whether trust in leaders can be distinguished from charismatic-visionary leadership of leaders. Transformational leadership theory describes both trust and credibility as important components of charisma (Bass, 1998), rather than as distinct constructs. In contrast, recent scholarship on charismatic leadership theory (Conger et al., 2000) proposed that trust results from charisma, although the observed relationship between measures of the two constructs was only moderate ($r = .20, p < .01$). Similar predictions were made by Jung and Avolio (2000), who found a strong relationship between trust and transformational leadership ($r = .56, p < .01$), with trust partially mediating the relationship between leadership attributes and subordinate performance. However, the theoretical framework proposed by Dirks and Ferrin (2002) in their review of research regarding trust in leadership, largely supported by their meta-analysis, illustrates that some confusion among constructs may result from imprecise specification of which type/definition of trust is being considered.

First, Dirks and Ferrin (2002) distinguish between two possible referents of trust in leadership – organizational (executive) leadership versus direct (supervisory) leadership. They propose that trust in executive or organizational leadership is likely to be more strongly related to organizational-level reciprocation, such as organizational commitment. On the other hand, trust in direct leadership is likely to be more strongly related to dyadic leader-follower relationship outcomes. Evidence presented in their moderator analyses supports these contentions. Trust in leadership at both levels seems

important for vision inspiration. Executive leaders are responsible for developing and owning the organizations' vision. Trust in these leaders could reasonably involve reciprocation such as vision inspiration and support of the organization and its goals, more broadly. Direct or supervisory leaders are also seen as agents or representatives of the organization, and have the front-line interaction with followers to pitch and sell the organization's vision. Trust in these leaders would likely affect followers' receptivity to the vision messages such leaders promote. Thus, trust at both levels of leadership may be important for vision inspiration.

Following the framework put forth by McAllister (1995), Dirks and Ferrin (2002) also distinguish definitions of trust that are more affective and relationship-based, from definitions of trust that are more cognitive, rational, and character-based. *Cognitive* forms of trust are thought to reflect perceptions of the reliability, integrity, honesty, and fairness of a given referent. *Affective* forms of trust are believed to reflect perceptions of some special relationship with the referent that may cause him or her to demonstrate concern for one's welfare. Practically, although such relationships are not impossible between employees and executive leaders, it seems far more likely that trust accorded to most executive leaders by most employees would fit under the cognitive definition. Thus, cognitive trust clearly seems to be the relevant construct when referring to executive-level leaders. Direct leadership presumably involves both cognitive and affective forms of trust, as there is more potential for relationship-based trust to develop at the supervisory level. Such affective trust probably could contribute to or reflect aspects of charisma or transformational leadership, more broadly. However, cognitive trust of leaders at both levels may involve different antecedents and attributions than charismatic-

visionary leadership – and could possibly add to our prediction and explanation of vision inspiration.

It seems reasonable that if the economic and business landscape is perceived to be rife with executive dishonesty and misdeeds, then the trust accorded organizational leaders in such an environment could be affected – regardless of their charismatic-visionary behavior. Besides this logical argument that cognitive trust in leaders may have different behavioral and attributed determinants than does the more relationship- and identification-based charismatic-visionary leadership, there are scant clues in the literature to suggest how the constructs might be teased apart. Gardner and Avolio (1998) briefly discuss how followers can attribute a positive primary impression of charisma, but still have negative secondary impressions that a leader is untrustworthy and manipulative (depending on impression management tactics and attributed motivations of the leader). Likely such impressions would detract from or inhibit the positive *effects* of the leader's charisma, but such leaders may still be viewed as charismatic-visionary because of their strong vision-related behavior. Thus, I propose the following:

Hypothesis 3a: Cognitive trust in leaders will be distinguishable from charismatic-visionary leadership; that is, trust at each leadership level will be only moderately correlated with charismatic-visionary leadership ($r < .40$), and the items measuring each construct will load on separate factors.

If, in fact, trust can be distinguished from charismatic-visionary leadership, trust in leadership is likely to affect followers' vision inspiration. Because trust has been implicated in previous research and theory as a component of charismatic-visionary

leadership, and because cognitive trust is itself conceptually relevant to vision-related outcomes as discussed above, I propose the following:

Hypothesis 3b: Cognitive trust in leaders at both levels will be positively related to employee vision inspiration.

If, in fact, cognitive trust in executive and direct leadership can be distinguished from attributions of charismatic-visionary leadership, there is still the possibility that these variables could interact in their effects on followers' vision inspiration. That is, perhaps certain patterns of trust and charismatic-visionary leadership combined result in more or less vision inspiration than simply considering the variables separately. Although there is no previous evidence to suggest any interaction between trust and charismatic-visionary leadership – indeed, most previous research has lumped these constructs together – I believe an interaction effect is possible and should be estimated. Specifically, employees who have little or no trust in their executive team are unlikely to commit to and be inspired by that team's vision, regardless of their charismatic-visionary leadership. Similarly, even well-trusted executives who appear honest will not inspire employee commitment to a vision and related goals if they do not actively (and charismatically) promote such a vision. The same reasoning holds at the level of direct leadership. For example, neither the well-trusted supervisor who talks little about vision, nor the highly charismatic and visionary manager who is perceived as untrustworthy and pursuing a personal agenda is likely to inspire employees to commit to the organization's vision. Accordingly, I propose the following largely exploratory hypothesis:

Hypothesis 3c: Trust in leadership will interact with charismatic-visionary leadership at both the executive and direct/department level, such that the positive

relationship between charismatic-visionary leadership and vision inspiration will be stronger under conditions of high trust, and vice versa.

Intensity of vision communication. Katz and Kahn (1978) discuss several dimensions related to measurement and conceptualization of communication and influence processes, including the magnitude, sign (prescriptive or proscriptive), and specificity of the communication. Most relevant for our purposes is the dimension of magnitude, or the strength of the influence attempt. Because a single vision is developed for a given organization, and because that same particular vision message is promoted to everyone in the organization (often via broadly distributed media such as emails, memoranda, or companies' websites), other dimensions like sign or specificity of the communication should not vary.² A realistic possible exception would be if department leaders were promoting their own vision rather than the message from senior leaders. The strength of the vision communication could conceivably have little variance, as well, from the perspective of the senders – with communication cascading downward from the executive leadership team in a campaign directed uniformly at the entire organization. However, the strength or intensity of communication about the vision that employees actually receive should certainly vary within organizations. This variability in perceptions of how intensely the vision is being communicated could result from individuals' unique roles and positions in the system, as well as their particular attentiveness to or engagement with the message. Accordingly, investigation of the influence or inspiration resulting from vision communication should consider the perceived intensity of such communications.

² While the level of specificity at which the vision is interpreted and implemented may well vary by organizational level, the specificity of the message itself should be uniform within the organization.

First, though, is the question of whether or not it makes sense to consider vision communication separately from leadership. I believe that it may be meaningful to separate attributions of charismatic-visionary leadership from other perceptions of vision communication for both theoretical and practical reasons. Theoretically, vision communication has been proposed as a facet of indirect transformational leadership, whereby leaders attempt to inspire others without direct, two-way interactions (Yammarino, 1994). Such indirect leadership may occur through intermediaries (i.e., subordinates) or via mass media, and can involve the use of language, symbols, slogans, speeches, etc. These kinds of indirect transformational leadership behaviors may differ from typical charismatic-visionary leadership in both expression and their effects on inspiration. In practice the distinction between charismatic-visionary leadership and vision communication becomes even more clear. For example, interventions to improve charismatic-visionary leadership in an organization (e.g., leadership training) could completely differ from targeted intervention regarding the intensity of vision communication. The perceived intensity of communication about the vision is likely influenced by additional message sources beyond direct communication from leaders, such as employee newsletters, email updates, intranet or website content, or other components of a media messaging campaign. For these reasons, it seems that vision communication can be meaningfully distinguished from charismatic-visionary leadership behaviors more generally. Consistent with this proposition, preliminary results from my earlier study (Lahti, 2002) showed that vision communication contributed uniquely to prediction of employee vision inspiration, even in the context of executive and supervisory charismatic-visionary leadership ($\beta = .05, p < .05$).

Beyond the raw amount of vision communication or indirect transformational leadership, open system theory suggests another important factor that may affect the intensity of vision communication perceived by the message receiver (i.e., employees). Katz and Kahn (1978) propose that size of the communication loop is one of the important characteristics of communication networks in organizations. The size of a communication loop varies depending on the purpose and intended audience of a given message. The loop may be small, involving just members of a project team, for example. Or, the loop could be quite large and include the entire organizational system, as in the case of communication of organizational vision propagated downward from senior leaders to all employees. The size of the communication loop is important because it affects the accuracy – and presumably the influence – of the received messages. Specifically, “the larger the loop, the greater will be the problems of communication” (Katz & Kahn, 1978, p. 435). The size of a communication loop is defined as the amount of organizational space spanned by the message. Organizational space refers to the “social map” of the organization; it includes physical space, but also reflects other aspects of social connectedness such as the behavioral distance between people. The size of a communication loop, then, can also be conceptualized as the behavioral distance between the sender and the receiver of the message. This discussion suggests that for vision communication, the behavioral distance between executive leaders and followers could be related to subsequent vision inspiration.

Baum et al. (1998) similarly speculated that the number of layers of authority in an organization could affect the degree to which vision directly affects outcomes in the organization. They suggested that the indirect effects of vision through vision

communication may be stronger in larger organizations. Larwood, Falbe, Kriger, and Miesing (1995) considered the effects of organizational size in their discussion of vision content. However, Larwood et al. (1995) suggested that “actual size is less important than the manner in which it is perceived, and organizations of different sizes, or with other differing characteristics, may have developed systems to compensate for difficulties they might otherwise have faced” (p. 744). Such systems could presumably involve indirect transformational leadership or other messaging behaviors, as discussed above. Likewise, Katz and Kahn (1978) state that “inferences about behavioral distances can also be made from the psychological or perceived separations reported by organizational members” (p. 61), not just physical separation or organizational charts.

These considerations of communication processes suggest that the intensity of vision communication perceived by employees is likely to vary based on their behavioral distance from executive leaders, as well as the amount of indirect vision communication they receive from leaders. Given the implicit importance of communication to the vision inspiration process, I propose the following:

Hypothesis 4: Employees’ perceptions of the intensity of vision communication, based on the frequency of their encounters with the vision message indirectly as well as their perceived behavioral distance from executive leaders, will be positively related to their inspiration from the organization’s vision.

Collective reward systems. “Every attempt at influence implies consequences for compliance or noncompliance” (Katz & Kahn, 1978, p. 191). In organizations these consequences manifest in the forms of rewards and sanctions. The attempt by leaders to persuade employees to accept and to commit to a particular vision is clearly an attempt at

influence. As implied by principles of reinforcement, we would expect the presence of rewards for compliance to covary with the intended outcome of the influence attempt – vision inspiration. Nanus (1992) also mentions reward systems as a possible mechanism to reinforce vision-consistent values throughout an organization. But what kinds of rewards might reinforce vision inspiration?

Since the vision being communicated is for the organizational system as a whole, it seems likely that rewards that might encourage individuals to identify with the organization and its goals would influence their inspiration from the organization's vision. This idea is considered in open system theory (Katz & Kahn, 1978) in the discussion of system rewards. System rewards are allocated based on membership in the system, and are thought to be effective for holding individuals in the system, presumably helping to align their futures with that of the organization. System rewards “make people want to stay in the organization” (Katz & Kahn, 1978, p. 78), and may serve to effect more acceptance of organizationally defined roles, norms, and values. Katz and Kahn (1978) also propose that one way systems achieve internalization of promoted values among members is through “sharing of rewards from common effort” (p. 288). In other words, when individuals are rewarded for group or organizational successes, they are more likely to internalize the group's or organization's values. While vision inspiration per se is not addressed, the proposed effects of these types of collective rewards on intentions to remain in the system and on internalization of system values are enough to suggest that vision-related cognitions could be similarly affected. Reward systems within organizations, such as the performance appraisal process and compensation plans, may be perceived by employees as encouraging contributions to organizational goals and vision.

Preliminary results from my earlier study (Lahti, 2002) supported the notion that the presence of collective reward systems was positively related to employee vision inspiration ($\beta = .11, p < .001$). Accordingly, I propose the following:

Hypothesis 5: The extent to which the reward systems used by the organization are perceived as collective reward systems will be positively related to employee vision inspiration.

Chapter 2

METHODS

To examine the proposed model, an empirical field-study was conducted using an anonymous employee survey administered online. Although the use of a survey-based research design does not allow for causal statements and may be subject to single-source, single-measure biases, this design can still yield important results regarding relationships between constructs and help to establish a nomological network. This design seemed particularly appropriate here given that vision inspiration is a relatively undeveloped construct in the field and little substantive research has been conducted on the topic.

Sample

The participating organization was a fine arts college located in a major city in the southeastern United States. Participants in the study consisted of faculty and staff at the college. These employees were encouraged by leaders in the organization to voluntarily take the survey during a two-week data collection period, for research purposes and to help provide feedback to leaders about the organization's strategic vision processes. The study was announced in several emails prior to the data collection period, and a reminder email was also sent out the first day of data collection. There were no rewards or sanctions contingent on employees' participation, however, and participants' responses were completely anonymous. To ensure anonymity, demographic information that could

potentially identify individuals in this small organization – such as participants' sex, age, ethnicity, and department affiliation – was not collected. Aggregate-level feedback describing the results of the survey was provided to the president, human resource director, and other leaders in the organization in the form of a written report.

The final sample of study participants consisted of 70 employees, a response rate of 49% of the organization's members. It should be noted that this sample was smaller than what was planned, and the response rate was lower than the organization had projected (70% – 80%). For more on this point, see Discussion.

Measures

Charismatic-visionary leadership. Charismatic-visionary leadership was assessed with 8 items adapted from the Transformational Leadership Behavior Inventory (TLBI; Podsakoff, MacKenzie, & Bommer, 1996) for each of the two leadership levels (executive, $\alpha = .93$; supervisory, $\alpha = .94$). Items were compiled from the three highly intercorrelated subscales of the TLBI referring to leaders' articulation of a vision, providing an appropriate model, and fostering the acceptance of groups goals. Several redundant, highly similar, or seemingly irrelevant items (for this sample) were removed, as expediency of the survey process was a high priority. Items that were used asked about the extent to which leaders: evangelize the organization's plans for the future; paint an exciting picture of the future of the organization; have a clear understanding of where we are going; are always seeking new opportunities for the department/organization; lead by example; provide good models to follow; develop a team attitude and spirit among their subordinates; encourage employees to be team players. Respondents indicated, using a 5-

point scale, the extent to which they thought each statement described their executive and department leaders.

Trust in leadership. Trust in leadership was measured using 6 items adapted from an earlier study involving organizational trust (Robinson, 1996) for each of the two leadership levels (executive, $\alpha = .84$; supervisory, $\alpha = .88$). These items clearly reflect the cognitive form of trust, although the referent was changed from trust in the organization to trust in the executive and (separately) department leaders. For illustration, the executive items are presented here: “I believe the members of the executive team have high integrity”; “Members of the executive team are not always honest or truthful” (reverse-scored); “In general, I believe the motives and intentions of the executive team are good”; “Members of the executive team are open and up-front with me”; “I am not sure I fully trust the executive team” (reverse-scored); and “I can expect the executive team to treat me in a fair and consistent manner.” Respondents indicated, using a 5-point scale, the extent to which each statement described their opinions of their leaders.

Intensity of vision communication. Intensity of vision communication, labeled simply vision communication, was measured with 6 items asking about both indirect vision communication and perceived behavioral distance between respondents and executives leaders ($\alpha = .79$). Items asked about the extent to which: “I have learned about my organization’s vision from our website”; “I hear about our organization’s future plans through memos or emails I receive”; “I have not heard much about our organization’s plans for the future” (reverse-scored); “I often receive communications (e.g., email, memos, meetings) from members of the executive committee”; “I often interact with members of the executive committee;” and “I never see the members of the executive

committee” (reverse-scored). Respondents indicated on a 5-point scale, the extent to which each statement described their experiences with communication within the organization.

Based on discussions within the dissertation committee, it was thought to be relevant and interesting to ask about possible inconsistencies between leadership levels in vision communication. Specifically, to the extent that department leaders were promoting their own vision or some other vision besides the top-down vision coming from the executive leaders, this would be thought to negatively impact the perceived intensity of vision communication. Thus, two additional experimental items were added to the vision communication scale that asked about the extent to which: “What I hear about our future from executive leaders is inconsistent with what I hear from my department leader” (reverse-scored); and “My department leader or boss seems to promote his/her own vision” (reverse-scored). Inclusion of these items resulted in lower internal consistency reliability estimates for this scale, however ($\alpha = .68$). Revisions to the vision communication scale based on measurement properties, and consideration of message inconsistency as a separate factor, are discussed in more detail below in the Results.

Collective reward systems. Perceptions of collective reward systems were measured using two items adapted from my previous study (Lahti, 2002) that asked about company reward systems, as well as two items constructed specifically for this study to be more relevant to rewards and recognition systems in this industry/organization, for a total of four items ($\alpha = .78$). Items measured the extent to which: “My compensation plan rewards me for the organization’s successes”; “My performance reviews include evaluations of my contributions to the organization’s goals”; “I am eligible to receive

awards or other public recognition for my contributions to the organization”; and “Faculty and staff in my department receive praise for their contributions to the organization.” Respondents indicated, using a 5-point scale, the extent to which each statement described their recognition and reward systems.

Vision inspiration. Vision inspiration was measured with 5 items corresponding to the components of the definition given earlier ($\alpha = .93$). Specifically, items asked the extent to which employees: share the organization’s vision for the future; are committed to the organization’s vision; are motivated to help achieve the organization’s vision and related goals; feel that they can contribute positively to achieving the organization’s vision; and are inspired by the organization’s vision. Respondents indicated, using a 5-point scale, the extent to which each statement described their opinions.

Demographic items. For purposes of reporting to the participating organization, a single demographic item was included. Specifically, respondents were asked to indicate whether they were department leaders, executive leaders, or individual contributors.

Chapter 3

RESULTS

Two sets of analyses were conducted. First, the factorial structure of the predictors and criterion was examined using principal component factor analysis (PCA). The reason for the PCA is that several of the scales included in the survey either contained experimental items, or were adapted for this study. In addition, Hypothesis 3 involves a psychometric issue of whether the charismatic-visionary leadership and trust in leadership scales are relatively distinct or instead seem to measure the same construct. Thus, results of the PCA were used to help evaluate the proposed scale/factor structure of the overall predictor measure, and to help evaluate homogeneity of the predictor scales. The second set of analyses involved the use of bivariate correlation and multiple linear regression to describe the observed relationships between the predictors and the vision inspiration criterion, corresponding to Hypotheses 1, 2, 4, 5.

Factor Analysis

An exploratory factor analysis strategy was applied using principal component analysis (PCA). Results are presented in Table 1 (p. 40 – 41). The analysis was exploratory in the sense that the underlying factor structure of the measurement instrument was not well-known, although every item was assigned to a scale. The four leadership scales were adapted from ones used and validated in previous research. The

Table 1. Factor loadings – Principal component analysis with orthogonal rotation

Survey Item	PC1	PC2	PC3	PC4	PC5	PC6
1. Executive committee members evangelize the University's plans for the future		.52				.59
2. Executive committee members paint an exciting picture of the future of the University		.67				
3. Executive committee members have a clear understanding of where we are going		.82				
4. Executive committee members are always seeking new opportunities for the University		.70				
5. Executive committee members lead by example		.84				
6. Executive committee members provide good models to follow		.87				
7. Executive committee members develop a team attitude and spirit among the faculty and staff at the University		.80				
8. Executive committee members encourage faculty and staff to be team players		.72				
9. I believe the members of the executive committee have high integrity		.86				
10. Members of the executive committee are not always honest or truthful (-)		.41				
11. In general, I believe the motives and intentions of the executive committee are good		.77				
12. Members of the executive committee are open and up-front with me		.59				
13. I am not sure I fully trust the executive committee (-)		.51				
14. I can expect members of the executive committee to treat me in a fair and consistent manner		.79				
15. My department leader or boss evangelizes the University's plans for the future	.40					.74
16. My department leader or boss paints an exciting picture of the future of the University	.63					
17. My department leader or boss has a clear understanding of where we are going	.77					
18. My department leader or boss is always seeking new opportunities for the department	.84					
19. My department leader or boss leads by example	.88					
20. My department leader or boss provides a good model to follow	.88					
21. My department leader or boss develops a team attitude and spirit among the faculty and staff in the department	.87					
22. My department leader or boss encourages faculty and staff to be team players	.83					
23. I believe that my department leader or boss has high integrity	.89					
	40					

Survey Item	PC1	PC2	PC3	PC4	PC5	PC6
24. My department leader or boss is not always honest or truthful (–)	.50				-.53	
25. In general, I believe the motives and intentions of my department leader or boss are good	.89					
26. My department leader or boss is open and up-front with me	.89					
27. I am not sure I fully trust my department leader or boss (–)	.45					
28. I can expect my department leader or boss to treat me in a fair and consistent manner	.86					
29. I have learned about the University's vision/mission from our website						
30. I hear about the University's future plans through memos or emails I receive				.64		
31. I have not heard much about the University's plans for the future (–)				.50		
32. What I hear about our future from executive leaders is inconsistent with what I hear from my department leader (–)						-.51
33. I often receive communications (e.g., email, memos, meetings) from members of the executive committee				.64		
34. I often interact with members of the executive committee				.79		
35. I never see the members of the executive committee (–)				.76		
36. My department leader or boss seems to promote his/her own vision (–)						-.58
37. My compensation plan rewards me for the University's successes					.62	
38. My performance reviews include evaluation of my contributions to the University's goals	.41				.62	
39. I am eligible to receive awards or other public recognition for my contributions to the University					.70	
40. Faculty and staff in my department receive praise for their contributions to the University		.43				
41. I share this vision of the future of Miami International University of Art & Design			.79			
42. I am committed to the University's vision			.91			
43. I am motivated to help achieve the University's vision and related goals			.82			
44. I feel that I can contribute positively to achieving the University's vision			.82			
45. I am inspired by the University's vision			.83			

Note: Loadings with absolute values less than .40 are not displayed.

vision communication and collective rewards measures were adapted from previous unpublished studies. The criterion measure was developed for this study. Thus, the PCA was used to examine for the first time (the exploratory component) how the items from these scales cluster together into factors. It should be noted that the term *factor* is being used here simply to refer to internally consistent construct measures (i.e., *components* with high inter-item correlations), and not necessarily to describe an underlying latent trait, as in other forms of factor analysis.

The inter-item correlation matrix was analyzed with PCA, and the extracted factors were rotated with varimax rotation to increase their interpretability. This rotation method retains the uncorrelated or orthogonal nature of the extracted components, while maximizing the item loadings onto particular factors. Of course, the actual scales constructed from the items that load on each factor will not retain this orthogonality.

The PCA was constrained to extract and rotate six components. The primary reason was that extraction of more than six components resulted in one or more components with single-item high loadings; these are considered uninterpretable as factors (Nunnally & Bernstein, 1994). The traditional Kaiser-Guttman rule (Guttman, 1954; Kaiser, 1960, 1970) that retains all components with eigenvalues greater than 1.0, was not utilized because it suggested too many factors – not uncommon with this decision tool (see Nunnally & Bernstein, 1994). The goal of theoretical interpretability (Nunnally & Bernstein, 1994) guided the choice of the six-factor solution over solutions with fewer factors.

In general, the PCA supported the hypothesized scale structure, with several notable qualifications. Foremost among these, the first two components (PC1 and PC2)

seemed to cluster into one factor within each of the two leadership levels, department and executive. That is, the charismatic-visionary and the trust-in-leadership scale items tended to lump together as a single factor within levels of leadership. These results partially disconfirm Hypotheses 3a. Further analysis showed that the correlations between the charismatic-visionary and trust scales were .80 and .79 for the executive- and department-levels, respectively. These results provide additional disconfirmatory evidence regarding Hypothesis 3a – and by extension Hypotheses 3b and 3c, which were predicated on being able to establish that there were indeed two distinct and meaningful constructs. Thus, Hypotheses 3a, 3b, and 3c were not supported.

However, since all the leadership-related items were hypothesized to be positively related to vision inspiration (H1, H2, and H3b), and since all the items tended to cluster together in a meaningful and interpretable way, revised scales were created. Specifically, all the items describing leadership attributions at a given leadership level were combined into a single scale. These new scales for executive and department leaders, combinations of trust in leadership and charismatic-visionary items, were simply called *charismatic leadership* ($\alpha = .94$ and $\alpha = .95$, respectively). The inclusion of trust within the construct fits well with Bass's (1998) conceptualization of charisma.

High positive loadings from all the vision inspiration items on PC3 supported a homogeneous vision inspiration scale. This scale remained unchanged.

The loadings of items on PC4 and PC6 suggest some revisions to the vision communication scale may be useful. Notably, the experimental items, referring to department leaders promoting a vision inconsistent with the broader organizational vision from executives, loaded on PC6, while most of the other items loaded on PC4. Further

analysis showed that inclusion of these two items also substantially reduced the alpha reliability of the vision communication scale ($\alpha = .68$ vs. $\alpha = .79$); therefore, these two items were not used for the scale. Also notable, the item asking to what extent participants learned about the organization's vision through the website did not load on PC4 or any other factor. Frequency analysis showed little variance in responses (63% of participants responded "1") and the item was dropped from the vision communication scale and all subsequent analyses.

PC6 is interesting, capturing variance related to department leaders promoting their own vision, and also drawing high positive loadings from the "evangelizing" items on the charismatic leadership scales. Strangely, though, these sets of items load in opposite directions (even after reverse-scoring appropriately). This factor was retained because its inclusion resulted in the maximally interpretable factor structure (for example, by allowing the experimental vision communication items to load on a separate factor). PC6 itself is not theoretically meaningful and no scales will be calculated strictly from it. However, since the experimental items measuring message inconsistency tended to load together and were hypothesized to affect vision inspiration, additional analyses were conducted to investigate the viability of these two items as a separate exploratory scale. These items were moderately correlated with each other ($r = .35$), and the resultant alpha reliability for the scale was low (.51). Unsurprisingly, given these results, the message inconsistency scale was trivially related to vision inspiration ($r = .06$, $p = .61$). Thus, these items were not included in further analyses.

Strong positive loadings of the first three items from the collective rewards scale on PC5 supported grouping them together on a scale. Although the fourth item ("Faculty

and staff in my department receive praise for their contributions to the University”) did not load highly on this component and showed a modest loading on another component, it was also retained on this scale, for several reasons. In other analyses, the item showed a relatively high corrected item-total correlation with the collective rewards scale (.46), and the alpha reliability changed only slightly with its inclusion ($\alpha = .78$ vs. $\alpha = .79$). As well, it seemed highly content valid for the intended construct in this sample. Thus, with the relatively small sample size and equivocal evidence to reject the item from the scale, it was judged better to include it. Thus the collective rewards scale remained unchanged.

The factor analysis, reliability analyses, and correlations reported above suggest that there are really five interpretable factors in the survey items, one of which is the criterion measure. With the disconfirmation of Hypothesis 3a, the revised model of contextual factors hypothesized to be positively related to vision inspiration consists of: charismatic leadership of executives; charismatic leadership of department leaders; vision communication; and collective rewards. This model is depicted in Figure 3.

Correlation and Multiple Regression Analyses

This simplified model was examined with a combination of simple bivariate correlations and multiple linear regression. Factor/scale scores were computed using the standard approach of unit-weighted item composites. Descriptive statistics and intercorrelations for the scales are presented in Table 2. Results of the multiple regression analysis are presented in Table 3.

It must be noted that the outcome variable was highly negatively skewed. In fact, even though the scale was calculated as the mean of five items, approximately 33% of participants received scale scores of perfect 5.0. This sample was apparently highly

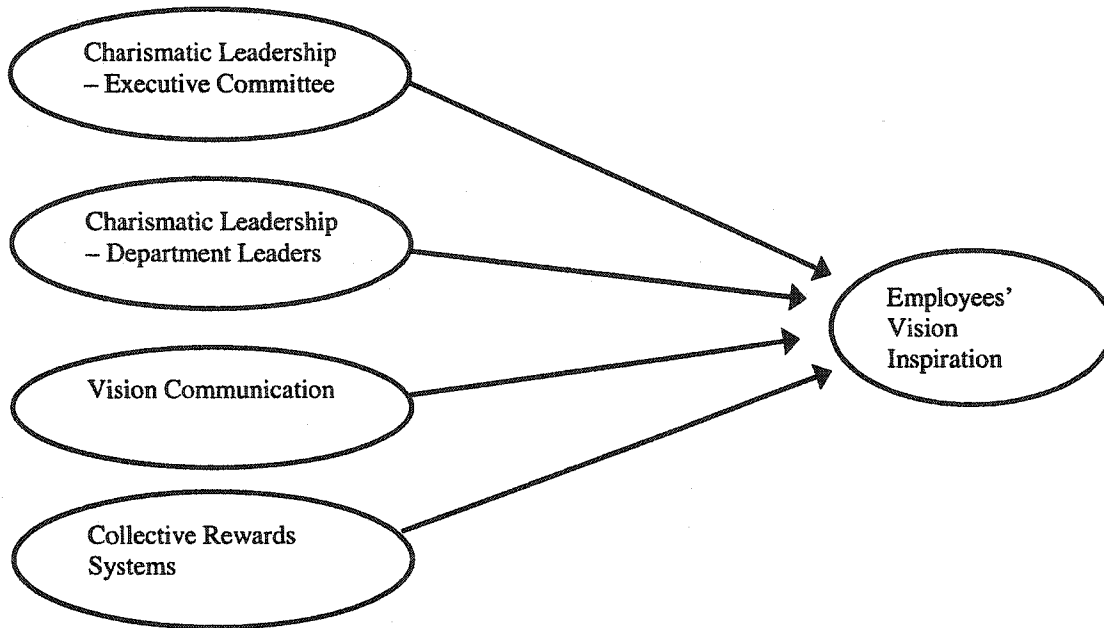


Figure 3. Revised model of variables hypothesized to influence employee inspiration from organizational vision.

Table 2. Variable means, standard deviations, and intercorrelations (N = 70)

Variable	Mean	Standard deviation	1.	2.	3.	4.	5.
1. Vision Inspiration	4.42	0.77	(.93)				
2. Charismatic Leadership - Executive Committee	3.61	0.88	.39**	(.94)			
3. Charismatic Leadership - Department Level	3.96	0.98	.37**	.30**	(.95)		
4. Vision Communication	3.12	0.86	.27*	.34**	.32**	(.79)	
5. Collective Reward Systems	3.19	1.07	.39**	.45**	.45**	.41**	(.78)

Note: Alpha reliability coefficients appear in parentheses on the diagonal.

** $p < .01$

* $p < .05$

Table 3. Multiple regression results (N = 70)

	<i>R</i>	<i>R</i> ²	<i>β</i>	<i>t test</i>	<i>sig.</i>
Full Model	.50	.25			
Charismatic Leadership – Executive Committee			.23	1.87	.07
Charismatic Leadership – Department Level			.21	1.71	.09
Vision Communication			.06	0.48	.63
Collective Reward Systems			.16	1.24	.22

inspired by their organization’s vision, which should be good for the organization. Unfortunately, for research purposes, it creates the problem of restricted range and decreased variance in the criterion variable, making it more difficult to detect and estimate the predicted relationships. The remaining variables were relatively well-distributed – unimodal with slight negative skews, indicating mean levels of agreement above the central “describes somewhat” scale value, and closer to “describes well.”

Examination of the correlations of each of the predictors with vision inspiration shows support for Hypotheses 1, 2, 4, and 5. That is, vision inspiration was significantly positively correlated with: charismatic leadership of the executive committee (.39); charismatic leadership of the department leaders (.37); perceived intensity of vision communication (.27); and collective reward systems (.39). However, these results are not entirely compelling because the predictors show some multicollinearity; accordingly, some of the observed relationships are likely to be at least partially redundant.

Thus, a multiple regression was conducted in which all four predictor variables were entered in one step (Table 3). This full model accounted for a significant and

relatively large proportion of the variance in vision inspiration, $R^2 = .25$, $F_{(4, 64)} = 5.34$, $p < .001$. This result is particularly notable given the severe range restriction in the criterion described above. These results indicate general support for the proposal that contextual factors are related to employees' inspiration from their organization's vision.

None of the individual predictors reached conventional standards of statistical significance in the context of the regression model. Only the standardized regression weights for charismatic leadership of executives ($\beta = .23$, $p = .07$) and departmental leaders ($\beta = .21$, $p = .09$) approached significance. Collective reward systems ($\beta = .16$, $p = .22$) and vision communication ($\beta = .06$, $p = .63$) showed relationships in the predicted positive direction, but did not approach significance. Thus, in the context of the multiple regression model that took into account the redundancies among predictors, some support was found for Hypotheses 1 and 2. However, Hypotheses 4 and 5 were not supported by the regression analyses.

Chapter 4

DISCUSSION

Conclusions

Partial support was found for the thesis that four contextual factors are positively related to employees' vision inspiration: charismatic leadership of the executive committee; charismatic leadership of department leaders; collective reward systems; and intensity of vision communication. Combined with evidence presented earlier showing the relationship of vision inspiration to organizational effectiveness outcomes including sales growth and employee loyalty, the results from this study suggest that organizations would benefit by considering how their leaders, communication processes, and reward systems are supporting (or undermining) their vision processes. Unfortunately, low statistical power limited the ability to detect the smaller effects when considering all the predictors together in a multiple regression analysis; however, the pattern of results was relatively clear in support of the predictive factors in the model.

The four-predictor model is different from the model initially proposed, which included trust in leadership at each level as a separate variable from charismatic-visionary leadership. However, results from a principal component analysis, as well as extremely high observed correlations between these scales, prompted revisions to the model in which items from the trust scale were combined with items from the charismatic-

visionary leadership scale into broader charismatic leadership scales. These results strongly imply that employees' attributions of charismatic or visionary leadership are not distinguishable from their attributions of trustworthiness of leaders.

The pattern of results obtained in this study, produced using mostly different measures and a very different sample, are highly similar to the pattern of results obtained in the earlier vision study (Lahti, 2002). For example, the earlier study found that the model of contextual factors explained 21% of the variance in employee vision inspiration (after controlling for between-organization variation), compared to 25% explained in this study. Executive-level leadership was the strongest predictor in that study, as in this study. And vision communication trailed collective rewards then as now, adding little unique variance with standardized regression coefficients of .05 and .06 in the two studies. Only direct (departmental or supervisory) leadership showed a notably different standing, appearing here as the second strongest predictor of employee vision inspiration next to executive leadership. The observed effect sizes for each individual predictor, particularly collective rewards and vision communication, were small, but this study had low statistical power for detecting such effects. Thus, consideration of these variables as predictors of vision inspiration should not be abandoned on the basis of the null results obtained here. The earlier study had large sample size ($N = 1662$) and tremendous statistical power for detecting small effects; consequently, all the effects just discussed were statistically significant in the earlier study, while only two approached significance in this study. Collectively, then, the nomological network establishing these constructs as predictors of vision inspiration grows with these convergent results across time, samples, and measures.

Another contribution of this study is the continued development of measures of vision-related constructs; in particular, the vision communication, collective rewards, and vision inspiration scales were all internally consistent measures, distinguishable from each other in principal component analysis. In a research area dominated by theoretical discussions, well-defined constructs with corresponding reliable measures could certainly enhance the quality of scholarship and future empirical research. The measures used in this study represent another incremental step towards operationalizing well the important vision-related constructs.

Finally, the issue of how trust fits with charisma was addressed in this study. The conclusion here was that trust could not be distinguished from charismatic leadership in employees' attributions about their department and executive leaders. Even using measures taken from different researchers, and with an emphasis on the cognitive form of trust, measures of these constructs were highly interrelated. Thus, these results imply that trust is indeed a component of charismatic leadership attributions, as asserted by Bass (1998).

Limitations

The clearest limitation of this study has to do with the sample obtained. Although this sample likely approximates well the population of employees at the participating organization (with a response rate of 49%), there is not much generalizability to the broader population of all workers from a single-organization sample of only 70 individuals. This lower than anticipated response rate likely resulted from a coincidental dramatic change in circumstances within the organization that occurred during the study. Unfortunately, the champion of the study within the participating organization, the chief

academic officer, left the organization under difficult internal circumstances less than one week into the data collection process. Although this liaison had done a good job of positioning the study early on and attempting to recruit employees leading up to the data collection period, there was no follow through within the organization in terms of continuing to promote the study and remind employees during data collection. Without a strong internal proponent, and without direct incentives for participants, completion of the online survey was dependent primarily on the good-will of employees. In addition, the researchers did not have direct access to the organization or even internal email distribution lists that would allow direct communication with employees; thus, the sample was likely further restricted to those people who had saved earlier email announcements or participated within the first few days. Thus, the final sample was smaller than expected, and less optimal for inferential statistics relating the sample to broader populations of employees. However, valuable information about the relationships among these important constructs (e.g., effect sizes) can still be inferred, and the study can still inform us about prediction of within-organization variation in vision inspiration, particularly when combined with convergent results from the earlier study discussed above.

Another limitation is the use of the same sample to both refine measures and test predictive relationships. As a general strategy, it is preferable to use distinct samples to develop measures and subsequently test relationships, in order to avoid capitalizing on the same idiosyncratic sample characteristics in both stages. And, of course, it is always preferable to use well-established and well-validated measures, when available.

Unfortunately, in this early stage of research in this area, such measures for the most part

do not exist. Where previously researched measures did exist (i.e., charismatic leadership and trust in leadership), they were used. Also, efforts were made to use a good construct-oriented scale development strategy for the criterion measure used in this study. All scales demonstrated adequate to high levels of internal consistency reliability.

Measurement of vision communication, in particular, may need further refinement. This predictor has demonstrated only a small relationship with vision inspiration in the context of the full model, in both the current and previous study; however, this could be due to poor measurement of vision communication construct, rather than an indication of its true importance as a predictor. Because of uncertainty about the validity and comprehensiveness of the items measuring vision communication, further research with improved measures of this construct should be conducted before discarding it from the model.

Several other limitations stem from the fact that the predictor and outcome data were collected simultaneously. For example, although the theories and model imply a causal effect from perceptions of organizational processes and leadership to subsequent vision inspiration, no causality or directionality can be inferred from this study. In addition, there is some concern about common-method variance; that is, whether the observed relationships are possibly inflated estimates of the true relationships because all data was collected at the same time using the same survey instrument. Some of this concern may be alleviated by considering the very different referents of the predictor and criterion items (i.e., organization-descriptions vs. self-descriptions). However, future studies could attempt to objectively measure organizational processes such as charismatic leadership or collective reward systems and relate these to the individual psychological

outcome of vision inspiration. Such research would ideally be longitudinal to help demonstrate causality. One could examine the effects of interventions or changes in these organizational processes on employees' vision inspiration, and studies could also be designed to examine the effects of vision inspiration on important predicted outcomes (e.g., performance, citizenship behaviors).

Range restriction in the criterion measure may have limited some conclusions, as well. That is, the fact that most respondents were highly inspired by the organization's vision may well have limited the ability to detect and describe the predicted effects. However, this range restriction may also have masked or reduced the observed effects, in essence making these results more conservative. It would be helpful in future research to identify populations of employees more likely to show variability in vision inspiration.

One potentially interesting aspect of charisma and vision processes that was not captured in the model presented here is the notion that employees' vision inspiration may be affected by yet another contextual construct or phenomenon – namely, other people's reactions. To the extent that social processes such as norms convey to individuals that other people are inspired by the organization's vision, they may be more likely to get inspired themselves. This is similar to the *social contagion* processes discussed by Gardner and Avolio (1998) and proposed to affect attributions of charisma, whereby people attribute causes to the leader (charisma) based on the effects they observe in others around them. Likewise, a strong vision-oriented organizational culture would likely increase levels of vision inspiration among members of the organization. These issues were not addressed directly in this model or measured in this study, but should be examined more carefully in future research.

Practical Implications and Future Research Directions

One clear practical implication that derives from these and earlier results is that organizations should either select for or train leaders in charismatic/transformational leadership. Transformational leadership has been implicated as effective at multiple levels (e.g., Hater & Bass, 1988). The results obtained here for charismatic leadership also suggest that both the executive and department-level leaders are important for vision inspiration. Specialized leadership development programs for transformational leadership certainly exist (e.g., Avolio, 1999), and organizations interested in inspiring employees with their vision should consider such assessment and training interventions.

Additional vision communication, beyond direct interactions from leaders, seems likely to lead to some small improvements in vision inspiration. Practically, organizations may benefit by integrating their vision into a broader communication campaign, leveraging various media (e.g., email, memoranda) to inform members and stakeholders of the organization about goals and directions for the future. Such a promotional campaign could persuasively promote the vision, or could simply serve as a visible reminder to employees about the core values of their organization, with corresponding motivational or inspirational effects. An interesting question for future research is the extent to which agreement with the particular vision and values articulated by senior leaders is necessary to experience vision inspiration, or if simply being committed to *some* values and vision is enough to achieve these motivational effects.

Collective reward and recognition systems that serve to further tie members into the organization and to create a sense of shared future are likely relevant to increasing levels of vision inspiration. Even organizations without such incentives as stock options

or grants can still provide recognition for members' contributions to the organization's broader goals, and can emphasize the importance of such contributions in their performance appraisal functions. This particular facet of the current model seems easily amenable to an intervention study, whereby the performance appraisal system could be modified to make such linkages more apparent, or collective-type rewards could be added to current recognition programs. Vision inspiration among organizational members could be measured before and after, and roll-out of such changes could be staggered over time by department, for example, to develop controlled quasi-experimental research designs.

Another interesting line of inquiry concerns destructive or harmful visions and leaders. This topic is particularly salient in the current global political context (e.g., with highly charismatic leaders of terrorist groups). Destructive leadership is addressed in transformational leadership theory simply by defining that the harmful or evil leaders are not transformational, whereas charismatic leadership theories acknowledge and integrate such phenomena. This topic gets complicated when one asks "destructive to whom?" In both business and political contexts, conflict bred from competing goals (e.g., market share or political aims) can create losses to one party with corresponding gains to the other. Thus, classification of a vision or leader as destructive or not can be tricky, and may depend more on moral and political views than science. But, definitional issues aside, an important question is whether the same vision processes are at work with both destructive and positive visions? And if so, from a practical interventionist perspective, could knowledge about the contextual factors that enhance vision inspiration be used to disrupt such destructive vision processes? I would hypothesize that likely they could, at least to some extent, perhaps by creating mistrust of the visionary leader's motives, or by

decreasing availability of the vision message (e.g., not broadcasting speeches by the leader). Additional research in this area could prove useful, particularly qualitative studies that might be more amenable to studying such negative phenomena.

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