Interaction Effects Between Strategic Involvement And Vision Salience On Executive Affective Perceptions And Organizational Climate

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Abstract

The moderating impact of vision salience on strategic involvement was examined in its relationship with executive affective perceptions of satisfaction and organizational climate. It is argued that only executives have clear vision can involvement in strategic decision-making enhance executive affective perceptions and help to create and nurture supportive climate in organizations. Data were collected using a survey of 226 executives from a Fortune 500 company. The results showed that the interaction term has much greater prediction power for perceptions of executive affective perceptions and supportive climates, and the implications for managers are discussed.

1.0 Introduction

The controversial perspectives on the relationship between strategic involvement (Floyd & Wooldridge, 1992) and affective perceptions from job satisfaction (Locke, 1969; Locke & Schweiger, 1979) have spurred great interest in research in this field. Most studies have focused on the main effect of the former variable on the latter (e.g. Cotton et al, 1988; Locke & Schweiger, 1979; Miller and Monge, 1986). In this study, an attempt was made to look into the interaction effect between strategic involvement and vision salience (Veliyath, 1992) on executive job satisfaction, an intrinsically appealing outcome associated with involvement in decision making (Hackman & Oldham, 1980).

Another purpose of this study was to investigate the interaction impact of strategic involvement and vision salience on organizational climate (Ekvall, 1987; Joyce & Slocum, 1984; Koyes & DeCotiis, 1991; Lewin, 1951). There was a scarcity in research on organizational climate, the internal psychological environment as a consequence of interaction between strategic participation and vision effectiveness, for most scholars treated organizational climate as a predictable or independent variable.

2.0 Theoretical Background

Involvement in strategic planning process can get managers involved (Floyd & Wooldridge, 1992), and increase their understanding of the organizational strategy, thus facilitating greater consensus towards the course of actions. The literature review indicated that involvement can lead to greater commitment, and the involvement effects can unfold both cognitive and motivational mechanisms (Locke & Schweiger, 1979). The positive attitudes, perceptions and feelings created by participation and involvement in strategic formulation and planning are believed to have a high correlation with managers’ active endorsement of the process and willingness to act upon the outcomes (Stewart, 1989), thus leading to more ownership in the managers’ part in the strategic development process.
Participative methods in organizations are thought to lead to low levels of turnover (Marks, Mirvis, Hackett & Grady, 1986), higher individual work performance (Bush & Spangler, 1990), enhanced work attitudes (Steel & Lloyd, 1988), and stronger commitment that ultimately result in increased organizational effectiveness (Lawler, 1986; Macy, Peterson & Norton, 1989).

In contrast to these impressive claims, several major reviews of the literature on involvement and participation have suggested that any positive relationship between involvement and enhanced work attitudes and behaviors is relatively small (e.g., Locke & Schweiger, 1979; Schweriger & Leanea, 1986; Wagner, 1994).

Most recently, Wagner’s meta-analysis of the studies included in a review by Cotton, Vollrath, Froggatt, Lengnick-Hall, and Jennings (1988) along with a synthesis of 11 previous views of the participation in decision-making literature concluded that involvement as, at best, consistent but small effects on satisfaction.

A number of researchers have suggested that participative practices that are integrated within the systems of the organization create work environments that are more effective than narrow and limited efforts (Lawler, 1986; Ledford & Lawler, 1994; Morhrman & Lawler, 1989). Miller and Monge (1986) found that perceptions of participative climate were better predictors of job satisfaction and performance than was actual participation in specific decisions. Participative climates captures the effects of systematic involvement interventions where participation is reinforced by appropriate rewards, communication practices, training, selection practices, and other organizational subsystems (Ledford & Lawler, 1994).

Miller and Monge (1986), in their meta-analysis of the effects of participation, concluded that participative climates lead to higher levels of job satisfaction. Other research has also found evidence suggesting that participative climate results in higher job satisfaction as well as reduced turnover, intention to quit, and improved job performance (Steel, Shane, & Kennedy, 1990).

Changes in American business as a result of economic, social, technological and environmental issues have made strategic vision a tool for many firms in evaluating future directions (Veliyath, 1992). Vision generally includes broad statements concerning organizational responses to current and anticipated challenges (Campbell & Yeung, 1991). Although essential to an organization throughout the industry life cycle, strategic visions are most often identified with strategic change efforts (Gioia & Chittipeddi, 1991). Armstrong (1982) suggested that strategic efforts increase when a firm is confronted by inefficient markets or must cope with high degrees of uncertainty and environmental changes. Likewise, strategic efforts tend to draw attention to these issues of uncertainty for those involved in the strategy formulation process. It is this context in which we tested the influence of vision on relations between strategic involvement and managers’ perceptions of the environment and competitive strengths.

3.0 The Present Study

This study’s focal organization was focused on a consumer-durables industry. Broad indications suggested that the environment facing the focal organization could be characterized as uncertain due to a flat domestic market, technological advances, and an increasingly competitive international market. The industry in which this organization operated was marked by increased competition from relatively few major players. The market was described as having high industry-wide efficiency levels and wafer-thin profit margins. For years, the industry had experienced rising sales and relentless consolidation, shrinking from over 250 domestic competitors prior to 1950 to less than 10 (Stewart, 1990). From the mid-1970s to mid-1980s, some of the strongest contenders exited the industry. By the mid-1980s, domestic product demand had reached maturity and plateaued in 1987. Since 1988, most analysts have recognized only four large, dominant players, all positioned to do battle in a price-driven market. With the domestic market already stagnant and the outlook “anemic” (Labate & Losee, 1992), the replacement market took on a new level of importance. However, technological advances had significantly increased product life, negatively affecting earnings potentials in the replacement market. By all accounts, profitable growth opportunities in North America were scarce.
In response to growing environmental complexity, the organization's leadership had concentrated on making the company more aggressive, innovative, and globally oriented. This change in focus had greatly accelerated in the years immediately preceding our study. During these years, the CEO, in conjunction with managerial personnel, introduced and disseminated a set of principles that articulated a vision for the company and served to guide the direction of changes being made. The company's vision was to build on its strong domestic leadership position by venturing into the increasingly complex global market. Although it had reached great heights domestically through a strong brand name and solid product, it had not penetrated the international market. Worldwide, the industry represented a wholesale market of $55 to $60 billion, with an estimated annual growth rate of 4.7% (Oswald, L. S., Mossholder, K. W., & Harris, S. G. 1997).

In support of this vision, several strategic changes were introduced, the most significant of which was a corporate-wide restructuring toward a decentralized broad-based business unit organization (the company focused on only one category of consumer-durables that was differentiated by brand name). This and other changes were initiated in an effort to enhance the company's responsiveness, market orientation, and aggressiveness prior to expanding into the international arena, which was to be accomplished through joint ventures and acquisitions. Strong attempts were made to actively involve the entire upper management team in formulating strategic initiatives. An all-out communications campaign was initiated to both expose and attempt to sensitize the organizational leaders to the changes in the industry environment and the focal company's planned strategic response. Managers became intimately involved with data describing competitive challenges and market responses. As a result, all managers should have been acutely aware of the uncertainty of the focal organization's environment and the challenges that faced it.

Additionally, the focal organization's vision suggested that the future external environment would be turbulent and uncertain. Given this set of conditions and in line with image theory tenets, it was expected that among managers for whom the vision was salient, information gathered through active involvement in formulating strategy would be supportive of the notion of uncertainty. In other words, for such managers, more strategic involvement would result in perceptions of higher environmental uncertainty. This is underscored by Sutcliffe (1994), who found that noticing environmental variations is enhanced by factors that affect the breadth and variety of informational inputs. Conversely, when there was less vision salience, the relationship between strategic involvement and perceived uncertainty would be diminished.

The previous arguments suggest that among managers in the focal organization, vision salience strengthens the relationship of strategic involvement with both executive affective perceptions and perceived environmental supports. The nature of the moderating effect for both of these variables may be summarized in the following hypotheses:

**Hypothesis 1a:** Vision salience will moderate the relationship of strategic involvement with executive affective perceptions such that with clearer vision, the greater the involvement in strategic decision-making, the more the executives will be psychologically attached to the organization in terms of satisfaction.

**Hypothesis 1b:** Vision salience will moderate the relationship of strategic involvement with organizational climate such that with clearer vision, the greater the involvement in strategic decision-making, the more the executives will perceive psychological support from the internal environment.

**Hypothesis 2:** If the company vision has not been clearly articulated, widely shared, and appropriate, there will be no relationship between strategic involvement and perceptions of organizational climate.

### 4.0 Methodology

#### 4.1 Sample

Two hundred and forty-five managers and executives of a large Fortune 500 U.S. corporation that manufactured and marketed consumer durables were asked to participate in the study. Sample selection was guided by attempts to draw a "purposive," stratified sample to include all of the top managers and a subset of middle managers at
each location and within each function in the organization. For example, at a manufacturing plant, the plant manage, the directors reporting to him or her, and a set of managers reporting to those directors were selected. Equivalent selections were made for corporate-level functional groups such as Human Resources. The research instrument was returned by 226 respondents for a response rate of 92 percent. Nineteen percent of the final sample objectives were corporate officers (presidents and vice-presidents), 49 percent were classified as directors, and 32 percent were classified as managers. The mean age of the sample was 46.7 years. The average length of company service was 19.7 years and the average time spent in current jobs was 2.6 years. Reflecting the make-up of the firm at these levels, the sample was overwhelmingly male.

4.2 Data Collection Procedures

Data were first collected through an in-depth questionnaire focusing on reactions to on-going strategic and cultural changes. Questionnaires were distributed through the corporate mail system and returned directly to the researchers. Confidentiality was guaranteed and participation was voluntary. Additional data covering the same topics were collected via semi-structured interviews with 72 sample members who occupied key organizational positions. All but two of the interviewees agreed to allow tape recordings of their interviews to be made. These recordings were later transcribed. As in the questionnaire phase of data collection, respondents were assured that their responses would remain confidential. Finally, company-generated documents including transcribed speeches and formal statements of strategy and vision were collected.

4.3 Sample Measures

All items comprising the measures employed a 5-point response scale. Scales were formed by averaging items of each particular scale.

**Strategic involvement.** Pearce and Zahra (1991) suggested that managers were asked to rate their strategic involvement. Five items were used to measure involvement. Two items assessed the extent to which managers were involved in strategic planning for both their organization and their work unit--"To what extent are you currently involved in strategic planning efforts in the organization" and "in your unit". One item gauged the degree to which their jobs required respondents to think about the long-term future of their business unit --"My job requires that I think about the long term future of my business unit". Two items examined the actual adoption of executive strategic involvement "To what extent are formal strategic planning activities currently in use within the organization and their work unit" (1 = little extent; 5 = great extent). Coefficient alpha reliability for the scale was .74.

**Vision salience.** The vision salience measure (Oswald, Mossholder, & Harris, S. G., 1994) was constructed to incorporate clarity, sharedness, and appropriateness--characteristics that are important in terms of the experience of the strategic vision by managers at different organizational levels. The three items used to gauge managements' response to the degree of vision salience experienced were as follows: "To what extent is there a clear vision guiding strategic change in [the organization]"? "To what extent does the leadership of the company share a common vision of [the organization's] future?" and "To what extent is the vision guiding change in [the organization] appropriate?" (1 = little extent; 5 = great extent). Coefficient alpha for this scale was .81.

**Executive job satisfaction.** Four items, two of which were taken from the Michigan Organizational Assessment Questionnaire (MOAQ) (Cammann et al., 1983), were employed to measure general job satisfaction: "All in all, I am satisfied with my job." "In general, I like my job." The other two items examine personal affection with job: "I get a feeling of personal satisfaction from doing my job well." "I am generally satisfied with the kind of work I do." (1 = little extent; 5 = great extent). Coefficient alpha reliability for this scale was .71.

**Organizational climate.** Organization climate refers to a situation and its link to thoughts, feelings, and behaviors of organizational members (Denison, 1996), and thus climate was generally more concerned with the impact that organizational systems have on groups and individuals (Ekvall, 1987; Joyce & Slocum, 1984; Koyes & DeCotiis, 1991). There are five items measuring the internal situations in terms of change, innovation, entrepreneurship, risk taking, and competitiveness (Cameron & Freeman, 1991; Denison & Spreitzer, 1991; Quinn, 1988; Zammuto &
Krakower, 1991). “The organization is a very dynamic and entrepreneurial place. People are willing to stick their necks out and take risks.” “The climate inside the organization is competitive and confrontational. Emphasis is placed on beating the competition.” “The glue that holds the organization together is a focus on innovation and development. The emphasis is on being at the cutting edge.” The management style in this organization is characterized by individual initiative, innovation, freedom, and uniqueness.” “The climate inside the organization emphasizes dynamism and readiness to meet new challenges. Tying new things and trial-and-error are common.” Coefficient alpha for this scale was .74.

5.0 Results

5.1 Descriptive statistics

Descriptive statistics for all variables including means, standard deviations, and correlations are presented in Table 1. The results indicated that the correlations were low among strategic involvement and executive affective perceptions and organizational climate. Moderate correlations were found among vision salience and executive affective perceptions and organizational climate.

Table 1 Descriptive Statistics and Correlations among Study Variables

<table>
<thead>
<tr>
<th></th>
<th>Descriptives</th>
<th>Correlations</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>SD</td>
</tr>
<tr>
<td>1. Strategic Involvement</td>
<td>3.49</td>
<td>.77</td>
</tr>
<tr>
<td>2. Organizational Climate</td>
<td>2.20</td>
<td>.59</td>
</tr>
<tr>
<td>3. Affective Perceptions</td>
<td>4.09</td>
<td>.63</td>
</tr>
<tr>
<td>4. Vision</td>
<td>3.23</td>
<td>.86</td>
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</table>

5.2 Moderated Regression Analyses

Moderated regression tests for significant interactions are reported in Table 2. The interaction of vision salience and strategic involvement added significantly to the variance explained in both organization climate and executive affective perceptions.

Consistent with in Hypothesis 1, vision salience helped generate a stronger positive relationship between strategic involvement and executive affective perceptions (Hypothesis 1a), and the same was true for relationship between strategic involvement and the executive perceptions of organizational climate (Hypothesis 1b). Consistent with Hypothesis 2, the relationship of strategic involvement with managerial perceptions of organizational climate was practically nonexistent when vision salience was absent. Therefore, the three hypotheses were supported in this study.

6.0 Discussions

Over the last 50 years, many of America’s greatest business debacles, such as the auto industry in the 1960s and 1970s, the downward turn experienced by Sears in the 1980s and early 1990s, resulted partly from a lack of corporate vision. Hurst et al. (1989) suggested that the strategic management process might sometimes overemphasize beliefs of a few top executives, consequently stifling the identification and development of strategic opportunities. Our study may provide a caution to managers to be more aware of the clarity, sharedness, and appropriateness of organizational long-term goal and strategic vision.
Table 2 Hierarchical Regression Analysis for Organizational Commitment

<table>
<thead>
<tr>
<th>Predictors</th>
<th>b</th>
<th>T-value</th>
<th>F-value</th>
<th>R²</th>
<th>ΔR²</th>
</tr>
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<tbody>
<tr>
<td>Executive Affective Perceptions</td>
<td></td>
<td></td>
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<tr>
<td>Constant</td>
<td>4.972</td>
<td>7.942***</td>
<td>5.414***</td>
<td>0.047</td>
<td></td>
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<tr>
<td>Step 1</td>
<td></td>
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<tr>
<td>Strategic Involvement</td>
<td>-.360</td>
<td>-2.065**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vision Salience</td>
<td>-.390</td>
<td>-1.978**</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Involvement x Vision Salience</td>
<td>.143</td>
<td>2.665***</td>
<td>7.105***</td>
<td>0.076</td>
<td>0.030</td>
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<tr>
<td>Perceptions of Organizational Climate</td>
<td></td>
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<tr>
<td>Constant</td>
<td>2.962</td>
<td>4.846***</td>
<td></td>
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<tr>
<td>Step 1</td>
<td></td>
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<tr>
<td>Strategic Involvement</td>
<td>-.328</td>
<td>-1.926*</td>
<td>4.154**</td>
<td>.36</td>
<td></td>
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<tr>
<td>Vision Salience</td>
<td>-.289</td>
<td>-1.500**</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Involvement x Vision Salience</td>
<td>.116</td>
<td>2.200**</td>
<td>4.838**</td>
<td>0.57</td>
<td>0.021</td>
</tr>
</tbody>
</table>

* indicates p-value < 0.10, ** indicates p-value < 0.05, and *** indicates p-value < 0.01

The findings of this study suggest that strategic involvement is associated with executive psychological attachment to their organization and jobs. Specifically, the results indicated that the more involved managers were in strategy formulation, the more they are satisfied with and involved in their tasks, with clarity of strategic vision. This study supports the importance of involvement as a strategic management variable. Lack of involvement in managerial decisions that are interconnected with elements of corporate vision and strategy could result in less committed managers which, in turn, could impede cohesiveness. Cohesiveness within management hierarchy is needed to respond effectively to competitive pressures, especially during times of increasing environmental change. Furthermore, the more managers participate in strategy formulation, the more likely they will be to accept and act to implement the strategy. Therefore, executive involvement in strategic formulation may be one of important determinants of strategic effectiveness.

This study considered the role of strategic involvement in influencing executive affective and the perceptions managers may hold regarding organizational internal environment. Although information gathered through involvement in strategy formulation likely provides a foundation for managers' perceptions of affection and internal environment, such perceptions may also be influenced by elements having broader strategic bearing. A strategic vision may provide the interpretational framework for managers who have accepted it as right for the organization.

In the organization studied, the vision proclaimed that the organization had to become aggressive globally and strive for a stronger position in the industry. The results demonstrate that strategic involvement is instrumental in determining managers' perceptions of psychological attachment and supportive internal situation only when it was coupled with the strategic vision. It appears that if managers accept the vision as planned for the long-term orientation, a specific perceptual framework is established. Learning more about dynamics in the environment and the internal strengths of the company through exposure to strategy formulation would reinforce the fact that the company vision is correct. In the absence of a vision focusing managers on environmental uncertainty and the organization's competitive strengths, participation in strategy formulation was not related to these variables. Extrapolating from image theory tenets, our study implies that vision establishes a framework within which assessments about the organization are made. Attention should be paid to the role vision plays in the accurate assessment of environmental issues. Given the apparent influence of a salient vision, it may act as a two-edged sword if incorrect. In this case, the vision may blind managers to important exigencies in both internal and external organization environments. Likewise, an organization could experience unintended consequences if the vision leads managers into misreading the organization's competitive position. Addressing such issues is important because of the intuitive appeal of vision and the importance of accurate assessments concerning the organization and its environment to the strategic management process (Wilkins, 1989).
The results of this study also indicated that management’s attitudes and behaviors toward participation serve an important role in establishing a participative climate. One way management can demonstrate the types of behaviors they consider acceptable and appropriate is through behavior modeling (Lawler, 1992). Managers may run meetings to actively involve subordinates in decision-making, problem solving, and conflict resolution, rather than to simply exchange information or in inform subordinate of decisions. Another practice that communicates a preference for a participative approach is to use task forces or committees to make important decisions that previously would have been made unilaterally by management.

This study suggests a number of practical implications for organizations implementing managerial involvement practices. One critical implication rests with the role of top management in determining the success of executive participation. Organizations need to ensure that CEOs and top-level executive are supportive of strategic involvement of managers at all levels and are communicating their support to those below them. Salient examples of top management’s support for participation indicate to lower level managers that participation is the preferred method of decision-making. Top managerial support is also needed to provide resources and direction.

The findings from this study demonstrate that organizations must consider how executive involvement in decision-making can influence climates. Although the larger organizational climate may be supportive of EI, smaller unit and work group contexts may be less hospitable and thus serve as strong impediments to employee participation. Because the proximate work unit tends to exert more influence, this level of analysis deserves direct attention when implementing effective EI practices.

Success in today’s competitive economic environment increasingly requires systems of work organization that maximize the contributions of those individuals at various levels of management, who are responsible for problem solving, quality improvement, and customer responsiveness. Thus, in turn, requires systems and mechanisms whereby all levels of executives can work collaborately to solve production and quality problems and provide customer service. Equally important, it requires all managers who are able and willing to contribute creatively and proactively. Executive involvement processes, broadly defined, are designed to facilitate the attainment of these objectives. This study highlights the complex interplay of managerial and climate factors at several managerial levels as they influence the success of strategic involvement in decision-making. Organizational designers should recognize the importance of managers at various levels in establishing the context, motivation and conditions for participation.

Some caveats should be noted to place our findings in perspective. First, the hypothesized interactions, although significant, are not large in magnitude. Further, because the study was cross-sectional in design, we cannot conclusively determine that vision salience had a causal influence on strategic involvement on managers’ perceptions. Active strategic involvement could be expected to have a more direct effect on managers’ perceptions than would a strategic vision, because the latter pertains to the organization as a whole rather than to individual managers. However, given the low but significant correlation between strategic involvement and vision salience in the present study, we cannot rule out the possibility of reciprocal influence between these variables. Future research should consider longitudinal designs that could better address this issue.

References


**Notes**
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