Relations Between Strategic Involvement and Managers' Perceptions of Environment and Competitive Strengths

THE EFFECT OF VISION SALIENCE

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It is hypothesized that relations between managers' involvement in strategic planning and their perceptions of the organization's environment and its competitive strengths would be influenced by the presence of a salient strategic vision. The authors tested this hypothesis using a sample of upper level managers in a large *Fortune* 100 corporation undergoing a major strategic transformation. The results indicated that when the vision was more salient, both perceived environmental uncertainty and competitive strengths were more strongly related to strategic involvement. These relationships were attenuated when vision salience was low. Implications regarding vision salience and strategic management are discussed.

Assessments of environmental threats and opportunities, as well as organizational strengths and weaknesses, are fundamental to any strategic management process (Schneider & de Meyer, 1991; Weihrich, 1982). Bowman (1976) compared firms that ranked in the top quarter of the food-processing industry with those in the bottom quarter and found that annual reports of the more successful companies revealed a plethora of environmental analysis, whereas those companies that were less successful indicated little evidence

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of environmental scanning activities. These assessments are generally based on evaluations of the industry and the competition, as well as internal audits (Bryson, 1988; Weihrich, 1982). Generally, strategy research assumes that decision makers accurately perceive environmental issues and formulate their strategies according to their own "accurate" perceptions (Sutcliffe, 1994). Despite attempts to objectively gather and process pertinent information, industry and competition evaluations are likely to include varying degrees of subjective judgment from managers who are processing the information. That is, although environmental analyses (both internal and external) may have objective aims, research suggests that the interpretation of these analyses is influenced by the individual judgments and perceptions of the involved managers (Bourgeois, 1985; Daft & Weick, 1984; Smircich & Stubbart, 1985).

Consistent with the process orientation described by Hart (1992), this study focuses on the strategy-making process per se rather than its outcomes. Because managers' perceptions of the external environment and the organization's competitive strengths are central to strategic considerations, it is important to examine potential influences that may shape these perceptions. Two phenomena that have attracted increased attention within the strategy domain—strategic involvement and strategic vision—are considered in this regard. Strategic involvement refers to participation in activities ranging from identifying strategic problems and planning solutions to taking action that brings about planned strategic changes. Although conceptually more abstract, strategic vision can be thought of as the articulation of a desired future that guides and energizes organization members' enactment of that desired future (Westley & Mintzberg, 1989). In this article, we consider the role of involvement in strategy formulation and exposure to a salient corporate vision in molding managers' perceptions of their organizations' competitive strengths and external environment. As noted by Porac and Thomas (1990), managers may be guided by their own mental models of the organizational environment (internal and external). We examine the influence of managers' perceived experienced involvement in strategy formulation on their conceptualizations of these environments. More important, we investigate the extent to which this influence is moderated by the presence of a salient strategic vision. This extends previous research by Oswald, Mossholder, and Harris (1994), who examined the affective implications of strategic involvement and vision salience. It also adds to the research of Ireland, Hitt, Bettis, and De Porras (1987) on factors that influence managers' perceptions of the environment and internal strengths and weaknesses. By focusing on the role of strategic involvement and the presence of a salient strategic vision in shaping key strategic-guiding perceptions, this study seeks to enhance understanding of the strategy formulation process. In addition, because environmental uncertainty and competitive positioning affect strategic direction, understanding the extent to which managers' perceptions of these strategic factors are influenced by their strategic involvement and acceptance of the organizational strategic vision can help focus efforts to build support for strategic change.

THEORETICAL OVERVIEW

STRATEGIC INVOLVEMENT AND MANAGERIAL PERCEPTIONS

Recent conceptualizations of the strategic management process suggest that involvement can be beneficial. Involvement in strategy formulation has been related to managers' increased understanding of organizational strategy and may facilitate greater consensus regarding it (Floyd & Wooldridge, 1992). Although previous research has examined differences in managers' perceptions of the environment and organizational strengths across organizational levels (Ireland et al., 1987), none exists to date concerning the effect of strategic involvement on these perceptions. The literature suggests, however, that involvement effects may unfold through both cognitive and motivational mechanisms (e.g., Locke & Schweiger, 1979). From a cognitive perspective, strategic involvement would be expected to focus and refine managers' perceptions of the environment and competitive strengths through exposure to information gathered by the organization. Generally, because it is experienced through self-discovery, managers are more likely to trust the information they are exposed to in the process of their strategic involvement (Armenakis, Harris, & Mossholder, 1993). Because an underlying premise of the strategic management process is that organizations must tailor their structures and decision-making processes to fit the demands of the environment (Bourgeois, 1985; Lawrence & Lorsch, 1967), they must devote resources to collecting environmentally relevant information (Bryson, 1988; Miller, 1987).

Others have found that involvement in strategy development exposes individuals to more intensive scanning because it is a major component in framing the company's present and future market position.[1] Consistent with strategy formulation notions, intense environmental scanning would lead to a more "wide-ranging sensing of the environment" (Huber, 1991, p. 97). This sensing is largely perceptual, however, and based on managers' own interpretations of the environment. Because environmental scanning is integral to strategy development, even passive involvement in strategy formulation may broaden managers' perceptions of the external environment and expand the magnitude of the information made available to them (Bourgeois, 1985; Kraut, Pedigo, McKenna, & Dunnette, 1989; Lawrence & Dyer, 1983). As a key component of strategy making, industry analysis can play an important role in educating managers about their operating environment. Information obtained through a thorough industry analysis could expose managers to data about rival firms, thus providing them with benchmarks against which to evaluate their own company's strengths and weaknesses (industry analysis, Porter, 1980). This could then prompt a clearer understanding of its competitive strengths.

When managers are part of the strategy formulation process, they have greater opportunities to take part in strategic conversations (Westley, 1990) concerning the organization's environment and competitive strengths. As Pfeffer and Salancik (1978) stated, "Environments are not given realities, but created through a process of attention and interpretations" (p. 13). Thus, strategic conversations may be seen as representing another means of exposure to external phenomena. The dynamics of strategic conversations allow managers to become personally involved in exchanging, challenging, and negotiating each others' interpretations of strategic variables, and to reach a shared understanding of these perceptions (Floyd & Wooldridge, 1992). Of course, the magnitude of a managers' actual involvement in these conversations would largely affect their knowledge about the environment.

Strategic involvement may also play an important role in motivating information seeking. It is suggested that as managers become more involved in formulating strategy, they will place greater importance on the task. Involvement may lead managers to take more ownership in the strategy development process and promote feelings that their information gathering and perceptual judgments are of consequence. These positive feelings about the strategy process are believed to highly correlate with the CEO's active endorsement of the process and willingness to act on the outcomes (Stewart, 1989). Westley (1990) intimated that mechanisms granting access and influence in the framing of strategic issues, such as participation in strategic conversations, can lift managers toward higher sustained energy levels about those strategic issues. Other researchers have suggested that involvement stimulates a heightened readiness with respect to targeted strategic changes (Armenakis et al., 1993).

In sum, there appears to be adequate justification for describing strategic involvement as a process that adds to managers' perceived awareness of the organization's environment and competitive strengths. This idea is in agreement with Sutcliffe (1994), who stated that the degree to which managers' perceptions of the environment (internal and external) accurately reflect reality is, in part, a function of information exposure. However, strategic involvement's impact in shaping these perceptions may also be affected by other elements that are connected with strategic formulation. Managers use their own perceptual filters in making assessments about strategic circumstances (Bourgeois, 1985; Daft & Weick, 1984; Smircich & Stubbart, 1985). As suggested by Reger and Huff (1993), although perceptual and economic factors may reinforce each other, fundamental questions about the weight accorded each cannot definitely be answered. These authors noted further that regardless of whether perceptions reflect reality initially, they serve to channel actions in such a way that the perceptions may become reality. Therefore, managers' perceptions can be expected to correlate with organizational decisions and actions. This phenomenon could result in a mosaic of diverging assessments unless the organization is able to provide some overarching context that aids in the development of unified strategic action. It is our contention that the increasingly discussed concept of strategic vision represents just such a contextual element.

VISION SALIENCE AND PERCEPTIONS

Increasingly, the notion of strategic vision has been offered as the force that provides an interpretive framework to guide managers' sensemaking activities (e.g., Gioia & Chittipeddi, 1991; Larwood, Falbe, Kriger, & Miesing, 1995; Porras & Silvers, 1991). Managers may be prone to make inferences about their environments that are consistent with their interpretation of the organizations' articulated strategic vision (Dutton & Jackson, 1987; Milliken, 1987). A strategic vision may also affect managers' perceptions of the organization's strengths in comparison with competitors (Wilson, 1992). For example, Hurst, Rush, and White (1989) suggested that top management's "structure of knowledge about their business" (p. 87) constrains and focuses the perceptions of other management personnel. Such constraints could be expected to skew perceptions of the environment and competitors to be vision consistent. Dissonance theory (Festinger, 1957) suggests that managers, for whom the vision was salient (perceived as clearly articulated, shared by many, and appropriate in intent and direction), would be more likely to interpret information about the environment and competitors in a manner consistent with the vision. Managers for whom the vision was not salient would be predisposed to interpret the information as demonstrating the inadequacy of the vision touted by top management. In providing a broad framework for strategic direction, the vision should help focus and inspire organization members (Wilkins, 1989). Although an organization may tout a vision, when not salient to employees, its true existence of the vision is questionable (Westley & Mintzberg, 1989).

When managers believe the vision to be salient, they will be more prone to engage in activities coinciding with the visionary direction (Beach, 1993). But in the case of individuals who do see the vision as less salient, it is likely that the motivation to engage in activities supporting the visionary direction will be diminished. This notion is supported by Oswald et al. (1994), who found that among managers for whom an organization's vision was salient, higher strategic involvement coincided with more commitment to the organization and satisfaction with and involvement in their work. Conversely, among managers for whom the vision appeared to be less salient, there was no significant relationship between strategic involvement and these same variables. Their study did not consider managerial perceptions, however.

Understanding how vision may influence strategic involvement's effect on managers' perceptions can be discerned in terms of a recently developed model of decision-making processes. Image theory (Beach, 1990; Beach & Mitchell, 1990) proposes that there is a core of central goals, principles, and values that provides a context that individuals use in evaluating particular situations. This decision context is composed of goals and principles that are judged to be relevant to the current situation, and perceptions are constrained by the fact that they must be consistent with these core goals and principles.

It has been proposed previously that involvement in strategy formulation actively exposes managers to information that influences their perceptions of the organization. Image theory tenets suggest that how this information is interpreted and acted upon is dependent on its integration into three domain-specific images: value, trajectory, and strategic. The value image is composed of a set of defining values and principles. The trajectory image establishes goals that energize and direct responses to the information. Finally, the strategic image establishes the set of tactics and strategies that is believed to be necessary for goal attainment (see Lee & Mitchell, 1994).

Among the individuals for whom it is more salient, vision could be expected to act in a manner that parallels image theory processes. In the case of strategic vision, the pertinent domain is to the organization's envisioned future. The vision will embody both present and desired core organizational values and standards (i.e., value image), energize individuals to move toward these goals while establishing boundaries within which goals are to be accomplished (i.e., trajectory image), and guide the development of actions necessary to accomplish these goals (i.e., strategic image). In a sense, managers who accept the vision are ready to consider a new status quo. As Beach (1990) noted, information tends to be processed with a bias toward the status quo. Thus, it is anticipated that individuals would be moved to consider information gained through strategic involvement in such a way as to maintain consistency with the vision. Of course, among individuals for whom the vision is less salient, the pertinent domain for processing information would likely be different. They would be apt to process strategic information so as to preserve consistency with the old (or some alternative) status quo, as implied by Hurst et al. (1989).

STRATEGIC INVOLVEMENT AND VISION SALIENCE: MANAGERIAL PERCEPTIONS

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.

This study's focal organization was focused on a single 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. By 1988, most analysts recognized only four large, dominant players, all positioned to do battle in a price-driven market. Of the domestic product, 98% was American made, and unit sales were experiencing consistent decline. 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.

During the late 1980s, the focal company, along with its major U.S. competitors, began serious efforts to enter the world market. The European market was starting to consolidate, thus presenting an opportunity for the focal company to enter via acquisitions. Asia, on the other hand, was expected to become the world's largest market by the year 2000. Exports, at that time, were around 6%, and worldwide penetration was still risky. Latin America was seen as an area with tremendous growth opportunities because, at the time, the levels of saturation for the products were quite low. In short, for the entire industry, the environment had grown increasingly complex, uncertain, and "ferociously competitive" (Stewart, 1990, p. 112).

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%.

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.

An organization's ability to respond to the strategic demands of the international arena may be either constrained or enhanced by its internal capabilities (Bartlett & Gholshal, 1989; Mitchell, Shaver, & Yeung, 1992). Therefore, in the focal organization, managers involved in developing strategy would be expected to be more aware of the company's internal competitive strengths not only because knowledge of internal competitive strengths is a requisite of strategy formulation per se (Schneider & de Meyer, 1991) but also because such knowledge is of heightened importance for global expansion. At the same time, strategic vision has also been connected with perceptions of competitive strengths. For example, Wilson (1992) suggested that vision helps establish the perspective from which managers evaluate the organization relative to its competition. In fact, the focal organization's vision statement underscored that it had always been strong domestically and would succeed in becoming strong internationally. Thus, we expected that for more actively involved managers, the presence of greater vision salience would magnify perceptions of the organization as a competitor in the industry. On the other hand, individuals experiencing less vision salience should perceive the organization as having fewer competitive strengths, regardless of their level of strategic involvement.

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

Hypothesis 1: For managers who see the company vision as salient (clearly articulated, widely shared, and appropriate), their involvement in strategy formulation will be positively related to perceptions of higher environmental uncertainty and greater competitive strengths.

Hypothesis 2: For managers who see the company vision as less salient (not as clearly articulated, widely shared, and appropriate), there will be no relationship between strategic involvement and perceptions of environmental uncertainty or competitive strengths.

METHOD

SAMPLE AND SETTING

The data for this study were collected as a part of a study of the organizational transformation efforts of a *Fortune* 100 manufacturer and marketer of a single category of consumer durables. As noted previously, in the years just preceding this study, the CEO introduced a new direction for the company. In implementing the new corporate vision, decision making and responsibility were as decentralized to broad-based business units. Because changes in strategic direction influenced the entire organization, we attempted to survey top-level managers throughout the organization. Thus, the sample contained all of the corporate-level executives and a subset of managers representing all major locations and functions. In addition to corporate-level executives representing six corporate-level functional areas, we surveyed the executive management team from four semiautonomous broad-based business units, 13 manufacturing plants, and a large technological support group.

The survey was distributed to 245 individuals through the corporate mail system and returned directly to the researchers' university. In total, 226 completed questionnaires were returned, representing a 92% response rate. Based on the makeup of the organization, 19% of the sample was classified as officers, 49% as directors, and 32% as managers. Of the respondents, the mean average age was 46.7 years (ranging from 31 to 63 years), and the average length of company service was 19.7 years (ranging from 1 year to 38 years). The average time spent in current position was 2.6 years (ranging from 1 month to 22 years).

MEASURES

Measures used in the study are described below. All items comprising the measures employed 5-point response scales. Scales were formed by averaging items comprising each particular scale.[2] Example items and coefficient alphas for each of the scales are provided.

Strategic involvement. As suggested by Wooldridge and Floyd (1990), "understandable and process neutral variables were used" to assess involvement (p. 235). As per Pearce and Zahra (1991), managers were asked to rate their strategic involvement. Four items were used to measure involvement.[3] 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" (1 = *little extent*; 5 = *great extent*). Two other items gauged the degree to which their jobs required respondents to think about the long-term future of their business unit and the degree to which they had a say in determining the long-range plans of their business unit—"My job requires that I think about the long term future of my business unit" and "I have little say in determining the long range plans of my business unit" (1 = *strongly disagree*; 5 = *strongly agree*; the second item was reverse scored). Coefficient alpha reliability for the scale was .70.

Vision salience. The vision salience measure was constructed to incorporate clarity, sharedness, and appropriateness—characteristics that are important in terms of the experience of the strategic vision by organization members (Oswald et al., 1994). 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 .80.

Environmental uncertainty. Although a debate exists over whether environmental uncertainty measures should address objective or perceptual phenomena (Buchko, 1994; Sharfman & Dean, 1991), our focus on managerial perceptions of environmental uncertainty dictated that the latter was more appropriate for the current study. This viewpoint is shared by many researchers who have argued that managers' perceptions of their environment are more critical to the firm's strategy, structure, and process than are objective, archival measures of the environment (Miller, 1988, 1992). In addition, perceptual measures are more likely to be influenced by the current state of the organization's environment as opposed to archival data that reflect long-term trends (Boyd, Dess, & Rasheed, 1993). Environmental uncertainty in this study was conceptualized in terms of Milliken's (1987) notion of state uncertainty. Milliken suggested that to the extent that volatility, complexity, and heterogeneity make environments less predictable, managers who function in environments with these characteristics will perceive more uncertainty.

Using a 5-point bipolar scale, respondents were asked to "rate the environment that [the organization] faces" in terms of nine adjective pairs developed in accordance with information gathered from organization leaders regarding the industry's environment. A principal-axis factor analysis of the adjective pairs yielded a one-factor solution on which seven pairs adequately loaded. The seven adjective pairs forming the measure of environmental uncertainty were *stable-turbulent*, *simple-complex*, *predictable-unpredictable*, *static-dynamic*, *non-threatening–threatening*, *exciting-dull* (reversed), and *certain-uncertain*. Higher numbers indicated greater levels of uncertainty. The resulting scale had a coefficient alpha of .66.

Competitive strengths. Paramount to the strategic management process is the assessment of organizational strengths, particularly in terms of how the organization's competencies compare with key indicators for industry success (Schneider & de Meyer, 1991; Weihrich, 1982). As opposed to reputation (outsiders' views of the organization; Fombrun & Shanley, 1990), this study considered competitive strengths, which refer to insiders' assessments of how well the organization was meeting the key success factors in the industry (Dutton & Dukerich, 1991). The construct was operationalized in terms of an adaptation of Venkatraman and Ramanujam's (1986) critical success factors and Gholshal and Westney's (1991) competitive analysis system factors. Scale items represented factors noted in the literature as indicators of firm viability in the industry (cf. Labate & Losee, 1992; Stewart, 1990). Respondents were asked, "Compared to [the organization's] strongest competitors, please indicate how you feel [the organization] rates on the following dimensions." The dimension were strategic direction, marketing effectiveness, managerial skills, public image, and leadership. Items were averaged to form a scale, with higher numbers indicating a stronger competitive image (1 = *much worse*; 5 = *much better*). Coefficient alpha for this scale was .65.

DATA ANALYSIS

Statistically, the hypotheses propose an interaction between strategic involvement and vision salience in explaining variance in perceived environmental uncertainty and competitive strengths. Moderated multiple regression is commonly used to test for the presence of interactions (Stone & Hollenbeck, 1989). We determined the amount of variance attributable to interaction effects by comparing full and restricted models. A restricted model composed of strategic involvement and vision salience was created by entering them as the first block in a hierarchical multiple regression model. Next, a full model was constructed by adding an interaction term (Strategic Involvement × Vision Salience) to the restricted model. Standard statistical tests were used to determine whether adding the interaction term to the restricted model accounted for a significant amount of incremental variance. When significant incremental variance was detected, we constructed regression line plots to determine the nature of the interaction (Cohen & Cohen, 1983).

RESULTS

Descriptive statistics including means, standard deviations, and correlations are presented in Table 1. Strategic involvement is significantly correlated with perceived competitive strengths but not with perceived environmental uncertainty. The more managers felt they were involved in strategy formulation, the more they perceived the organization as strong in comparison with its competitors. However, contrary to Sutcliffe (1994), increased involvement in strategy was not associated with perceptions of greater environmental uncertainty.

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 environmental uncertainty and competitive strengths. To determine the nature of the significant interactions, regression line plots were constructed. Points for the plots were determined using values of +1 or −1 standard deviation from the means of vision salience and strategic involvement (Cohen & Cohen, 1983).

Consistent with Hypothesis 1, the plot in Figure 1a indicates that greater vision salience was accompanied by a stronger positive relationship between strategic involvement and environmental uncertainty. Regarding the interaction found for competitive strength, the plot in Figure 1b suggests that managers for whom the vision was more salient exhibited a stronger positive relationship between strategic involvement and competitive strength. Consistent with Hypothesis 2, the plots also show that the relationships of strategic involvement with both environmental uncertainty and competitive strengths were practically nonexistent when vision salience was lower. Thus, both hypotheses were supported. Because managers' perceptions of strengths

TABLE 1
Descriptive Statistics and Intercorrelations of Study Variables

	M	SD	*1*	*2*	*3*
1. Strategic involvement	3.46	.86			
2. Vision salience	3.23	.87	.15*		
3. Environmental uncertainty	4.00	.46	.10	.02	
4. Competitive strengths	2.92	.52	.16*	.23**	.16*

*$p < .05$. **$p < .01$.

TABLE 2
Moderated Regression Analyses

Predictors	b	$R^2\Delta$	*Total* R^2
Environmental uncertainty			
Constant	5.24**		
Step 1			
Strategic involvement	–.36*		
Vision salience	–.45**	.01	.01
Step 2			
Vision Salience × Strategic Involvement	.13**	.06**	.07**
Competitive strengths			
Constant	3.54**		
Step 1			
Strategic involvement	–.30		
Vision salience	–.28**	.07**	.07**
Step 2			
Vision Salience × Strategic Involvement	.12**	.04**	.11**

NOTE: Regression coefficients are those obtained when all predictor variables are entered in the equation.
*$p < .05$. **$p < .01$.

and weaknesses and of environmental uncertainty could vary by management level (Ireland et al., 1987) or organizational tenure, we also ran the regression analyses using these as control variables. All results remained the same.

DISCUSSION

Increasingly, it has been suggested that strategic involvement is an important consideration in the strategic management process (Floyd & Wooldridge, 1992; Wooldridge & Floyd, 1990). This study considered the role of strategic involvement vis-à-vis perceptions that managers may hold regarding the environment and the organization's competitive position. Although information gathered through involvement in strategy formulation likely provides a foundation for managers' perceptions of the environment and competitive strengths, 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 the environment and competitive strengths only when it was coupled with the strategic vision. More specifically, among managers for whom the vision was salient, strategic involvement coincided with perceptions of uncertainty and competitive strengths. When managers were exposed through strategic involvement to more information about the nature of the environment, they were more likely to perceive greater levels of uncertainty than those who did not have this exposure. The same kind of effects were found with regard to competitive strengths. Involved managers who accepted the vision viewed the organization as a stronger competitor. It appears that if managers accept the vision as the way things are, a specific perceptual framework is established. Hearing more about chaos 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.

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. Also, the results are based on managers' subjective responses, and inferences based on these responses should always be viewed with proper caution. However, it has been argued that perceptual measures

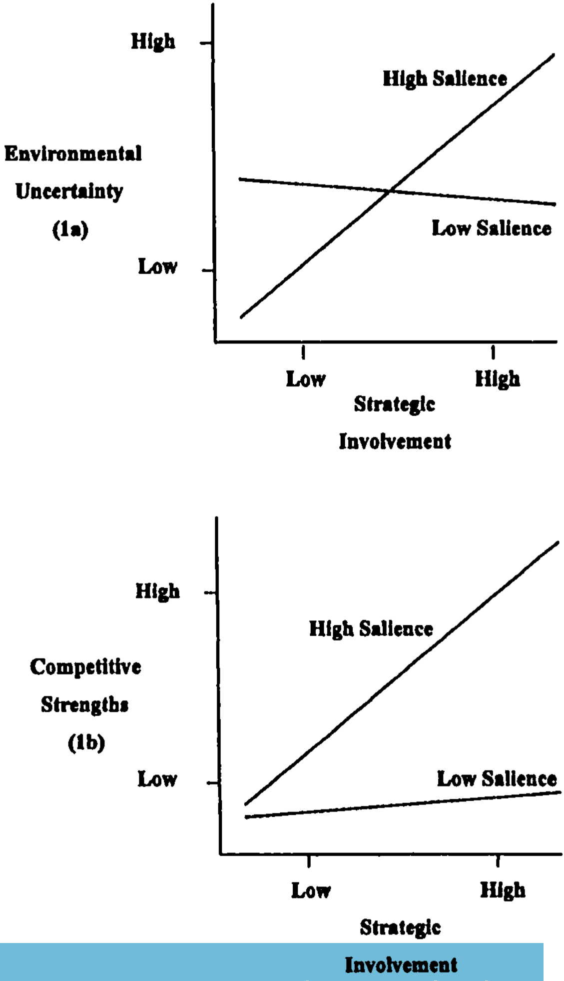

Figure 1: Plots of moderated relationships

of the environment are more critical to organizational strategy, structure, and process than are archival assessments of the environment (Miller, 1988).

A final consideration is the influence of method variance on our results. Because our measures were all collected from the same source, common method variance is a potential threat. To examine this possibility, we conducted a confirmatory factor analysis involving the measures (cf. Tsui, Ashford, St. Clair, & Xin, 1995). We used Harman's single-factor procedure (Podsakoff & Organ, 1986) to address common method variance concerns. The logic underlying this approach is that if method variance is largely responsible for the covariation among the measures, a factor analysis of items comprising study scales should yield a single (method) factor. This approach has been used to asses common method variance problems in other studies (e.g., McFarlin & Sweeney, 1992). The comparative fit index (CFI; Bentler, 1990) was used to assess model fit. This index has been recommended for assessing overall fit and performs well with smaller samples (Gerbing & Anderson, 1993). The root mean square error of approximation (RMSEA; Steiger, 1990) was also used in judging fit. It provides information in terms of discrepancy per degree of freedom for a model, thus incorporating the notion of parsimony in assessing fit. Browne and Cudeck (1993) suggested that an RMSEA of 0.05 indicates a close-fitting model. The LISREL8 statistical package was used for the analyses (Jöreskog & Sörbom, 1993).

When we tested a correlated four-factor model, the results yielded a CFI of 0.90 and an RMSEA of 0.05, indicating an acceptable level of fit for this model. We also examined a model positing that a single factor underlies the four measures. The results suggested that this model did not fit the data well (CFI = 0.39; RMSEA = 0.12). From these analyses, we also computed a chi-square difference test comparing the one- and four-factor models. This test showed that the one-factor model fit significantly worse, $\chi^2(6) = 383.84$, $p < .001$. These results, along with the fact that the measures exhibited low intercorrelations, suggest common method variance would not explain our results. Additionally, method variance would not likely result in the relationship between strategic involvement and perceived environmental uncertainty or competitive strengths varying as a function of vision salience.

PRACTICAL APPLICATIONS AND FUTURE RESEARCH

In recent years, scholars of strategy have intimated that many of America's greatest business debacles (e.g., 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 and incorrect environmental assessments. Hurst et al. (1989) suggested that the strategic management process may 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 their own biases and consequent behaviors.

Collins and Porras (1991) suggested that being visionary involves building an organizational direction that does not reflect a single individual's beliefs. IBM found this to be true. For two generations, it thrived under the single vision of Thomas Watson Sr. and Thomas Watson Jr. When times changed, however, the vision became a hindrance because it was too narrowly focused and not grounded in the realities of the environment (Champy, 1995). Thus, it appears that organizations may reduce their chances for a successful future without the dual elements of vision and broader involvement in the strategy process. This idea has been the centerpiece of much of the business process reengineering literature. Johansson, McHugh, Pendlebury, and Wheeler (1993) noted that the first phase in business redesign is creating a vision for renewed competitiveness in the marketplace. For example, Arizona Public Service (APS) involved upper level management in the creation of its new vision and then placed employees at all levels on the line to achieve it. The focus on the vision and involvement of the whole company provided employees with what Champy (1995) called "a kind of intellectual security that managers should make the most of" (p. 55). As APS found, visionary managers involved in the strategy process were less focused on the present state of the company and more directed to the future.

Champy (1995) argued that the key to effective visioning is both flexibility and persuasion. Our research suggests that perhaps organizations need to strike a careful balance between involving managers in strategy and vision formulation and articulating its strategic vision to them. Gioia and Chittipeddi (1991) expressed indirect support for the necessity of balance. They discussed the process of identifying strengths, weaknesses, opportunities, and threats as "sensemaking" processes whose goal is developing a sense of the organization's internal and external environments. Such discovery activities parallel the increased opportunities for scanning afforded by strategic involvement. Gioia and Chittipeddi link sensemaking efforts by the organization with the "sensegiving" functions of strategic visioning, noting that the two processes have a complimentary relationship: Each process increases the potential of the other to have more complete effects and may help managers avoid the strategic myopia discussed by Hurst et al. (1989).

Future research should be directed at the evolution of vision as an important factor in managers' perceptions and understanding of environmental issues as well as their organization's competitive strengths. 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).

Another area of inquiry would be the question of what makes a vision salient to organization members. At this point, there is little research to suggest conditions that encourage managers to buy into a vision. Gioia and Chittipeddi (1991) proposed a vision-building schema in which top managers play an important role in selling a potential vision during times of change. They suggested that top managers may create ambiguities regarding the worthiness of existing ways of doing things, leading organization members to question current directions in which the organization is headed and search for a more ideal end state. Gioia and Chittipeddi suggested that the buy-in process is one of negotiation, in which a vision is articulated, followed by a period of negotiated revisions to the proposed vision. Because top managers are in a position to dominate the process of defining the negotiated reality, they naturally have more input into the visioning process.

As our results suggest, when the vision is salient, it is more likely that managers will buy into it. This idea is consistent with our use of image theory to describe the link between vision and strategic involvement. Vision is designed partly for the purpose of affecting the value system supporting the changes (Campbell & Yeung, 1991). In other words, vision can influence and be influenced by an organization's underlying culture. Although culture change involves much more than visioning, if the vision supports deeply held values and beliefs and can be framed in a manner that is consistent with these, managers are more likely to accept the vision.

In conclusion, the present study represents an initial step toward examining the influence of strategic involvement and vision salience on perceptions of competitive strengths and the external environment. We hope the study will encourage further research from both longitudinal and cross-organizational perspectives into relationships among these variables. Because managers' strategic perceptions may ultimately be related to important organizational processes and outcomes (Champy, 1995), such research may provide an additional avenue for exploring the strategy-making process.

NOTES

1. Environmental scanning is "the gathering and analysis of information about relevant environment trends" (Wright, Pringle, & Knoll, 1992, pp. 24-25). Studies have found that environmental scanning leads to appropriate strategic decisions that contribute to organizational success (see, for example, Bowman, 1976).

2. As is common practice, for all scales we divided by the number of items comprising a particular scale to retain the original item metric. This eases interpretation of descriptive statistics but does not affect the results.

3. Involvement in strategic planning was considered to be part of the expected job duties of the study participants. The questions were not intended to indicate additional job responsibilities.

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