Value Congruence and Charismatic Leadership in CEO–Top Manager Relationships: An Empirical Investigation

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ABSTRACT. Although charismatic leadership theorists have long argued that leader–follower value congruence plays a central role in the development of charismatic relationships, few studies have tested this proposition. Using data from two studies involving a total of 329 CEOs and 1807 members of their top management teams, we tested the hypothesis that value congruence between leaders and their followers is empirically linked to follower perceptions of the charisma of their leader. Consistent with a relational perspective on charismatic leadership, strong support was found for the hypothesis that *perceived* value congruence between leaders (CEOs) and their followers (members of their top management teams) is positively related to follower perceptions of the degree of charisma possessed by the leader. Conversely, only limited support was found for the hypothesis that *actual* value congruence is linked to perceptions of charismatic leadership. Implications of these findings for research and practice are discussed.

KEY WORDS: charisma, leadership, top management, value congruence, values

Introduction

Over the years, a voluminous body of research has emerged investigating the effects of charismatic leadership on various employee and organizational outcomes. In these studies, charismatic leadership has been shown to be associated with a wide variety of positive outcomes ranging from leader effectiveness (DeGroot et al., 2000; Judge and Piccolo, 2004) to follower job satisfaction and performance (Conger et al., 2000; Judge and Piccolo, 2004; Rowold and

Heinitz, 2007) to group and organizational performance (Judge and Piccolo, 2004; Waldman et al., 2004). However, although there is a substantial amount of research examining consequences of charismatic leadership, there has been less systematic study of its antecedents (Campbell et al., 2008). Given the effects of charismatic leadership, and the significant theoretical developments highlighting its relational and dyadic nature (e.g., Balukundi and Kilduff, 2005; Groves, 2005; Howell and Shamir, 2005), it is important to advance our understanding of the factors that contribute to the emergence of charisma in leader–follower relationships. This article directs attention toward a key relational variable – value congruence – and its influence on follower perceptions of the charisma of their leader.

Value congruence between leaders and their followers has been widely postulated as a core mechanism underlying the development and effectiveness of charismatic leadership (Bass and Steidlmeier, 1999; Fairholm, 1991; Klein and House, 1995; Lord and Brown, 2001; Shamir et al., 1993). Contemporary theories propose that charismatic leaders gain commitment and support from their followers in part through social identification processes (Van Knippenberg et al., 2004) and subordinates' internalization of the charismatic leader's core values (Bass, 1985, 1988; Bass and Avolio, 1993; Conger and Kanungo, 1998; Shamir et al., 1993). Value congruence between charismatic leaders and their followers may also occur due to similarity-attraction processes (Byrne, 1971; Ehrhart and Klein, 2001; Shamir and Howell, 1999), and the reinforcement of shared values through the leader's overt and

symbolic actions (Lord and Brown, 2001), or the charismatic leader may purposely tailor his or her message and vision such that it is in accordance with the existing values of potential followers (Brown and Treviño, 2009).

Despite the fact that virtually all theories of charismatic leadership recognize value congruence as a central variable underlying its emergence, to date there has been very little empirical research investigating the relationship between value congruence and charisma. Jung and Avolio (2000) studied the effects of the broader construct of transformational leadership on performance, and hypothesized that leader–follower value congruence mediates the relationship between the two. Using a measure of self-reported perceptions of value similarity, transformational leadership was found to have a positive influence on value congruence; however, as noted by the authors, the ability to generalize from this finding to other settings may be limited, due to reliance on a student sample and relationships that were very short-term in nature (i.e., the two-hour duration of the experiment). The value congruence measure used also precluded the possibility of investigating whether actual (rather than perceived) values congruence is related to leadership characteristics.

Brown and Treviño (2006) uncovered a relationship between perceived value congruence and socialized charisma in their study, the main aim of which was to identify such congruence as a possible mediator between charisma and organizational deviance. Like Jung and Avolio (2000), they did not address the possibility that actual rather than perceived values congruence may have an impact on outcomes of charismatic leadership, and employed an overall, self-report measure of perceived value congruence, which could mask differential impacts of different types of values on perceptions of charisma: that is, congruence with respect to some values may be more critical in charismatic relationships than congruence on others (Brown and Treviño, 2009). They also conceived of both leader–follower value congruence and charisma at the work group level, though the contemporary attributional conception of charisma would seem to suggest that perceptions of both value congruence and charisma may vary across individual followers, even within groups (Ehrhart and Klein, 2001). Finally, they collected data in a single

organization, and therefore noted the need for future researchers to ascertain if their results generalize to relationships in other organizations. Brown and Treviño (2009) augmented their earlier work by attempting to assess actual rather than perceived congruence in charismatic relationships, this time using a values profile to assess individual values of superiors and subordinates. While their results indicated that charismatic leadership was associated with actual (rather than perceived) value congruence concerning particular types of values (self-enhancement, openness to change, and self-transcendence values), they measured the values that leaders attempted to *transmit* to followers rather than directly assessing the leaders' own values. However, since the values transmitted by the leader need not be a manifestation of his or her *actual* values – the leader might choose for various reasons to communicate values which he or she does not in fact hold, or downplay values that he or she *does* hold – we view the study reported in this article, wherein we measure actual CEO values using two different measures, as a strong complement to the work of Brown and Treviño (2009).

Hence, in this article we aim to fill part of the void in the charisma literature concerning the relationship between charismatic leadership and values congruence, while also complementing previous investigations of the charisma-value congruence relationship and addressing ongoing general interest in developing values-based leadership (Brown and Treviño, 2009). We do this by examining the relationship between leader–subordinate value congruence at the top levels of the organizational hierarchy (both actual – measured using leader's self-reports of their actual values, not the values they choose to transmit to followers – and perceived) and subordinates' attributions of charisma to their leader. We operationalize both attributions of charisma and value congruence as individual- rather than group-level constructs, and use a values inventory rather than a direct measure of perceived value congruence, which allows us to investigate the potential differential impacts of various types of values, an approach taken previously only by Brown and Treviño (2009). We also eschew student samples, employ data from executives in a vast diversity of organizations rather than focusing our attention on many relationships within a single one, and respond

to the suggestion of Brown and Treviño (2009) that the relationship between value congruence and charisma may differ across industrial context by employing data from managers in a wide variety of industries. Finally, in response to calls to explore different dimensions and influences of work values (Agle and Caldwell, 1999), we examine congruence with respect to organizational rather than personal values.

As noted, we focus particular attention on assessing value congruence and charismatic leadership in top management teams. Levels of charismatic leadership displayed by CEOs have been linked to measures of organizational success (Agle et al., 2006; Waldman and Yammarino, 1999; Waldman et al., 2004). Few studies, however, have systematically examined the organizational values of top management team members or the role of organizational values in driving CEO leader behavior, nor, to our knowledge, have the effects of values congruence on charisma been studied at the executive level, though researchers have suggested that the influences of charismatic leaders on the values of their followers may vary depending on the hierarchical level of the relationship (Brown and Treviño, 2009). Given the importance of top management team members' values and CEO–top management team member relationships in determining the culture, vision, primary modes of doing business, and ultimate success of an organization (Hunt, 1991; Meglino et al., 1989; Waldman and Yammarino, 1999), this research has significant implications for both charismatic leadership theory and organizational practice.

In the following sections, we first provide an overview of the charismatic leadership and value congruence literatures, and then discuss our specific hypotheses. We then report on our hypothesis tests, which employed data from two large studies of American CEOs and members of their top management teams.

Theoretical background and hypotheses

Charismatic leadership and charismatic relationships

''Charisma,'' owes its origins to the Greek word for ''gift'' (Conger and Kanungo, 1987). The term is widely used today to describe leaders – political, organizational, and otherwise, but has in recent years

also been used to describe very diverse entities, both human and non-human (for example, ''charisma'' has been described in dolphins) (Barney et al., 2005). While the word is thus used rather loosely in many cases, in the organizational literature, as discussed below, the meanings ascribed to it are rather less diverse. In basic terms, charismatic leaders are seen as visionary leaders who, through a combination of personal characteristics, behaviors, and the relationships they foster with followers, motivate the latter to achieve exceptional performance directed toward the vision. In studies of organizations, charisma in leaders has been empirically linked to many positive individual, group, and organizational phenomena such as employee performance, mood, and organizational citizenship behaviors (Tsai et al., 2009), motivation, job satisfaction, group cohesion and performance, and organizational financial performance (Campbell et al., 2008). Hence, the study of charismatic leadership remains a critical area of concern in organizational studies.

The work that initially brought the study of charisma to the fore was that of Weber (1947), whose conception of charisma relies on the idea of a leader who possesses extraordinary or super-human qualities. This emphasis on the personal *characteristics* of charismatic leaders spawned a significant amount of research examining focal qualities that charismatic leaders possess. According to this literature, there are several defining features that typify a charismatic leader. Charismatic leaders tend to be future-oriented (Conger, 1989). They see fundamental discrepancies between things as they are and things as they could be, and articulate a vision that embodies the means to move from the *status quo* to the desired future state (Chinoy, 1961; Conger, 1999; Friedland, 1964; House, 1977; Willner, 1984). Charismatic leaders tend to possess substantial rhetorical skills (Conger, 1989; Shamir et al., 1994). They also tend to be highly expressive of emotion (Shamir et al., 1994; Sosik and Dworakivsky, 1998), and are often adept at expressing emotion non–verbally (Bass, 1990).

While neo-charismatic theories are still concerned with the personal characteristics and behaviors of charismatic leaders (Jacobsen and House, 2001), a great deal of consensus has emerged that charismatic leadership is a relational phenomenon (Bass, 1985; Berlew, 1974; Burns, 1978; Conger, 1985; Conger and Kanungo, 1987; Groves, 2005; Howell and

Hall-Merenda, 1999; Howell and Shamir, 2005; Katz and Kahn, 1978; Shamir, 1995; Yukl, 1999). Jermier (1993) describes charisma as a process that cannot occur in the absence of social relationships, and Mullin (1987), highlighting the importance of the relational components of charismatic leadership, noted a lack of empirical support for models that place the locus of charisma solely in the personal characteristics of the leader. Thus, for example, while charismatic leaders in general may share the characteristic of using analogy, metaphor, and stories in order to articulate their visions, it is the fact that these techniques emotionally stimulate followers and increase follower identification with the leader that is critical to the emergence of charismatic leadership. In this view, "leadership is jointly established by leaders and followers" (Castro et al., 2008, p. 1842): charisma does not reside in leaders alone, but rather in the relationships a leader possesses with particular followers (Howell and Shamir, 2005; Klein and House, 1995), and the charismatic relationship, rather than being determined by any given set of characteristics of the leader, is influenced by followers' perceptions of the leader (Campbell et al., 2008; Conger et al., 2000; Howell and Shamir, 2005; Hughes et al., 1999; Kark and Shamir, 2003; Willner, 1984).

Yukl (1999) states that the most useful definition of charisma is in terms of attributions of charisma to a leader by followers; this position is also evident in the model of charisma presented by Conger and Kanungo (1987). From this point of view, charismatic leadership can be seen as a socially constructed phenomenon based on follower attributions of charisma to the leader (Awamleh and Gardner, 1999). Various followers of a particular leader may attribute different levels of charisma or charisma-related characteristics to that leader (Ehrhart and Klein, 2001). The result is that while in some cases a leader may share charismatic relationships with all of his or her followers, in other cases he or she will share such relationships with only some subset of all followers (or, indeed, none of those followers) (Howell and Shamir, 2005; Klein and House, 1995). In this respect, several researchers have suggested that there is a strong argument in favor of adopting a dyadic perspective in studying charismatic leadership and examining relational factors that contribute to charismatic leader development (e.g., Bass, 1988;

Campbell et al., 2008; Groves, 2005; Howell and Shamir, 2005). In this article, we cast our attention on leader–follower value congruence, a relational construct that has a prominent role in most theories concerning charismatic relationships.

Value congruence in the charisma literature

Values play a critical role in all theories of charismatic leadership (House, 1996). Values are general beliefs concerning the importance of normatively desirable behaviors, states, objects, or goals (Rokeach, 1973; Schwartz, 1992), and address questions of "what ought to be" (Liedtka, 1989). They are relatively enduring, and can provide coherence and purpose to individuals' behavior (Lord and Brown, 2001). Values can become activated and act to influence a person's behavior without conscious acknowledgment by that individual (Maio and Olson, 1998). Value congruence – the similarity between the value systems of two or more entities – is generally held to result in greater commonality in the perceptions and behaviors they display, which can lead to a number of positive outcomes including improved communication (Meglino and Ravlin, 1998), greater interpersonal attraction and positive affect (Adkins et al., 1994; Meglino and Ravlin, 1998), and stronger commitment and trust (O'Reilly et al., 1991).

The position that leader–follower value congruence is a critical determinant of charismatic effects has been a common one for decades. Weber (1947) stated that the source of charismatic authority resides in the "normative values" of the leader. Other early theorists (e.g., Friedrich, 1961; Shils, 1965) have asserted that the foundation for the relational power of charisma is a shared ultimate "end value." Katz and Kahn (1978) and House and Baetz (1979) have argued that the leader and follower must share basic values in order for the leader's charisma to be to be validated by the follower, and Burns (1978) argued that transformational leadership should be measured by assessing the extent to which the leaders and his or her followers share common values.

More contemporary theories of charismatic leadership continue to emphasize the importance of value congruence (Yukl, 1999). Mullin (1987) asserts that charismatic effects can largely be explained

with respect to end-value congruence. Charismatic leaders articulate a vision that emphasizes values shared by leader and followers (Jacobsen and House, 2001) and ''infuse seemingly disconnected organizational activities with (those) shared values'' (Shamir and Howell, 1999), which guides behaviors of followers (Tsai et al., 2009). Lord and Brown (2001) state that leaders are most effective when follower self-concepts and values are congruent with the values espoused by the leader. Likewise, Klein and House (1995) propose that leaders and followers must have compatible values to foster high levels of charismatic leadership. Many charisma researchers (e.g., Conger and Kanungo, 1998; Jung and Avolio 2000; Kanungo, 2001) assert that the shared sense of values that characterizes charismatic relationships stems in part from the leader acting to transform followers' personal values. Brown and Treviño (2006, 2009), while suggesting that it may in fact be difficult for leaders to change the values of their followers within organizations, acknowledge nonetheless that leader–follower value congruence may occur both as a result of the charismatic leader acting to influence the values of followers, and from the leader's purposeful attempts to appeal to existing follower values. Charismatic leaders are expected to be better than other leaders at shaping the values of others, and also at tailoring their messages to tap into or ''prime'' pre-existing values of potential followers (Brown and Treviño, 2009).

Thus, much of the charisma literature suggests that leader–follower value congruence must be present for charismatic effects to occur (Ehrhart and Klein, 2001; Shamir et al., 1993). The value congruence described above is seen as playing a pivotal role in formulating and implementing the vision articulated by the charismatic leader (Boal and Bryson, 1988; Emrich et al., 2001; House, 1977; Hughes et al., 1999; Jacobsen and House, 2001; Kirkpatrick and Locke, 1996; Weirterer, 1997). The charismatic leader sets a personal example of the values emphasized in the vision through both verbal and nonverbal behaviors in order to gain commitment to it (Emrich et al., 2001; Jacobsen and House, 2001; Jung and Avolio, 2000), and followers in charismatic relationships exhibit strong internalization of and commitment to leader values (House and Shamir, 1993). Shamir et al. (1993) assert that this value congruence due to followers' internalization of

charismatic leaders' values is one of the driving forces behind the desire of followers in charismatic relationships to perform beyond expectations. Likewise, the leader's emphasis of shared values can make effort directed toward fulfillment of the charismatic leader's vision particularly meaningful for followers if these values are consistent with the followers' own values and self-concepts (Shamir, 1991).

In sum, there is a strong consensus that charismatic relationships should be typified by a relatively high degree of value congruence (Klein and House, 1995; Lord and Brown, 2001; Shamir and Howell, 1999). We next discuss in more detail the processes that can account for leader–follower value congruence in charismatic relationships.

Theoretical bases of value congruence in charismatic relationships

Various processes may be used to explain the influence of leader–follower value congruence on charismatic leadership. These include processes based on similarity-attraction, social identification, and social learning.

The similarity-attraction paradigm (Byrne, 1969, 1971) is perhaps the best known theory of interpersonal similarity. This theory proposes that higher levels of similarity will tend to cultivate positive interpersonal affect, leading to increased attraction and harmony between individuals. Thus, individuals will tend to express higher levels of liking for similar parties and wish to interact with such parties on a more frequent basis (Byrne, 1971). In this vein, charismatic leadership theorists have argued that followers should be attracted to leaders to whom they bear similar values (Ehrhart and Klein, 2001). Values and value congruence have been found to directly influence reports of interpersonal affect among work colleagues (Meglino et al., 1989; Rokeach, 1973) and hence should also influence follower perceptions of leader charisma.

Viewed using a similarity-attraction framework (Byrne, 1971), the charismatic leader's emphasis on values shared by potential followers fosters affective arousal and attraction of followers to the leader. Value congruence in charismatic relationships thus may exist to some degree from the outset of the relationship, with the leader stressing adherence to

specific existing follower values (Strange and Mumford, 2002), and serving as an ''embodiment'' of those values (Shamir and Howell, 1999; Sosik and Dworakivsky, 1998). The charismatic leader presents a vision that is congruent with the values of potential followers, thereby increasing the likelihood that they will be attracted to and choose to follow him or her and accept his or her vision (Shamir et al., 1993). In accordance with this idea, Conger (1999) and Conger and Kanungo (1998) submit that charismatic leaders gain commitment from followers, at least in part, by taking into account the pre-existing values of those followers. Shamir et al. (1993, p. 588) concur with this point of view and state, ''In most cases, charismatic leaders do not instill totally new value in the followers.'' Rather, the charismatic leader presents a vision that is value laden, and followers find in this vision an articulation of their own values, which they themselves may not have been able to articulate previously.

Researchers have also proposed that social identification processes are important in explaining the effects of value congruence (Chatman, 1991; Grant and Bush, 1996; Lee and Mowday, 1987). Several researchers have suggested that charismatic leaders exert their strongest effects on followers whose self-concepts are more readily activated and molded (Howell and Shamir, 2005; Kark and Shamir, 2003; Kets de Vries, 1988; Lord and Brown, 2001). Lord and Brown (2001), for example, see followers' values and identities as fundamentally intertwined: salient values influence the probability of activation of specific self-identities. Since a key feature of charismatic relationships is strong follower identification with the leader and her vision (Tsai et al., 2009), activation of particular values among followers becomes critical to the charismatic leadership process. Seen in this light, value congruence is a byproduct of necessary attempts – whether ''real'' or symbolic – by the charismatic leader to activate particular values within the follower, thereby enhancing the follower's identification with the espoused mission of the leader. As Shamir et al. (1998, p. 388) put it, ''…charismatic leaders, by their verbal and symbolic behavior, raise the salience of certain values … in followers' self-concepts and articulate the goals and the required efforts in terms of those values and identities.'' They interpret the present and past in terms of those values, ''amplify''

values using labels, slogans, and metaphors, and link those amplified values to expected follower behaviors (Shamir et al., 1998).

Reference to social learning theory (Bandura, 1977) also leads to the hypothesis that there will be a relationship between charismatic leadership and value congruence. Bandura (1977) proposes that values can develop and change through imitative processes stemming from the observation of models. Such modeling results in a convergence between the values of the model and observer, which manifests itself as high-value congruence. Friedrich (1961) maintained that imitation of the leader by his or her followers is a typical characteristic of charismatic relationships, and later researchers (e.g., Gardner and Avolio, 1998; Jung and Avolio, 2000; Yukl, 1999) have likewise emphasized this process, in which the charismatic leader's role modeling leads to vicarious learning of values by followers. A charismatic leader is thus able to transform the values of her followers (Bass, 1985; Jung and Avolio, 2000) in such a way as to support her goals or vision. Because of their particular attractiveness as models and heightened influence, charismatic leaders should be expected to exhibit more value congruence with their followers than non-charismatic leaders. Further, Yukl (1999) stipulates that such modeling of charismatic leaders is particularly likely to result in internalization of their values by followers, rather than mere imitation of behaviors: indeed, value congruence due to such internalization of the values of the charismatic leader by his followers has been a key component of charismatic leadership theory since its nascent stages (Jung and Avolio, 2000; Shamir et al., 1993).

In short, then, processes of similarity-attraction, social identification, and social learning all suggest that there should be a positive relationship between value congruence and charisma. Accordingly, we submit:

Hypothesis 1: Actual value congruence between top management team members and their CEO is positively associated with attributions of charisma to the CEO by those managers.

In using the term ''actual value congruence'' we refer to a genuine similarity between the values of the leader and the follower. However, we also suspect that a relationship characterized by the absence of genuine value similarity may still result in

attributions of charisma if the follower *believes* that such value congruence exists. In the next section, therefore, we discuss the possibility that *perceived* value congruence may be related to charisma.

Perceived value congruence and charismatic leadership attributions

Drawing on the preceding theoretical framework, we also hypothesize that ''perceived'' value congruence – as opposed to actual value congruence – will influence follower attributions of charisma to their leader. While followers may not always know precisely what the values of their leaders are, they will tend to form impressions of these values nonetheless (Fryxell and Enz, 1990). Some followers, for instance, might project their own values onto their leader (Meglino et al., 1991). These impressions, whether accurate or not, are likely to affect their relationship with the leader (e.g., Agle and Caldwell, 1999; Brown and Treviño, 2009; Campbell et al., 2008; Liden et al., 1997; Turban and Jones, 1988). In essence, we assert that a genuine similarity between the values of leader and follower need not exist in order for a charismatic relationship to develop, so long as the follower believes that such similarity exists.

Enz (1988) has articulated a view of value congruence based on the importance of the perception of such congruence between the perceiver and a referent other, arguing that various organizational outcomes are a product of a ''social definition'' of value congruence rather than an objective calculation of congruence. Likewise, Meglino et al. (1989, 1991) posit that more pronounced congruence effects may emerge if a manager compares their values with their perceptions of a comparison other's values, rather than the comparison other's actual values, and Brown and Treviño (2006) found perceived value congruence measured at the group level was related to their measure of socialized charismatic leadership. This general idea has also garnered empirical support in other areas of relational leadership. Research on leader–member exchange (LMX) theory, for example, has uncovered more consistent evidence supporting the relationship between various measures of perceived supervisor–subordinate similarity and LMX relative to measures of actual supervisor–subordinate similarity and LMX (e.g., Engle and Lord, 1997; Green et al., 1996; Liden et al., 1997).

Based on the above discussion of the possible importance of congruence *perceptions*, we present the following hypothesis:

Hypothesis 2:   Perceived value congruence between top management team members and their CEO is positively related to attributions of charisma to the CEO by those managers.

In sum, in view of the preceding evidence and the premise that charismatic leadership is a relational phenomenon (Campbell et al., 2008; Howell and Shamir, 2005) based in large part on follower perceptions (Awamleh and Gardner, 1999; Conger and Kanungo, 1987; Hughes et al., 1999; Willner, 1984), we postulate that both actual and perceived value congruence will be positively associated with follower attributions of leader charisma.

Methods

Researchers have called for greater use of multiple research methods and established measures of organizational values in examining values in business research (Agle and Caldwell, 1999; Meglino et al., 1989). In response to these calls, this research was conducted using two studies that draw on different samples of CEOs and their respective top management teams, and we utilize one of the few established scales for assessment of organizational values (Liedtka, 1989). The samples were chosen in light of the limited research assessing values at senior levels in the organization and, in particular, such managers' organizational values. In the first study, we examine the relationship between perceived value congruence and charismatic leadership using a direct measure of subordinate perceptions of value congruence. In the second study, we assess both actual and perceived value congruence across different dimensions of organizational values, calculating value congruence based on CEO and top manager self-reports concerning the importance of various organizational values. This is in accordance with the suggestion by Brown and Treviño (2006) that researchers assess the implications for values congruence on charismatic

leadership by administering an inventory comprising specific values to both supervisors and their subordinates. Study 1 provided an initial test of Hypothesis 2, concerning the relationship between perceived value congruence and charismatic leadership, while Study 2 was designed to test hypotheses concerning relationships between both actual and perceived value congruence and charismatic leadership, using a more detailed assessment of value congruence. Both studies were approved by relevant ethics committees, and all subjects provided informed consent.

Study 1

Sample and procedure

Study 1 was a simple study employed to test Hypothesis 2, the hypothesis that perceived value congruence is related to attributions of charisma. Data for this study was collected as part of a larger research effort concerning CEO leadership. The sample for Study 1 consisted of CEOs and members of their respective top management teams, drawn from various organizations across the United States. The sampling frame included three publicly available lists of companies containing CEO information: the *Monitor Publishing Company's Financial 1000* list, *Corporate 2000 Yellow Books*, and the *Society of 200*, a U.S. society of top women executives. A request to participate was sent to 776 CEOs in total. Two hundred fifty-five of these CEOs eventually agreed to participate in the study. This represents a response rate of 33%, which is significantly higher than other studies using similar populations (Friedman and Singh, 1989). Data from five of the 255 respondents was not included in the final study: one of the CEOs could not participate after agreeing to do so; names of top management team members subordinate to two CEOs could not be obtained; and no responses were received from members of the top management teams of two CEOs. Thus, the final CEO group included 250 CEOs, comprising approximately 8% women and 92% men, with an average tenure of 6.6 years. They represented firms averaging 55 years of age, across a broad spectrum of industries.

After receiving agreement from the CEOs, top management team members (*n* = 1925) identified

by their respective CEOs were mailed a questionnaire which asked them to assess their CEO's charismatic leadership, and their perceptions of the degree of congruence between their values and those of their CEO. Responses were received from 1540 top management team members in total – an average of approximately six per CEO – for a response rate of 80%.

Measures

Perceived value congruence. Perceived value congruence between the CEO and top management team members was measured using a two-item scale concerning perceived value congruence, adapted from Mullin (1987). Top management team members were asked to indicate their level of agreement to the following two items using a 7-point Likert scale (1 = "strongly disagree" to 7 = "strongly agree"): "My basic beliefs on what is important in life are identical to my CEO's," and "I deeply believe in the same ultimate values as my CEO does." Coefficient α for this scale was 0.86.

CEO charismatic leadership. Top management team members assessed the charismatic leadership demonstrated by their CEOs using Agle and Sonnenfeld's (1994) six-item Charismatic Leadership Scale. This measure is a refinement of a larger scale developed by Podsakoff et al. (1990). Sample items include: "Our Chief Executive Officer paints an exciting picture of the future of the organization," "Our Chief Executive Officer is dynamic," and "Our Chief Executive Officer, when communicating, drives to motivate with every word, story, and inflection." Respondents indicated their level of agreement with each item using a 7-point Likert scale (1 = "strongly disagree" to 7 = "strongly agree"). Coefficient α for this scale was 0.92.

Results

As noted, data from Study 1 were used to test Hypothesis 2, the hypothesis that perceived value congruence between top management team members and their CEO is positively related to CEO perceptions of charismatic leadership. We tested the hypothesis using simple Ordinary Least Squares (OLS) regression. The six-item measure of CEO charismatic leadership was regressed on managers' perceptions of value congruence. Results from this

TABLE I

Regression of charisma on perceived value congruence: Study 1

Variable	Beta
Perceived value congruence	0.382[a]
Adjusted R^2	0.15[a]

[a]Significant at $p < 0.01$.

analysis revealed that perceived value congruence was significantly and positively associated with top manager attributions of CEO charismatic leadership ($\beta = 0.38$, $p < 0.01$). Results from these analyses are summarized in Table I, and provide initial support for Hypothesis 2. We discuss the results of this study further after reporting on Study 2.

Study 2

Sample and procedure

Study 2 was a more extensive study, conducted on a different sample of CEOs and top managers, and assessing value congruence using a broader range of measurement methods. This study permitted us to augment the results of Study 1 concerning perceived value congruence, and also allowed us to test Hypothesis 1, the hypothesis that actual value congruence is positively associated with attributions of charisma. The sample used in Study 2 consisted of the CEOs of 79 companies and non-profit organizations located in the United States. Respondents were solicited from participants in four CEO conferences held at a mid-sized university in the southeastern United States. Questionnaires including our measure of CEO organizational values were sent to CEOs who had registered for any one of the conferences. One hundred seventy-three questionnaires were mailed, and 106 complete questionnaires were returned, representing a response rate of 61%. Approximately, 95% of the responding CEOs were men, while about 5% were women.

As in Study 1, each CEO was asked to identify members of his or her top management team. Questionnaires were then sent to each of these top management team members. In this survey, respondents were asked to complete a multi-

dimensional measure reporting their own values, their perceptions of their CEO's values, and their perceptions of congruence between their values and those of their CEO. They also completed the same CEO Charismatic Leadership Scale (Agle and Sonnenfeld, 1994) used in Study 1. Four hundred seventy-two questionnaires were mailed to top management team members. Two hundred sixty-seven usable responses were returned, for a response rate of 56%. At least one top management team member for each CEO responded to the questionnaire – on average 3.38 responses were received for each. Of the responding top managers, 80% were men, while 20% were women.

Measures

Organizational values. The assessment of perceived and actual value congruence in this study began with the measurement of the individual self-reported values of all participants. Values of CEOs and the members of their top management teams were assessed using a slightly adapted version of Liedtka's (1991) survey of organizational values. The survey included 16 organizational values such as "integrity," "reputation of the firm," "innovation," "product quality," "value to the community," and "organizational growth," 15 of which were taken from Liedtka's instrument. (One item, "protecting the environment," was added.) CEOs were asked to indicate the degree to which they personally believed that each of the organizational values should be of great importance to a business firm. Top management team members were asked to indicate the degree to which each of the organizational values was held to be of great importance to: (1) themselves personally, and (2) their CEOs. Responses were recorded using a 7-point Likert scale (1 = "strongly disagree" to 7 = "strongly agree").

Factor structure of organizational values. A principal components factor analysis using varimax rotation was conducted to examine the latent factor structure of the organizational values. The responses of all top management team respondents and all CEO respondents to the various value items were used in the analysis, and factors with eigenvalues greater than one were extracted. Results of the factor analysis of the values survey instrument are reported in Table II.

TABLE II

Results of factor analysis of organizational values scale

Variable	Factors		
	Firm reputation	Social performance	Financial performance
Integrity	0.804		
Honesty	0.796		
Reputation of the firm	0.689		
Customer service	0.682		
Product quality	0.668		
Innovation	0.526		
Value to the community		0.847	
Service to the general public		0.839	
Protecting the environment		0.540	
Budget stability			0.729
Stability of the organization			0.699
Organizational growth			0.607
Profit maximization			0.612
% of Variance explained	0.824	0.696	0.649

Results from our factor analysis of the organizational values scale revealed three core factors, or value domains. The first factor, which included the values integrity, honesty, reputation of the firm, customer service, innovation, and product quality, was labeled "firm reputation." The second factor, which included value to the community, service to the general public, and protection of the environment, was labeled "social performance." The third factor, which comprised budget stability, stability of the organization, profit maximization, and organizational growth, was labeled "financial performance." Value items that loaded heavily on more than one factor were excluded from subsequent analyses. These items included "industry leadership," "tolerance for diversity," and "employee welfare." Cronbach's α coefficients for the values factors were 0.78 for firm reputation, 0.81 for social performance, and 0.72 for financial performance, reflecting acceptable levels of internal consistency reliability (Nunnally, 1978).

Actual value congruence. Actual value congruence between CEOs and their top management team members was measured in two different ways in this study. Both measures involved the use of $|D|$. $|D|$ is a profile similarity index calculated by taking the sum of the absolute differences between profile elements (e.g., between CEO and top management team member ratings of each value) – thus lower levels of $|D|$ represent greater congruence between the values of CEOs and each subordinate. $|D|$ has been used to represent congruence by many researchers of organizational phenomena (Bernardin and Alvares, 1975; Greene and Organ, 1973; Johnson and Graen, 1973; Zalesny and Kirsch, 1989) including value congruence in leader–subordinate relationships (Ashkanasy and O'Connor, 1997; Engle and Lord, 1997). Meglino and Ravlin (1998) have advised that a profile similarity index that measures distance between value profiles is essential in the measurement of value congruence. While there are some potential weaknesses associated with using difference scores (Edwards, 1994; Johns, 1981), the appreciable levels of reliability for the values measure used in this study minimized our concerns.

The first measure of actual value congruence compared the self-reported values of each top management team member to those of their CEO. For each top management team member, $|D|$ values representing value congruence between himself and his CEO were computed for each of the three value factors. These $|D|$ values will hereafter be referred to with the suffix -C added to denote "CEO" (i.e., $|D|$ -C).

In an effort to mitigate the effects of potential socially desirable responding, a second measure of actual value congruence was conceived. This measure compared the self-reported values of each top management team member with the values of his or her CEO as reported by all the *other* members of the top management team. In employing this measure we are suggesting that the combined assessment of the CEO's values by members of his or her management team, at least in some cases, might represent a more accurate assessment of his or her values than his or her own self-assessment. As with the first measure of actual value congruence described above, this procedure resulted in three $|D|$ scores for each top management team member – one for each of the three values factors. $|D|$ scores calculated in this manner will hereafter be referred to with the suffix -O, denoting "other team members" (i.e., $|D|$ -O).

Perceived value congruence. Perceived value congruence in this study was calculated in a manner similar to that described for actual value congruence. However, in this case, $|D|$ scores were calculated by comparing the self-reported values of each top management team member to his or her perceptions of the values of the CEO. Again, three $|D|$ values were calculated for each top management team member; one corresponding to each of the three value factors. $|D|$ scores calculated in this manner will hereafter be referred to with the suffix -P, indicating "perceived congruence" (i.e., $|D|$ -P).

CEO charismatic leadership. Top management team member perceptions of CEO charismatic leadership were assessed with the same six–item measure (Agle and Sonnenfeld, 1994) used in Study 1. For this sample, the Cronbach's α for this scale was 0.81.

Results
As noted, data from Study 2 was used to test both hypotheses. As in Study 1, we conducted analyses using OLS regression. The following sections describe the results of the regression analyses used for these hypothesis tests.

Actual value congruence and charisma. Hypothesis 1 states that actual value congruence between top management team members and their CEO is associated with higher attributions of charismatic

leadership to the CEO. This hypothesis was tested first by regressing CEO charismatic leadership on actual value congruence, as measured by $|D|$ -C. Second, CEO charismatic leadership was regressed on actual value congruence as measured by $|D|$ -O. As shown in Table III, the regression analysis of $|D|$ -C failed to uncover a significant relationship between the three values factors and charismatic leadership ($F = 0.10$, $p < 0.05$), and none of the three value factors uniquely predicted charismatic leadership. Thus, contrary to Hypothesis 1, these results suggest that actual value congruence between top management team members and their CEOs is not significantly associated with attributions of charismatic leadership when CEO perceptions of their personal values are compared to top management team member perceptions of their own values (i.e., $|D|$ -C).

In the second regression analysis, using other top managers' ratings of the CEO's values as the measure of CEO values, there was some support for the relationship between actual value congruence and ratings of CEO charismatic leadership (see Table IV). The overall regression model was significant ($F = 6.03$; $p < 0.001$). Moreover, the $|D|$ -O associated with the reputation value dimension was found to have a significant relationship with attributions of charisma, and in the hypothesized direction ($\beta = -0.29$, $t = -3.71$; $p < 0.001$). The $|D|$ scores associated with the other two value dimensions (social performance and financial performance), however, were not significantly related to ratings of CEO charismatic leadership. Taken together, these results measuring actual value congruence based on other top managers'

TABLE III

Regressions of charisma on actual value congruence using $|D|$ -C

Value dimension	$\beta(t)$
Firm reputation	0.012
	(0.152)
Social performance	−0.037
	(−0.525)
Financial performance	0.012
	(0.158)
Adjusted R^2	−0.013
F	0.098

TABLE IV

Regressions of charisma on actual value congruence
using $|D|$ -O

Value dimension	$\beta(t)$
Firm reputation	-0.289^a
	(-3.708)
Social performance	-0.026
	(-0.378)
Financial performance	-0.005
	(0.066)
Adjusted R^2	0.071
F	6.028^a

[a]Significant at $p < 0.01$.

TABLE V

Regressions of charisma on perceived value congruence:
Study 2

Value dimension	$\beta(t)$
Firm reputation	-0.317^a
	(-4.184)
Social performance	-0.125^b
	(-2.092)
Financial performance	-0.142^c
	(-1.896)
Adjusted R^2	0.224
F	25.013^a

[a]Significant at $p < 0.01$.
[b]Significant at $p < 0.05$.
[c]Significant at $p < 0.10$.

assessments of their CEO's values (i.e., $|D|$ -O) provided only partial support for Hypothesis 1.

Perceived value congruence and charisma. To cross-validate results from Study 1 and assess Hypothesis 2 using a more nuanced measure of organizational values, in Study 2 we regressed CEO charismatic leadership on our measure of perceived congruence (i.e., $|D|$ -P) for each of the three value dimensions. As illustrated in Table V, congruence on the three value factors was significantly associated with perceptions of charismatic leadership ($F = 25.01$, $p < 0.001$), explaining 22.4% of the variance in CEO charismatic leadership. Perceived value congruence with respect to reputation values ($\beta = -0.32$, $t = -4.18$, $p < 0.001$) and

social performance values ($\beta = -0.13$, $t = -2.09$, $p < 0.05$) were both significantly associated with managers' perceptions of CEO charismatic leadership, and in the predicted direction. Perceived value congruence in terms of the social performance values was also marginally significant in predicting CEO charismatic leadership ($\beta = 0.14$, $t = -1.90$; $p < 0.06$). Overall, these results complement findings from Study 1 and provide further support for Hypothesis 2. They also suggest that perceived congruence relating to reputation values ($r^2 = 0.10$) may play a particularly prominent role in the explaining relationship between perceived value congruence and attributions of CEO charismatic leadership.

Discussion

Value congruence and charisma

Results from the two studies paint an interesting portrait of the relationship between leader–follower value congruence and attributions of charismatic leadership by the follower. In Study 1, we found that top management team members who reported that their values were generally similar to those of their CEO were more likely to report that their CEO demonstrated charismatic leadership. This result supported the hypothesis that perceived value congruence between top managers and their CEOs is related to attributions of charismatic leadership. Further support for this hypothesis was obtained from Study 2, where perceived value congruence on two different value dimensions – reputation and social performance – were significantly related to CEO charismatic leadership, and perceived congruence on a third value dimension – financial performance – was also marginally significant in predicting charismatic leadership perceptions. These results are consistent with the work of Enz (1988, 1989) and others who have argued that it is the individual's perceptions that are critical determinants of the effects of value congruence on work-related attitudes and behaviors.

While our measure comparing managers' self-reported values to the self-reported values of their CEO failed to support the existence of a relationship between actual value congruence and CEO charismatic leadership, our second method of measuring actual

value congruence (i.e., assessing CEO's values as reported by their top management team members as a whole) indicated that actual value congruence may be associated with a manager's perceptions of charismatic leadership for at least some values dimensions. Congruence on reputation values, in particular, appeared to be important in driving this relationship.

It is interesting to note that the strongest effects of both actual and perceived value congruence emerged with respect to values relating to reputation. This construct reflects the extent to which managers and CEOs value integrity and honesty in an organization (which had the highest loadings on this factor), along with values such as providing good customer service and product quality. This value dimension has strong implications for ethical management of the organization, maintaining high performance standards, and building a positive and ethical organizational culture, and, based on our results, it appears that value congruence on this dimension may be particularly important for CEOs in gaining a commitment from his or her top management team.

Very little research has investigated the effects of value congruence in the upper echelons of organizations, nor organizational values at senior levels in the organization, despite the importance of these values in driving leader behavior and influencing the culture of the organization (e.g., Agle and Caldwell, 1999). Results from this research suggest that CEO–top management team member value alignment, or at least the perception of such congruence, is critical to the emergence of CEO charisma. Overall, results from this work corroborate the position of a number of charismatic leadership researchers (e.g., Bass and Steidlmeier, 1999; Conger and Kanungo, 1987; Fairholm, 1991; House and Baetz, 1979; Katz and Kahn, 1978; Klein and House, 1995; Lord and Brown, 2001; Mullin, 1987; Shamir et al., 1993; Shils, 1965; Trice and Beyer, 1986) who have suggested that value congruence is a key component of the development of a charismatic relationship. As noted, it appears that it is the *perception* of value congruence between leader and follower that is of pivotal importance. In this respect, these findings also embody important corroborating evidence for the view held by several theorists that charismatic leadership is a relational phenomenon rather than one that is based strictly on characteristics of the leader (Bass, 1985; Conger and Kanungo, 1987).

As highlighted by charismatic leadership theorists, social identification processes play an important role in determining the type of relationship a charismatic leader may form with their followers (Jung and Avolio, 2000; Shamir et al. 1993). Likewise, the similarity-attraction paradigm (Byrne, 1971) proposes that individuals will report higher levels of attraction and be more likely to develop harmonious interpersonal relationships with individuals who share similar characteristics. Given the context of this study and the focus on senior executives, one might expect that a perception of shared organizational values will be particularly influential in determining the levels of attraction and commitment of managers to the vision and leadership of their CEO. In this vein, while previous studies have suggested that charismatic leader behavior may be a key precursor to the development of high-quality leader–follower relationships (Campbell et al., 2008; Howell and Hall-Merenda, 1999; Wang et al., 2005), we suggest that it may well be that relationship development is fueled through processes, such as social identification and similarity-attraction, which play a central role in facilitating charismatic relationships. Future research is needed to examine the role of these processes in mediating the effects of charismatic leader behavior. We would also welcome more research that investigates the role of follower perceptions and behavior in shaping the leader development process, and the effects of leader and follower similarity in driving leader effectiveness. Concerning the latter, it may be, for instance, that in addition to the perception of congruence on organizational values, perceived or actual similarity with regard to other characteristics or behaviors, such as personality or leadership style, may influence subordinates' perceptions of the charismatic leadership of their supervisor. To this end, researchers are encouraged to adopt a dyadic perspective, and investigate both leader *and* follower perceptions and behaviors – and their interplay – in shaping the development of charismatic relationships.

Applied implications and limitations

This study offers several implications for organizational practice. Our findings suggest that if managers

wish to benefit from the positive effects of charismatic leadership – greater follower trust in the leader and commitment to their vision, heightened follower empowerment, motivation, and performance (House, 1977; Hughes et al., 1999; Willner, 1984) – they should cultivate the perception that their values are similar to those of their followers. As such, leaders need to be cognizant of the values of their subordinates and aim to appeal to these values in their communications and the development of their vision. In this respect, leader development programs should encourage efforts on the part of the leader to familiarize themselves with their employees: in particular their values, views, and objectives surrounding their work, and how they think these characteristics compare to those of their superiors and the organization as a whole.

Findings from this research also suggest that the beneficial consequences of charismatic relationships may be promoted through organizational selection and placement practices. Although representing a shift from the traditional person-job match selection paradigm, our findings suggest that strong charismatic relationships may be forged if organizations considered introducing values-based assessment tools and measures of interpersonal fit in their selection and placement systems. In this respect, both researchers and practitioners should systematically examine pragmatic implications of adopting a relationship-based approach to employee selection (Uhl-Bien et al., 2000).

There are specific limitations to this research that should be noted. First, one of the shortcomings of the profile similarity measure used in this research is that $|D|$ gives equal weight to differences on different dimensions of the profile (Johns, 1981). However, it is possible that differences on some items from a given value dimension are of greater importance to the prediction of attributions of charismatic leadership than others. Future studies should directly examine the relative importance of items comprising each of the values dimensions identified in this research. For example, in light of our findings indicating that reputation values appear to exert the strongest influence on charismatic leadership perceptions, it may be, for example, that value congruence relating to one's espoused ethics (e.g., honesty, integrity) may be particularly important in predicting attributions of charismatic leader-

ship, as well as other aspects of the leader–follower relationship.

Another limitation of this work stems from the cross-sectional design of the research. As a result of the cross-sectional nature of the data, the direction of causality between leader–follower value congruence and charismatic leadership was not directly tested. In fact, charismatic leadership theorists sometimes posit bidirectional causality: values congruence is necessary for charismatic relationships to develop, but, simultaneously, charismatic leaders may be able to influence the degree of leader–follower value congruence through efforts to alter the values of their followers. Indeed, Brown and Treviño (2009), despite using cross-sectional data, suggested that their results offered preliminary support for such a conception of charisma. Future longitudinal and/or experimental research is required in order to derive more definitive conclusions regarding the causal direction (or directions) of the charisma-value congruence relationship.

A final limitation is the possibility of common method bias, as in Study 1, the measures of charismatic attribution and perceived values congruence were collected from the same subject. Similarly, the perceived value congruence measure from Study 2 employed data from a single source – the TMT member – though other congruence measures were calculated based on data from multiple respondents.

Conclusion

In his discussion of the charismatic leadership literature, Yukl (1999) noted that there remains a great deal of ambiguity regarding the factors that shape followers' attributions of charisma. To further knowledge in this area, we have investigated the effects of one construct that has been postulated as a key contributor to the development of charismatic relationships between leader and follower – value congruence. Data from two studies of CEOs and their top managers were used to empirically test this relationship. In accordance with the result of Brown and Treviño (2006), perceived value congruence was found to be a strong predictor of attributions of charisma to CEOs by their immediate subordinates, while there was considerably less support for the notion that actual value congruence was a predictor of

followers' propensities to view their leaders as charismatic. Value congruence concerning the reputation of the organization emerged as particularly influential in relation to follower attributions of CEO charismatic leadership.

The present research assessed the relationship between value congruence and charismatic leadership in the context of dyadic relationships central to the functioning of an organization (CEOs and their top management team members) and cast direct attention on organizational values – an understudied area in the literature on values in business research. Future studies should aim to test the relationship between value congruence and charismatic leadership perceptions at other levels in organizational hierarchy, assess different types of values, and explore the role of specific process mechanisms, such as social identification (Howell and Shamir, 2005; Kark and Shamir, 2003) and similarity-attraction processes (Byrne, 1971) in mediating this relationship.

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