# EFFECTS OF LEADERSHIP ON LEADER REPUTATION

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**ABSTRACT :** *This study investigated the relationships between leadership and overall leader reputation. Empirical tests on 293 full-time employees in Hochiminh city, using structural equation modeling, confirmed the validity of both the Chinese Implicit Leadership Scale [CILS] [1] and the overall leader reputation measures used in the research. CILS has four dimensions but only two of these - Goal Effectiveness (0.49) and Personal Morality (0.27) had statistically significant effects on overall leader reputation. No differences between public and non-public sector employees were found in relation to the effects of leadership dimensions on overall leader reputation. Apart from stimulating further leadership research, the findings of this study could draw management's attention to new criteria in recruitment, performance appraisal as well as for management education and development practice in a Vietnamese context.*
***Keywords:*** *Leadership; leader reputation; confirmatory factor analysis; Vietnam.*

## 1. Introduction

Leadership in organizations has been a topic of intense interest to both academics and practitioners for many years [2]. However in Vietnam, there is a dearth of quantitative research in this area. Consequently, managers in Vietnam do not know what scales of leadership are appropriate for Vietnamese organizations, and hence what leader characteristics have the strongest impact on leader reputation.

The main objective of this study was to examine the effects of leadership characteristics on overall leader reputation. Apart from stimulating further leadership research, the findings of this study will provide practical guidelines for recruitment, performance appraisal as well as for management education and development practice in a Vietnamese context.

## 2. Theoretical framework and research hypotheses

### 2.1 Leadership

Leadership has been studied intensively in terms of traits/characteristics, style and contingency factors [3]. Most of the research on leadership measurement conducted in North America and Western Europe has focused mostly on leadership abilities. In China, Ling and Fang [1] have developed the Chinese Implicit Leadership Scale (CILS) with four independent dimensions:(1) Personal Morality, (2) Goal Effectiveness, (3) Interpersonal Competence, and (4) Versatility. These dimensions are quite different from those arising from a previous study with US participants (Offerman *et al.*,1994). In the US the authors found eight factors (Sensitivity, Dedication, Tyranny, Charisma, Attractiveness, Masculinity, Intelligence and Strength). According to Ling et al, Western findings differ from leadership in China where: "Chinese participants consider virtue as the most important feature of leadership" [4, p. 736]. The authors point out four reasons for the importance of moral character in Chinese leadership models: (a) the strategic emphasis placed on morality for selecting

and assessing cadres within China's administration; (b) the weight which the traditional culture accords to moral integrity; (c) the weakness of the legal system in safeguarding social justice; and (d) the highly centralized power structure which places a premium on the benevolence of enlightened leaders with moral character [1,p.184]. These reasons also apply to Vietnamese conditions. In addition, Vietnam shares many features with China such as: (a) Similarity of the two cultures during feudalism; (b) Similarity of a socialist type of HRM, and (c) The fact that both countries are in transition to a market oriented economy. Thus, the Chinese leadership model appears more relevant than a Western one for leadership assessment research in Vietnam. As this research represents the first time that the CILS has been applied in Vietnam, we need to examine its validity.

## 2.2 Leader's reputation

Leader reputation is important from a number of perspectives. The leader's reputation can be seen as an asset by which a business organization can extend its influence and control over government, workers and the consumer market. According to Leslie Gaines-Ross [5], CEO's and corporate reputation are inextricably linked and have a proven impact on the bottom line. Regardless of the size and complexity of the organization, the CEO defines the style, and becomes the company's public face. Employees, customers, shareholders, analysts and the media all monitor the CEO for insights into the firm's culture, values, and commitment to what the brand represents.

According to Hall [2] although reputation is commonly referred to in organizational research, most researchers never explicitly define it; rather, definitions of reputation are implied through the context of its use. Based on Ferris's and his colleagues [6] definition of personal reputation, Hall, [2,p. 518] suggests that leader reputation is a perceptual identity of a leader as held by others that serves to reduce the uncertainty regarding the expected future behavior of that leader. As the result, a leader with a higher reputation is regarded with a higher degree of trust, is monitored less, and held to lower accountability standards than a leader with a lesser reputation.

The network to which an individual belongs can be a source of that individual's reputation as a good performer [7]. A CEO needs to deal with multiple and often incompatible audiences eg employees and financiers who may have quite distinct and even opposing interests [8]. In fact, a particular leader's reputation could well be evaluated from the viewpoint of different stakeholders – e.g. government, customers, community, employees, peers and so on. In this paper, we investigate the construct 'leader reputation' from the employees' perception only, and leader reputation is measured through subordinates' recognition, respect and admiration for the particular leader.

### 2.3. Leadership and leader reputation

According to Williams et al [9, p.906] "from theoretical standpoints, it is often reasonable to view specific constructs as causes of general constructs". Hall [2] argues that different qualities, features, and characteristics combine in varying degrees depending upon the context, and as such contribute to leader reputations. Thus, leadership characteristics can be seen as the causes of leader reputations. In Vietnam, leadership assessment has been focused on two such qualities as "Red" (meaning morality) and "Expertise" (meaning ability). Red gets accorded a higher

weight than Expertise [10]. Similar to the Chinese case, it can predict:

**H1:** Personal morality has stronger effects on Leader Reputation than Goal Effectiveness.

In Vietnam, the public sector accounted for 10 per cent of the labor force but nearly 50 per cent GDP in 2003 [11]. Management education, training and development programs in the public sector focus on political ideology and morality more than that in the non-public sector. What employees expect from their CEOs may therefore differ according to whether particular sector within which such assessment is conducted. It is further anticipated that in assessing leadership reputation, employees in the public sector will tend to focus more upon Personal Morality while employees in non-public sector will focus more upon Goal Effectiveness. Hence:

**H2:** The effects of Personal Morality on the Overall Leader Reputation are more positive for employees in the public sector than for employees in the non-public sector.

**H3:** The effects of Goal Effectiveness on the Overall Leader Reputation are more positive for employees in the non-public sector than for employees in the public sector.

## 3. Method

### 3.1 Sample and data collection

The data was collected using a face-to-face questionnaire. The questionnaire was completed by 281 evening students at the University of Economics, Hochiminh City. The sample comprised 42% male and 58% female; 39.8% managers; 60.2% non-managers. There were 57.3% employees in public sector, 42.7% employees in private sector. Of the subjects, 78.8% are younger than 35 years of age and only 4% were over 45 years of age.

### 3.2 Measures Leadership.

The Chinese Implicit Leadership Scale [1] was applied for the measurement of leadership characteristics. Participants were asked to state how the CILS characteristics applied to their CEO's. A focus group with 8 full time employees in Ho Chi Minh City was applied before the survey. Based upon the focus group, two observed variables were removed from the CILS. Two items: a) "Well read", which was not suitable in a Vietnamese context and b) "Cheerful" which was repeated in two factors (Interpersonal Competency and Versatility) was eliminated in Versatility. Finally, scales for Personal Morality included 10 items (coefficients alpha $\alpha$ = 0.894); Goal Effectiveness had 10 items ($\alpha$ = 0.871); Interpersonal Competency had 10 items, ($\alpha$ = 0.881); Versatility had 8 items ($\alpha$ = 0.850). A Likert seven-point scale was employed, ranging from 1 (strongly disagree) to 7 (strongly agree).

**Leader reputation.** Leader reputation was measured with three items: (a) All in all, your CEO is an excellent leader; (b) All in all, you trust your CEO; (c) All in all, you admire your CEO. A seven-point Likert scale was employed, ranging from 1 (strongly disagree) to 7 (strongly agree). The coefficients Cronbach alpha was 0.899.

## 4. Analytical strategy

Hypotheses were assessed through sets of analyses. First we tested the validity of CILS. As the scales of leader reputation has only three items, its validity was tested together with CILS in the final measurement model through exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). Amos 5.0 [12] was employed to test CFA on validity with unidimensionality, reliability, convergent validity, discriminant validity, and predictive validity [13]. Next, we estimated the effects of leadership on the overall leader reputation in a structural

model. A multi group analysis and a series of invariance tests were applied to compare the perception of two groups of public and non-public employees for the effects of leadership on the overall leader reputation.

## 5. Results

Structural equation modeling (SEM) was applied in the study due to it being an ideal technique for refining and testing construct validity [13]. The standardized solutions were computed completely by AMOS 5.0 and the ML estimation method was used for estimation parameters and testing model fit. The model produced a good fit with $\square^2$ = 262.709; df= 142; p=0.000; GFI= 0.910; CFI= 0.958; TLI= 0.949; RMSEA = 0.054. All standardized residual error was smaller than 2.06; $R^2$ = 0.74. Two dimensions: Interpersonal Competency; and Versatility did not have significant influences on leader reputation. T-test with p < 0.05 showed that Goal Effectiveness had statistical significant effects (0.49) stronger on the overall leader reputation than Personal Morality (0.27) had. Descriptive statistics and correlations among all remained observed variables of a final measurement model are provided in Appendix 1.

A multi-group analysis and a series of invariance tests were used to compare the effects of leadership dimensions on the overall leader reputation in the public and non-public sectors. Firstly, the difference of the effects of Personal Morality on the overall leader reputation in two sectors was examined by constraining factor loading A. Secondly, the difference of the effects of Goal Effectiveness on the overall leader reputation in two sectors was examined by constraining factor loading B. Finally, the difference of the effects of Leadership on the overall leader reputation in two sectors was examined by

constraining both factor loadings A and B. The base line model has $\square^2$ = 485.144, df =284. The comparison between $\Delta$ Chi-square and $\Delta$ df provided p > 0.05 in all three models. This proved no differences between the perceptions of the two groups of employees on the effects of leadership on leader reputation.

## 6. Discussion and conclusions

This study examined the effects of leadership on the overall leader reputation. The validity of the adapted Chinese Implicit Leadership Scale and the overall leader reputation were confirmed. Goal Effectiveness had stronger effects (0.49) on overall leader reputation than Personal Morality (0.27). This did not support H1. No differences were found in the effects of Personal Morality or Goal Effectiveness on the overall leadership for employees in public and in non-public sectors. This finding did not support H2 and H3. Thus no hypotheses were supported. These can be explained as follows:

In some aspects, Goal Effectiveness with five indicators (Far-sighted, Deliberate, Scientific, Insightful and Seasoned) and Personal Morality with four indicators (Honest, Impartial, Trustworthy and Incorruptible) were seen as similar to the two criteria "Expertise" and "Red" in Vietnamese leadership assessment. Similar to the Chinese case, Personal Morality has been historically considered as the first and most important leadership characteristic associated with the centrally planned economy in Vietnam. However, some differences are evident:

Firstly, economic reform in China has been driven downwards from the top, whereas, openness to a market economy in the South of Vietnam before 1975; and the force of operating business in a strong competition has made economic reform in Vietnam a "bottom up" process [14].

Secondly, in the current transition toward a market-oriented economy, Vietnamese organizations are facing serious problems due to a lack of managerial knowledge and skills. Many CEOs still function like government officers rather than CEO's in a Western sense, and highly capable managers are in short supply. This lack of knowledge and skills negatively impacts upon business results and employee income. In the past, with a closed economy, Vietnamese people were poor but lacked awareness of their poverty [13]. However, the subsequent movement toward a more open economy; the quick growth of the Internet and other forms of global communication have enabled employees to recognize this fact and to struggle to improve their situation. In more recent times living standards have substantially improved and employee demands for capable management also have accordingly increased. It would seem that modern business competition has apparently altered employee perception and blurred the differences in leadership assessment criteria between the public and non-public sectors. Goal effectiveness seems to have become paramount compared with issues of morality regardless of the particular sector. It is interesting to find that from an employee aspect, leadership assessment in Vietnam is moving more toward a Western focus on capability rather than the Chinese focus on morality.

**The research has some implications.** Firstly, the adapted scales for leadership and the overall leader reputation appear to be relevant for Vietnam.

Secondly, the findings that Vietnamese employees consider Goal Effectiveness as more important than Personal Morality in leadership assessment, should draw management's attention to focus more on the "expertise" aspect on new criteria in recruitment, performance evaluation and management development.

**Limitation and suggestion for further research:** The study has a limitation with respect to its sample. It would be interesting to compare the effects of leadership on the overall leader reputation for employees across demographic variables; across main types of business activities; and all types of ownerships. As the sample size was small; and respondents were collected by convenient method, the result may not generalize for other groups of employees or for other areas of Vietnam. In addition, although the CILS has been tested to be relevant in Vietnam but it is probably preferable to directly develop a Vietnamese Implicit Leadership scale based upon a much larger sample.

# ẢNH HƯỞNG CỦA PHẨM CHẤT LÃNH ĐẠO ĐẾN UY TÍN LÃNH ĐẠO

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*TÓM TẮT: Nghiên cứu thực hiện khám phá mối quan hệ giữa phẩm chất lãnh đạo và uy tín lãnh đạo. Kết quả kiểm định trên 293 nhân viên đang làm việc toàn thời gian ở TP HCM, sử dụng mô hình phương trình cấu trúc đã khẳng định giá trị của thang đo Người lãnh đạo lý tưởng của Trung Quốc theo nhận thức của nhân viên (CILS) do Ling và Fang*

*{1} thiết lập và thang đo uy tín lãnh đạo được sử dụng trong nghiên cứu. Thang đo CILS có bốn đại lượng, nhưng chỉ có hai đại lượng: Hiệu quả mục tiêu (0.49) và Đạo đức cá nhân (0.27) có ảnh hưởng có ý nghĩa thống kê đến uy tín lãnh đạo. Nghiên cứu không tìm thấy sự khác biệt theo nhận thức của nhân viên trong khu vực quốc doanh và phi quốc doanh về ảnh hưởng của các thành phần của phẩm chất lãnh đạo đến uy tín lãnh đạo. Ngoài việc khuyến khích các nghiên cứu về nghệ thuật lãnh đạo, kết quả của nghiên cứu này có thể thu hút sự quan tâm của quản trị đối với các tiêu thức mới trong hoạt động tuyển dụng, đánh giá kết quả công việc và thực tiễn giáo dục, phát triển quản trị ở Việt Nam.*

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**Appendix 1: Descriptive statistics and correlations among remained observed variables**

| | Mean | Std. Deviation | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REPUT1 | 5.053 | 1.457 | 1 | | | | | | | | | | | | | | | | | | |
| REPUT3 | 5.171 | 1.363 | 0.749 | 1 | | | | | | | | | | | | | | | | | |
| REPUT2 | 5.014 | 1.334 | 0.729 | 0.771 | 1 | | | | | | | | | | | | | | | | |
| EFFEC4 | 5.445 | 1.390 | 0.421 | 0.361 | 0.382 | 1 | | | | | | | | | | | | | | | |
| EFFEC5 | 5.389 | 1.298 | 0.593 | 0.567 | 0.607 | 0.503 | 1 | | | | | | | | | | | | | | |
| EFFEC6 | 5.068 | 1.497 | 0.54 | 0.505 | 0.538 | 0.393 | 0.63 | 1 | | | | | | | | | | | | | |
| EFFEC7 | 5.192 | 1.485 | 0.471 | 0.51 | 0.57 | 0.303 | 0.601 | 0.59 | 1 | | | | | | | | | | | | |
| VER5 | 4.342 | 1.562 | 0.339 | 0.335 | 0.361 | 0.249 | 0.314 | 0.257 | 0.244 | 1 | | | | | | | | | | | |
| VER4 | 4.633 | 1.627 | 0.29 | 0.286 | 0.411 | 0.18 | 0.315 | 0.233 | 0.218 | 0.581 | 1 | | | | | | | | | | |
| VER1 | 4.573 | 1.532 | 0.446 | 0.439 | 0.487 | 0.294 | 0.403 | 0.347 | 0.375 | 0.528 | 0.444 | 1 | | | | | | | | | |
| COMP7 | 4.907 | 1.471 | 0.536 | 0.464 | 0.427 | 0.273 | 0.432 | 0.438 | 0.291 | 0.581 | 0.332 | 0.441 | 1 | | | | | | | | |
| COMP6 | 4.609 | 1.536 | 0.445 | 0.385 | 0.376 | 0.178 | 0.358 | 0.325 | 0.266 | 0.447 | 0.377 | 0.475 | 0.755 | 1 | | | | | | | |
| COMP5 | 4.573 | 1.615 | 0.281 | 0.311 | 0.296 | 0.118 | 0.263 | 0.266 | 0.156 | 0.427 | 0.318 | 0.353 | 0.595 | 0.625 | 1 | | | | | | |
| MOR9 | 4.687 | 1.622 | 0.494 | 0.43 | 0.435 | 0.34 | 0.441 | 0.382 | 0.31 | 0.205 | 0.123 | 0.288 | 0.359 | 0.263 | 0.176 | 1 | | | | | |
| MOR7 | 5.064 | 1.494 | 0.604 | 0.605 | 0.552 | 0.374 | 0.598 | 0.507 | 0.44 | 0.271 | 0.24 | 0.369 | 0.433 | 0.286 | 0.239 | 0.616 | 1 | | | | |
| MOR6 | 4.502 | 1.682 | 0.45 | 0.389 | 0.371 | 0.314 | 0.462 | 0.429 | 0.33 | 0.205 | 0.19 | 0.253 | 0.319 | 0.232 | 0.132 | 0.525 | 0.655 | 1 | | | |
| MOR5 | 4.495 | 1.628 | 0.398 | 0.401 | 0.403 | 0.348 | 0.433 | 0.335 | 0.269 | 0.363 | 0.318 | 0.336 | 0.298 | 0.262 | 0.216 | 0.452 | 0.51 | 0.495 | 1 | | |
| MOR2 | 4.737 | 1.648 | 0.463 | 0.473 | 0.429 | 0.318 | 0.369 | 0.363 | 0.263 | 0.279 | 0.265 | 0.295 | 0.344 | 0.3 | 0.186 | 0.58 | 0.587 | 0.5 | 0.419 | 1 | |
| MOR1 | 4.954 | 1.795 | 0.31 | 0.376 | 0.343 | 0.178 | 0.25 | 0.286 | 0.184 | 0.184 | 0.223 | 0.16 | 0.261 | 0.175 | 0.111 | 0.424 | 0.45 | 0.419 | 0.316 | 0.468 | 1 |

N = 281