Annotated Summary of:

Larwood, Laurie, Cecilia M. Falbe, Mark P. Kriger, and Paul Miesing (1995), "Structure and Meaning of Organizational Vision," *Academy of Management Journal* **38(3): 740–769.**

Chapter 8: Cluster Analysis
Multivariate Data Analysis, **Sixth edition**
"The world's leading authority on applied multivariate data analysis based on number of citations, as reported by Google Scholar"

In this application, cluster analysis is used for confirmatory purposes. The authors offer a theoretically derived organization value structure that is then compared to the cluster analysis results. The proposed theoretical four-value structure is based on the nature of organization's value systems, specifically, the four-value structures—elite, leadership, meritocratic, or collegial—were created based on how the organization addresses the problem of distributive justice (the balance of equality and equity concerns). To measure the presence of a prespecified set of nine individual values, the authors performed a content analysis on the organizational documents of 88 organizations over a period of five years. The organizations are clustered based on the nine espoused values (affiliation, authority, commitment, leadership, normative, participation, performance, reward, and teamwork) to form value profiles that are both distinct and interpretable. To ensure the result's validity, the authors compared perceptions of organizational change across the four types of value structures to assess whether differences were consistent with the proposed theoretical interpretation.

A content analysis of organizational documents was done to identify the frequency with which each of the nine values occurred to create a database. For the cluster analysis, the authors specified the initial seed points for each of the nine clustering variables for each of the four-value structures based on their theoretical profiles. Using a squared Euclidean distance measure, organizations were assigned to the nearest cluster that caused the centroids to change based on the average of the value profiles selected. The stability of the cluster solution was examined by repeating the analysis in several different ways and comparing the cluster membership from each cluster procedure. Using MANOVA, the authors established that significant differences exist between the clusters. They also achieve good predictive results by correctly classifying group membership using discriminant analysis. As a final validity test, the authors established that different organizational change themes were fairly consistent with the theoretical value profiles. From the cluster analysis results, the authors are able to confirm the existence of organizational value structures and their consistency with value-related processes, like organizational change.