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THE IMPACT OF EMPLOYEE COMMUNICATION AND PERCEIVED EXTERNAL PRESTIGE ON ORGANIZATIONAL IDENTIFICATION

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Employees' organizational identification was measured in three organizations. Results show that employee communication augments perceived external prestige and helps explain organizational identification. Communication climate plays a central role, mediating the impact on organizational identification of the content of communication. The relative impacts of employee communication and perceived external prestige on organizational identification differ between organizations; this was attributed to differences in reputation of the companies. Consequences of the results for the management of organizational identification are discussed.

Employees who identify strongly with their organizations are more likely to show a supportive attitude toward them (Ashforth & Mael, 1989) and to make decisions that are consistent with organizational objectives (Simon, 1997: 284). Hence, organizations should engender identification to facilitate their functioning (Cheney, 1983; Pratt, 1998). One strategy could be to improve their perceived external prestige, since prestige has been shown to positively affect organizational identification (e.g., Mael & Ashforth, 1992). Members may feel proud of being part of a well-respected company, as it strengthens their feelings of self-worth to "bask in reflected glory."

Another, rather neglected, management instrument for engendering identification is organizational communication to employees. As Cheney (1983) proposed, the *content* of employee communication may facilitate the identification process, because it discloses the goals, values, and achievements of an organization. Exposure to an organization's identity is considered fundamental to group identification (Dutton, Dukerich, & Harquail, 1994). In this study, we tested the hypothesis that adequate information about an organization strengthens identification. Furthermore, we hypothesize that the communication *climate* affects employees' willingness to identify with their organization. A positive communication climate is not only rewarding in itself but may also provide information about whether a member is accepted as a valued coworker in an organization. In this research, we demonstrate that both communication content and climate affect organizational identification, explaining variance in addition to that explained by perceived external prestige. Moreover, we will show that communication climate mediates the impact of communication content on identification.

MODEL AND HYPOTHESES

Organizational identification concerns the perception of "oneness" with an organization (Ashforth & Mael, 1989). The construct has firm roots in social identity theory; Tajfel defined it as the "cognition of membership of a group and the value and emotional significance attached to this membership" (1978: 63). The cognitive component of identification reflects the perceived amount of interests an individual and an organization share (Ashforth & Mael, 1989). It conveys the extent to which an individual perceives him/herself as belonging to the group and as being a typical member of it. The affective component (feelings of pride in being part of the organization or feeling acknowledged in it) is important in the creation of a positive image of one's own organization, or achieving a "positive social identity" (Tajfel, 1982: 24).

From social identity theory, two basic motives for identification can be derived (Pratt, 1998): (1)

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the need for self-categorization (Turner, 1987), which may help to define "the individual's place in society" (Tajfel, 1981: 255), and (2) the need for self-enhancement, which requires that group membership be rewarding. In the development of our conceptual model and hypotheses, these needs are considered to underlie the effects of perceived external prestige and employee communication on identification.

Perceived External Prestige and Organizational Identification

Perceived external prestige represents how an employee thinks outsiders view his or her organization (and thus him- or herself as a member thereof). Perceived external prestige, also called "construed external image" (Dutton et al., 1994), may result from various sources of information, such as the opinions of reference groups, word of mouth, publicity, external company-controlled information, and even internal communication about how the company is perceived by outsiders. Perceived external prestige is generally treated as an individual-level variable in that it concerns individuals' interpretations and assessments of companies' prestige based on their own exposure to information about the organizations. Thus, members of the same organization may have different perceptions of its external prestige. If members appear to be homogeneous in their perception of perceived external prestige, however, it should be treated as a group-level variable.

Several authors have proposed that perceived external prestige affects organizational identification (e.g., Mael & Ashforth, 1992; Pratt, 1998). Essentially, members may feel proud to belong to an organization that is believed to have socially valued characteristics (Dutton et al., 1994) and may feel inclined to bask in its reflected glory (Cialdini, Borden, Thorne, Walker, Freeman, & Sloan, 1976). This is expected to occur the most strongly when members believe that important outsiders (such as customers or shareholders) see the organization in a positive light. Mael and Ashforth (1992), Bhattacharya, Rao, and Glynn (1995), and Fisher and Wakefield (1998) all indeed found that perceived external prestige influenced organizational identification. They noted that individuals identify with a group partly to enhance their self-esteem: the more prestigious one perceives one's organization to be, the greater the potential boost to self-esteem through identification. Thus,

Hypothesis 1. The higher the perceived external prestige of their organization, the more strongly members will identify with it.

Employee Communication and Organizational Identification

Employee communication is defined here as "the communication transactions between individuals and/or groups at various levels and in different areas of specialization that are intended to design and redesign organizations, to implement designs and to coordinate day-to-day activities" (Frank & Brownell, 1989: 5–6). Employee communication is a multidimensional construct. Employees are not merely satisfied or dissatisfied with communication in general, but can express varying degrees of satisfaction about definite aspects of communication (Clampitt & Downs, 1993: 6). Two particular components of employee communication are pertinent antecedents of organizational identification: (1) the content of organizational messages as it concerns members' satisfaction with what is being communicated and (2) the communication climate, or how the information is communicated within an organization.

The content of employee communication. Whereas social categorization would require that employees receive adequate information about what is central and distinctive about their organizations, self-categorization (Turner, 1987) can be facilitated when employees are provided with useful information about their roles in organizations. We therefore distinguish between communication about how an organization deals with relevant organizational issues and communication about an individual's personal contribution to the company's success.

Being well-informed about organizational issues (such as goals and objectives, new developments, activities and achievements) will enable an organization's members to discover the salient characteristics that distinguish this organization from others (Dutton et al., 1994) and thus enhance social categorization. The in-group (the organization) will become more salient and transparent as an object with which to identify. Furthermore, repeated exposure to information about the organization may increase its perceived attractiveness (as in Zajonc's [1980] "mere exposure effect") and may thus reassure members that they work for an organization that is worth being associated with. In organizations that are perceived favorably by their members, organizational identification is more likely to occur (Dutton et al., 1994), because it enhances members' feelings of self-worth. We therefore propose:

Hypothesis 2. The more adequate the information employees receive about their company, the stronger their identification with it.

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With respect to information about personal roles in an organization, we propose that employees receiving useful and sufficient information about what is expected of them in their work and regarding their contributions will increase their understanding of the norms and values of respected membership. Such information will not only provide a basis for self-categorization (Turner, 1987), but will also enhance members' sense of belonging to and involvement with the organization (Lawler, 1989) and will hence strengthen their identification. Thus,

Hypothesis 3. The more adequate the information employees receive on their personal roles in a company, the stronger their identification with it.

Communication climate. In the organizational climate literature, a distinction is made between psychological and organizational climate (e.g., James & Jones, 1974; Jones & James, 1979; see also Kozlowski & Klein, 2000). Psychological climate is conceptualized on the individual level as reflecting individuals' perceptions and interpretations of their work environment in terms of psychological meaning and significance (Jones & James, 1979). Organizational climate is defined as the shared psychological climate. Organizational climate thus emerges from the shared, homogeneous perceptions that organization members have of the psychological climate. The *communication climate* can be defined as a facet of the broader construct of psychological climate (Jones & James, 1979). Communication climate includes only communicative elements of a work environment, such as judgments on the receptivity of management to employee communication or the trustworthiness of information being disseminated in the organization (Guzley, 1992). Relevant dimensions (Dennis, 1975; Guzley, 1992; Redding, 1972) are openness and trust (candor) in communication, perceived participation in decision making (or the feeling of having a voice in the organization), and supportiveness (or the feeling of being taken seriously).

As with the distinction between psychological and organizational climate, communication climate may reside on both the individual and the group level. An organizational communication climate can reflect organization members' shared perceptions of openness, voice, and being taken seriously. Only to the extent that members share a view on these issues can communication climate justifiably be aggregated into a homogeneous, group-level variable.

We expected that a positive communication climate would increase a given member's identification with an organization. Indications for this can be derived from studies by Trombetta and Rogers (1988) and Guzley (1992). Other studies have shown that both openness of (top) management and involvement in organizational decision making increase trust in management (e.g., McCauley & Kuhnert, 1992) and may even increase profit and productivity (Rosenberg & Rosenstein, 1980). A positive communication climate will strengthen organizational identification, because it is rewarding and thus serves a member's self-enhancement. It invites an employee to participate actively in discussions about organizational issues and involves him or her in decision making. One may thus categorize oneself more easily as a significant member of an in-group. Moreover, experiencing openness in communication with supervisors and colleagues may add to the employee's feelings of self-worth, because under such conditions she or he will experience being taken seriously. We therefore propose:

Hypothesis 4. The more positively a communication climate is evaluated by employees, the more strongly they will identify with their organization.

The communication climate may be an important mediating variable in the relationship between the content of employee communication and organizational identification. More specifically, receiving adequate information about one's own role and the achievements of one's organization may positively affect communication climate. Evidently, (perceived) lack of information makes a member unable to be aware of the organizational goals and objectives or to be involved in organizational decision making. Nor will this contribute to one's feeling of being taken seriously. Adequate information on the content level is thus supposed to be a sine qua non for a positive appraisal of the communication climate and hence for organizational identification.

Hypothesis 5. The effect of the content of information (adequacy of information about one's personal role and about the company) on organizational identification is mediated by communication climate.

METHODS

Data were collected in three, quite different, organizations. Organization 1 was a large, nonprofit, customer services organization. Organization 2, a nationally operating utilities company, had recently undergone a merger and was in a transitional phase from a nonprofit to a commercial organiza-

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tion. Organization 3 was a bank with a long-standing tradition and reputation. We conducted research in more than one organization to increase the between-groups variance (that is, variation across organizations) and to provide an indication of the sensitivity of results to company specificity.

The same questionnaire and similar sampling and fieldwork procedures were applied in all three organizations. Organization 1 consisted of a headquarters and 15 local offices. First, 15 organizational units were randomly selected: 6 departments within headquarters, 8 local offices, and 1 office servicing customers abroad. Then, a stratified random sample of 775 employees was drawn from the selected units. Employees were divided into two strata by function: management/staff versus operating/frontline personnel. Employees received a questionnaire at their home addresses. Great emphasis was put on assuring the anonymity of responses. A follow-up letter was sent to augment the response. Overall response percentage was 52 percent (n = 402). Similarly, in organization 2 a random sample of 620 employees (from 11 units: 3 units within headquarters and 8 local offices) was drawn. The response rate was 78 percent (n = 482). In organization 3, the sample size was 4,000 (from 15 units; 12 within headquarters and 3 local offices). The response rate was 28 percent (n = 1,127). All three samples were representative with respect to background variables in their respective organizations. The relatively high percentage of responses at organization 2 can be attributed to the high levels of employees' involvement with the transitions that were taking place in this organization. Analyses were conducted on the combined data set. Because of the large sample for organization 3 (n = 1,127), we weighted the data from that organization by .36 to balance it to the size of the other organizations' samples.

Measures

An organizational identification scale was developed, consisting of five items measured on five-point disagree/agree scales. Items were based on the concept of social identity (Tajfel, 1978) and on existing scales in the literature (Abrams, 1992; Cheney, 1983; Doosje, Ellemers, & Spears, 1995). The scale includes both cognitive and affective elements. The items are: "I feel strong ties with . . . ," "I experience a strong sense of belonging to . . . ," "I feel proud to work for . . . ," "I am sufficiently acknowledged in . . . ," and "I am glad to be a member of . . . ." Confirmatory factor analysis (CFA) showed that the scale was unidimensional and reliable (α = .84).

The measure of perceived external prestige was based on Mael and Ashforth's (1992) organizational prestige scale and had four items with five-point disagree/agree scales. Sample items are: "Our organization has a good reputation" and "Our organization is looked upon as a prestigious company to work for." The scale was unidimensional and reliable (α = .73).

To measure employee communication in an organization, communication audits have been developed (see Greenbaum, Clampitt, and Willihnganz [1988] for an overview). These audits were used as the main source of reference for the selection of items representing three dimensions of employee communication distinguished in the model:

(1) The adequacy of information on *organizational issues* was measured by means of nine organization-specific items. Sample items are: "About the goals of our organization, I receive . . . information" and "About how customers evaluate our services, I receive . . . information." Respondents rated these items with respect to both sufficiency and usefulness on five-point semantic differential scales ("insufficient" versus "sufficient" and "not useful at all" versus "very useful"). Factor analysis confirmed the unidimensionality for both dimensions. Composite scales were created (sufficiency: α = .87; usefulness: α = .90).

(2) The adequacy of information that employees received regarding their *personal roles* was measured by four statements. Sample items are: "About what they expect from me, I get . . . information" and "About how I perform my job, I receive . . . information." Again, these items were rated on sufficiency and usefulness and appeared to be unidimensional. Composite scales were created (sufficiency: α = .72; usefulness: α = .76). CFA revealed that organizational and personal information adequacy are indeed separate factors (the hypothesis of one common factor is rejected in a chi-square difference test: $\Delta\chi^2_1 = 164.21$, $p < .001$).

(3) Communication climate was measured by 15 statements selected from existing instruments (Alutto & Vredenburgh, 1977; Dennis, 1975; Falcione, Sussman, & Herden, 1987; Jones & James, 1979). The items represent three dimensions: trust and openness in communication (upward, downward, and horizontal); participation in decision making (having a say in the organization); and supportiveness (the feeling of being taken seriously by other members of the organization). Sample items are: "My superiors [colleagues, subordinates] are open and honest towards me," "In this organization, I have ample opportunity to have my say," and "Other members pay serious attention to what I have to say in this organization." The items

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TABLE 1
Descriptive Statistics, Correlations, and Scale Reliabilities for Composite Variables[a]

Variable	Mean	s.d.	1	2	3	4	5	6	7	
1. Organizational identification	3.34	0.89	(.84)							
2. Perceived external prestige	3.65	0.70	.60	(.73)						
3. Communication climate	3.25	0.62	.49	.36	(.71)					
Information about organization										
4. Sufficiency	3.06	0.75	.42	.33	.62	(.87)				
5. Usefulness	3.10	0.76	.42	.36	.60	.82	(.90)			
Information about self										
6. Sufficiency	3.32	0.80	.42	.27	.57	.62	.54	(.72)		
7. Usefulness	3.38	0.79	.42	.29	.59	.58	.63	.80	(.76)	
8. Job satisfaction	3.90	0.94	.52	.35	.45	.33	.30	.36	.37	(.79)

[a] For comprehensibility, composite scores are presented here. Descriptive statistics for individual items underlying these composites are available from the authors on request. All correlations are significant at $p < .001$. $n = 1{,}276$. Cronbach alphas appear on the diagonal in parentheses.

were rated on five-point disagree/agree scales. In exploratory factor analysis, three mutually correlated dimensions were found ($r = .43$–$.48$). Composite scales were created for each of these three dimensions and used in further analyses as indicators of communication climate (α's of these composites: openness, .74; participation, .74; supportiveness, .73).

An integrated CFA conducted on all items and the five latent variables in the model (with each item constrained to load only on the factor for which it was the proposed indicator) yielded an acceptable fit ($\chi^2_{90} = 552.50$, $p < .001$; CFI = .96, TLI = .94, RMSEA = .065; $n = 1{,}235$).[1] All items loaded significantly on their underlying common factors. This analysis confirmed the appropriateness of the five-factor solution. The hypothesis of one common factor was unambiguously rejected ($\Delta\chi^2_{10} = 3{,}048$, $p < .001$).

To investigate the discriminant validity of the organizational identification scale, we measured overall job satisfaction with a subscale of the Michigan Organizational Assessment Questionnaire (Spector, 1997: 19). The three items are: "All in all I am satisfied with my job," "In general, I don't like my job," and "In general, I like working here" ($\alpha = .79$). CFA showed that organizational identification and job satisfaction indeed were separate, though correlated, constructs ($\Delta\chi^2_1 = 897.13$, $p < .001$).

[1] CFI is the comparative fit index; TLI is the Tucker-Lewis index; and RMSEA is the root-mean-square error of approximation.

RESULTS

Initial Analyses

Composite scores for organizational identification, perceived external prestige, and communication climate are presented in Table 1. On the average, the strength of identification in the studied organizations is slightly above the midpoint of a five-point scale ($\bar{x} = 3.34$). The three organizations differed significantly on organizational identification ($F_{2,\,1{,}272} = 46.11$, $p < .001$), perceived external prestige ($F_{2,\,1{,}272} = 71.42$, $p < .001$), and communication climate ($F_{2,\,1{,}272} = 16.77$, $p < .001$). Organizational identification was highest in organization 3 ($\bar{x} = 3.68$) and about equal in organization 1 ($\bar{x} = 3.23$) and organization 2 ($\bar{x} = 3.16$). Organizations 3 ($\bar{x} = 3.97$) and 2 ($\bar{x} = 3.56$) were both perceived as more prestigious than organization 1 ($\bar{x} = 3.45$); differences were significant at the .001 and .007 levels, respectively. As regards the communication climate, organization 2 ($\bar{x} = 3.37$) scored significantly higher than organization 1 ($\bar{x} = 3.16$, $p < .001$) and organization 3 ($\bar{x} = 3.19$, $p < .001$). Significant differences in organizational identification, perceived external prestige, and communication climate also existed between the 41 *units* ($F_{40,\,1{,}154} = 5.52$, 6.90, and 2.62, respectively, $p < .001$). In sum, the results reveal significant variation across organizations and across units within these organizations.

Organizational identification did not appear to differ significantly for job level ($F_{1,\,1{,}257} = 1.28$, $p = .26$), organizational tenure ($F_{1,\,1{,}257} = 1.85$, $p = .17$), or between headquarters and local offices ($F_{1,\,1{,}205} = 1.68$, $p = .19$).

Organizational identification appears to correlate more strongly with its proposed antecedents than

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job satisfaction does (see Table 1). To further test the discriminant validity of organizational identification, we "partialed out" the effect of organizational identification on job satisfaction. The relationships between the residual scores of job satisfaction and the antecedents all diminished significantly (on the average, from .39 to .14). By partialing out the effect of job satisfaction on organizational identification, the relationships with the antecedents only marginally decreased, from .46 to .35 on average. These results confirm the CFA results of the distinction between organizational identification and job satisfaction.

An important issue is whether the variables (in particular, perceived external prestige and communication climate) should be analyzed on the group level or on the individual level. Therefore, within and between analysis (WABA; Dansereau, Alutto, & Yammarino, 1984; Dansereau & Yammarino, 2000) was conducted on the combined data set. WABA is primarily designed to identify the key level or levels at which a set of relationships should be analyzed. An analysis with organization as the grouping variable and one with unit as the grouping variable yielded similar results. In the unit-level results, both within correlations ($t_{1,196} > 3.29$, $p < .001$) and between correlations ($t_{39} > 2.02$, $p < .05$) were significant for all relationships. The within-groups WABA component is, however, significantly larger than the between-groups component for all variables ($z_{38,\ 1,153} > 1.96$, $p < .05$), except for perceived external prestige ($z_{38,\ 1,153} = 1.86$, $p < .07$). Even for perceived external prestige, however, the within component (.44) is still substantially larger than the between component (.14). Full statistics of the WABA analyses are available from the authors on request (for testing procedures, see Dansereau et al., 1984: 120–135). To conclude, WABA shows that both within and between variance drive our results, which is indicative of a so-called "equivocal" situation. These results imply that we should take into account the group-level effects in the interpretation and managerial implications of our study, in addition to individual-level effects. However, when both within and between effects are present, data should be *analyzed* on the individual level (Klein et al., 2000: 537). Additional analyses of intraclass correlations (ICCs) and interrater agreement (r^*_{wg}; Lindell, Brandt, & Whitney, 1999) appeared to corroborate that the individual level of analysis was appropriate: Intraclass correlations were quite low (between .05 and .25), and interrater agreement was below the recommended minimum level of .70. These results show that perceptions were not homogeneous enough to warrant aggregation. In sum, the analyses implied that individual differences were meaningful and could not be classified as error variance per se. The model was therefore tested on the individual level.

Test of the Model

Structural equation modeling (Bollen, 1989) was performed to estimate direct and indirect effects. The covariance matrix was taken as the input for the LISREL analysis (n = 1,235, given "listwise" deletion of missing values). In Figure 1, the ovals represent latent variables, whereas boxes represent their indicators (items). Organizational identification is affected by three latent variables describing employee communication and one latent factor describing perceived external prestige. Two or more indicators assess each latent variable. Standardized regression coefficients are presented, with t-values in brackets. Only paths that are significant at the .05 level (two-tailed test; t = 1.96, n = 1,235) are shown in this diagram. The relative importance of the variables is reflected by the magnitude of the coefficients. The overall fit of the model is good (χ^2_{93} = 588.21, $p < .001$; GFI = .94; CFI = .95; TLI = .94; RMSEA = .066. The overall fit measures, the multiple squared correlation coefficients (R^2s) of the separate variables, and the correct signs and significance of the path coefficients all indicate that the model fits the data well.

The communication climate appears to fully mediate the impact of information content on organizational identification (Hypothesis 5). Mediation was established by showing that direct effects of information adequacy about one's personal role and about one's organization on organizational identification (t = 7.38, $p < .001$, and t = 6.48, $p < .001$, respectively) both became nonsignificant (t = 1.74, p = .082, and t = 1.24, p = .20, respectively) when the communication climate was specified in the model as a mediator.

The findings show that organizational identification is explained quite well by the model (R^2 = .67). Organizational identification is affected both by employee communication variables and perceived external prestige. Employees' perceiving their organization as evaluated positively by external reference groups enhances the strength of their identification (β = .65, $p < .001$). Thus, as was predicted in Hypothesis 1, there is indeed "basking in reflected glory." Also, and as was predicted in Hypothesis 4, the strength of identification appears to be influenced strongly by the communication climate (β = .31, $p < .001$). This means that when a communication climate is open, when employees feel they are being taken seriously by (top) manage-

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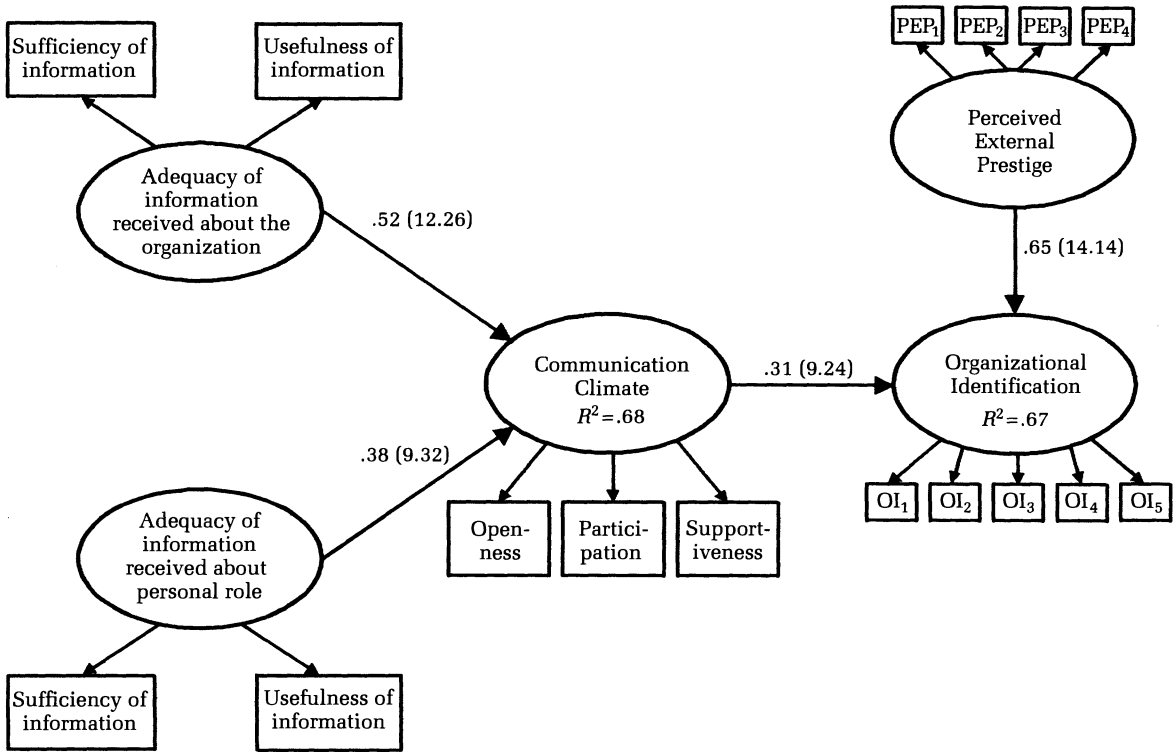
FIGURE 1
Estimated Impact of Employee Communication and Perceived External Prestige on Organizational Identification[a]



[a] Ovals show latent variables and boxes show their indicators. Statistics are standardized regression coefficients, with *t*'s in parentheses. PEP is perceived external prestige; OI is organizational identification.

ment and coworkers, and when they feel they have a voice, organizational identification is increased. Comparing the magnitudes of these effects indicates that the effect of perceived external prestige on organizational identification is significantly larger than the effect of communication climate on organizational identification ($\Delta\chi^2_1 = 13.48$, $p < .001$).

In addition to these direct effects on organizational identification, two indirect relationships manifest themselves. The adequacy of the information an employee receives *about the organization* (Hypothesis 2) substantially affects identification through the communication climate. The standardized total effect on organizational identification is .16 (.52 × .31; see, for instance, P. Bollen [1989] for calculation rules). The second indirect relationship concerns the effect of the adequacy of the information the employee receives *about his or her personal role* (Hypothesis 3) on organizational identification, again through the communication climate (total effect on organizational identification: .12 [.38 × .31]). Thus Hypotheses 2 and 3 are both confirmed with respect to the supposed influences on organizational identification. The effects, however, must be qualified by the intermediary role of communication climate.

Communication climate is strongly affected by the adequacy of personal and organizational information ($R^2 = .68$). The effect of organizational information seems somewhat larger ($\beta = .52$) than the effect of personal information adequacy ($\beta = .38$), but this difference is not significant ($\Delta\chi^2_1 = 1.28$, $p = .20$).

To summarize: results confirm Hypotheses 1 and 4 both, showing that perceived external prestige and communication climate predict organizational identification. Hypotheses 2 and 3 are conditionally supported, because the effect of communication content is mediated by the communication climate, as was predicted in Hypothesis 5.

Comparisons between Organizations

Data were pooled over three, quite different, organizations. The results of our analyses may thus have been influenced by the specific characteristics of the organizations sampled. To explore this issue, we conducted the same analyses with the data mean-centered for each organization. Similar re-

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sults were found, although the fit of the model slightly improves (for example, the RMSEA diminishes from .065 to .055). Most importantly, the effect of perceived external prestige on organizational identification goes from .65 to .49 (βs), whereas the impact of communication climate on organizational identification increases from .31 to .43. These results indicate that heterogeneity in effects may exist between organizations. This is studied further by estimating the structural model for each organization separately.

The analyses for separate organizations basically have the same results as our analyses of the combined data. In all three organizations, communication climate appears to fully mediate the effect of communication content on organizational identification, and both communication climate and perceived external prestige significantly influence organizational identification. Interesting differences, however, show up between the organizations as regards the relative magnitude of the effects of communication climate and perceived external prestige on organizational identification. Table 2 shows the results. In contrast to the findings in organization 1, in both organizations 2 and 3, the effect of perceived external prestige on organizational identification ($\beta = .51$ and $\beta = .49$, respectively) appears to be larger than the effect of the communication climate on organizational identification (for both organizations, $\beta = .42$). For organization 2, this difference is significant ($\Delta\chi^2_1 = 4.63$, $p < .031$); for organization 3, there is a tendency to significance ($\Delta\chi^2_1 = 3.13$, $p < .077$). In contrast, for organization 1, the impact of communication climate on organizational identification ($\beta = .52$) is significantly larger than the effect of perceived external prestige ($\beta = .42$) on that variable ($\Delta\chi^2_1 = 4.17$, $p < .041$). As both organizations 2 and 3 are perceived as more prestigious than organization 1, these results suggest that the contribution of perceived external prestige to the enhancement of organizational identification is more important when people work for a more prestigious company. Communication climate may be more important for a less prestigious or less visible organization.

DISCUSSION

In this study, we focused on the roles of perceived external prestige and employee communication in fostering organizational identification. An effect of perceived external prestige on organizational identification was indeed found, which confirms the results of other studies (Mael & Ashforth, 1992; Bhattacharya et al., 1995; Fisher & Wakefield, 1998). This finding suggests the operation of a self-enhancement motive: employees eagerly identify with organizations that they believe are positively evaluated by outsiders.

A main contribution of this study is that it shows that employee communication augments perceived external prestige and helps explain employee identification. Results show that the communication *climate* of a firm is more centrally linked to organizational identification than the *content* of the communication. The effect of a positive communication climate on identification can be interpreted by means of social identity theory (Pratt, 1998) as catering to the needs of categorization and self-enhancement. An open climate in which active participation is appreciated will increase feelings of being part of an in-group (and thus self-categorization), whereas the experience of being taken seriously and being listened to may create feelings of self-worth (thus fulfilling self-enhancement needs). Studies by Tyler (e.g., Tyler, 1999) have also shown that the feeling of being respected by one's superiors and colleagues strongly affects self-

TABLE 2
Results of LISREL Analysis[a]

Path	Organization 1		Organization 2		Organization 3	
	β	t	β	t	β	t
Perceived external prestige → organizational identification	.42	6.91	.51	8.76	.49	10.79
Communication climate → organizational identification	.52	7.76	.42	7.36	.42	10.28
Information about organization → communication climate	.41	6.49	.57	8.16	.44	9.61
Information about self → communication climate	.53	7.82	.35	5.49	.40	8.89
R^2, organizational identification	.61		.62		.53	
R^2, communication climate	.75		.75		.57	
n[b]	388		468		1,075	

[a] All parameters are significant at $p < .001$. Full statistics are available from the authors on request.
[b] Listwise.

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esteem, commitment to a group, and cooperative behavior.

Providing relevant information appears to be a sine qua non for a communication climate and thus for identification. Although the content of communication only indirectly affects organizational identification, employees should be adequately informed on organizational issues and their own roles in an organization if identification through self-enhancement or self-categorization is to take place.

By testing our model in three organizations, we found a noteworthy difference regarding the relative impacts of perceived external prestige and communication climate on organizational identification. In companies with higher visibility and prestige, the influence of perceived external prestige appears to be stronger than the influence of the communication climate on organizational identification. In particular, this effect was strongest in the recently merged company that had just invested in establishing a new name and identity (organization 2). In the less prestigious company (organization 1), the communication climate appeared to be the more influential factor in the identification process. The gist of this finding is that employees who cannot easily make use of their organization's externally visible accomplishments for their identification will only have the intrinsic qualities of the company to draw on. This view is in line with Fisher and Wakefield's (1998) proposition that, in order to strengthen employees' identification, a well-known and respected organization should emphasize its victories, whereas an organization with less visibility should employ strategies to improve internal relationships between members and focus more strongly on the company's "raison d'être."

Implications for Managers

If employee identification affects business performance, an attractive communication climate can contribute significantly to the long-term success of a company. Managers should therefore pay serious attention to internal communication climate by providing each employee with adequate information and the opportunities to speak out, get involved, be listened to, and actively participate. Especially in organizations that lack a strong corporate reputation, communication climate can be seen as a type of equity that requires investments, thus resembling, for example, investing in a corporate brand.

Apart from attending to the general quality of communication climate on the unit and organization levels, organizations should focus efforts to improve it on individual needs. Our WABA results indicate that the evaluation of communication climate depends more on the interpretation of individual employees than on commonly shared perceptions of the climate within a working unit. Management cannot presuppose that the members of a unit automatically agree with one another on their experiences of communication climate. In order to improve this climate, managers therefore have to understand which factors cause differences in perceptions. Such factors are, for example, the position of an employee in the communication network and the quality of her or his relationships with direct supervisors and colleagues. Management may consider individual feedback and open and respectful communication as instruments for catering to individual needs.

An advantage of applying internal communication measures is that organization members have only a limited degree of freedom to ignore corporate messages and feedback about their functioning in the company. Dutton and colleagues (1994) stressed the relevance of such "unavoidable exposure" for organizational identification. By exposing employees to the preferred dimensions of identity, managers can thus influence employees' organizational identification through internal communication and perhaps even reduce heterogeneity in perceptions.

Apart from employee communication, perceived external prestige provides another tool for fostering organizational identification. Taking into consideration that both within and between variance drove the present results, we surmise that any management action apparently can have an effect on both levels (and require attention on both levels). Perceived external prestige can be improved by investing in the visibility and reputation of a corporate brand through external communication. For example, a corporate communication campaign may be directed toward enhancing perceived external prestige, in which case it would boost organizational identification for all employees. Again, top managers should realize that some employees exhibit a much more positive picture of their company's image than others do. They should therefore also take specific communication measures to particularly reach and influence individuals with relatively negative perceptions of their company's prestige. Such a communication strategy would require an analysis of the antecedent determinants that explain the variance in individual ratings on perceived external prestige. For example, membership of reference groups, sociodemographic characteristics, role in the organization, and extent of exposure to information about outsiders' views of the

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organization might predict low perceived external prestige. On the basis of such antecedents, a *segmented* and *targeted* communication approach could be taken. Perceived external prestige is not solely influenced by company-controlled communication, however, but is also affected by information sources beyond company control. These sources may be largely responsible for differences in perception among employees in an organization. It has been shown that autonomous external sources have an even greater impact on perceived external prestige than company-controlled communication does (cf. Farmer, Slater, & Wright, 1998). Managers should therefore not be overoptimistic about the potential of communication instruments to mold employees' perceptions of a company and their pride in working for it.

Limitations and Further Research

Since a causal model was estimated on cross-sectional data, one should be careful not to overinterpret the results with regard to causality. Also, with self-report measures, one cannot entirely rule out the possibility that common method bias may have augmented the relationships between constructs. The integrated confirmatory factor analysis showed, however, that the hypothesis of one general factor underlying the relationships was rejected. Moreover, significant and interpretable differences showed up in the relationships between the main constructs for the three organizations used in this study. Although the current results do not seem to be merely methodological artifacts, further research should establish the causal claim of our model that employee communication is indeed a tool for influencing organizational identification, augmenting perceived external prestige. To this end, field experiments and longitudinal designs might be applied, preferably in a larger sample of organizations. Such designs may also be more conclusive about possible alternative explanations for our results. (One such explanation would be that strong identifiers are subject to in-group biases and hence will be more positive about their organizations' communication climate and perceived external prestige.)

This study reports data that were collected in three different organizations. In one organization, employee communication proved to be more influential in strengthening organizational identification than perceived external prestige, and in the other two organizations the opposite was true. This effect is interpreted as being dependent on differences in the visibility and reputation of corporate brands. One may also hypothesize that in relatively young and fast-growing organizations with many newcomers, the content of communication will have a stronger impact on identification, since in such organizations employees will experience stronger needs for social and self-categorization. The effect of such moderator variables should be studied in future research with a much larger sample of organizations.

A final issue for further research concerns the extent to which organizational identification affects individuals' communication behavior. Dutton and her colleagues (1994) proposed that stronger identification induces employees to increase contact with their organization. It is of particular interest to study how increased communication affects the communication climate of an organization and thus the identification process of coworkers and newcomers.

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