



# **A matter of prestige?**

## **Examining the role of perceived organizational image in turnover intentions of key people**

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### **Abstract**

Recent research has highlighted the importance of understanding the influence of an organization's external image on its members. Although progress has been made in understanding how perceived external prestige relates to workplace outcomes, researchers have not examined the joint effect of perceived external prestige and individual differences on such outcomes. In this article, we tested the impact of perceived external prestige on turnover intentions, but we also assumed that this influence is moderated by individuals' need for organizational identification. Using three samples and a longitudinal research design, we found consistent support for this assumption. These results provide empirical support for the theoretical integration of social identity and need-based motivation theories.



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Key words: perceived external prestige, social identity theory, employee turnover, needs.

## 1. INTRODUCTION

The perception of an organization's identity from the outside is captured by the notion of organizational image, that is, the externally produced symbols and interpretations made about the company by outsiders (Whetten & Mackey, 2002). Organizational image has become of prime importance for many firms because their performance and survival today depend in large part on their reputation with respect to numerous stakeholders (Fombrun, 1996; Roberts & Dowling, 2002). Specifically, firms with a good image might have a competitive leverage in attracting and keeping investors and customers (Ahearne, Bhattacharya, & Gruen, 2005; Filbeck, Gorman, & Preece, 1997). Though external in nature, organizational image also has an influence, albeit indirect, on employees, as they receive and interpret various messages from diverse external constituencies and from these messages, they form an opinion about how outsiders perceive the company (Smidts, Pruyn, & Van Riel, 2001). The literature calls this phenomenon "interpreted reputation" or "construed external image" (Dutton & Dukerich, 1991; Dutton, Dukerich, & Harquail, 1994). The related construct of "perceived external prestige" (Mael & Ashforth, 1992) has been specifically introduced to assess employees' beliefs about how outsiders judge the status and image of their organization. Perceived external prestige can therefore be interpreted as reflecting the social value assigned by employees to their employer's identity.

This value in turn has an impact on organizational members. Indeed, as implied by the social identity approach and previously articulated by Tyler (1999), Haslam, Powell and Turner (2000) argued that individuals categorize themselves according to their organizational membership and provided empirical evidence that they could be motivated to act according to that membership when its favorable status was made "salient". In the same vein, Leonard, Beauvais and Scholl (1999) proposed a metatheory of work motivation based on self-concept based needs and processes, which supplement intrinsic, extrinsic/instrumental, and goal internalization as sources of motivation. Surprisingly then, the intra-organizational consequences of perceived external prestige have not been widely studied in the past, despite their potential relevance for human resource management. To our knowledge, what little research that has been published related it to individual outcomes such as affective organizational commitment, organizational citizenship behaviors, organizational identification, and job satisfaction (Carmeli, 2005, Herrbach & Mignonac, 2004; Smidts et al., 2001). All these studies supported the

assumption that an organization with better external image is likely to foster individuals' sense of organizational membership.

Likewise, although previous research has confirmed the relationship between prestige and an organization's strength of attractiveness, very few researchers attempted to test its relationship with turnover intentions (Herrbach, Mignonac, & Gatignon, 2004; Vigoda-Gadot & Ben-Zion, 2004; Riordan, Gatewood, & Bill, 1997). Among them, only the Herrbach et al. (2004) study used a diversified sample of managers, while O'Riordan et al. (1997) based their study on 174 employees from one small US electric utility company and Vigoda-Gadot and Ben-Zion (2004) on a sample of army officers in Israel – both studies therefore being very specific. Moreover, all prior studies used a cross-sectional design that may have inflated the relations between variables due to common variance. Finally, these studies focused on organizational features only and did not take into account individual differences, most notably those that are related to individuals' needs with respect to image/status aspects. As a result, they assumed the impact of organizational image to be unconditional, although individual characteristics may be influential as well.

In this study, we used a longitudinal design to test the impact of perceived external prestige on the turnover intentions of three groups of employees that are both traditionally targeted by retention programs and likely to be sensitive to organizational prestige/self-esteem issues: engineers, auditors and managers. However, although we still argue that personnel retention is facilitated when employees work in a prestigious organization (that is, by an organizational variable), our major assumption is that this influence also depends on their need to identify with an organization (that is, on an individual variable). To study this, we tested a direct relationship between perceived external prestige and turnover intentions, but also – and more importantly – we wanted to highlight the moderating effect of respondents' need for organizational identification on this relationship. As argued in the discussion, such an approach may provide empirical support for the articulation of the social identity approach and need-based motivation theories.

## **2. CONCEPTUAL BACKGROUND AND HYPOTHESIS DEVELOPMENT**

### **2.1. SOCIAL IDENTITY AND THE ORGANIZATIONAL IDENTIFICATION “PARADOX”**

Social identity is “that part of an individual's self-concept which derives from his knowledge of his membership of a social group (or groups) together with the value and emotional significance

attached to that membership” (Tajfel, 1978, p. 63). As recalled by Van Dick, Wagner, Stellmacher and Christ (2005), the social identity approach is based on three major elements: (1) that individuals strive for positive self-esteem, (2) that part of their self-concept stems from their membership in certain social groups, and (3) that a positive identity can be maintained or enhanced through comparison with relevant outgroups. There are several potential sources for identification processes, both work and non-work related. However, Hogg and Terry (2000) argue that people’s work-related identity attributes may be more important than ascribed identities based on characteristics such as age, gender, or ethnicity. Among these work-related attributes, organizational identification reflects how individuals define themselves with respect to membership in their employing organizations. Organizations shape social identity because they provide status and values that will be assessed by outsiders and compared to those of outsiders. Many definitions of the construct of organizational identification have been proposed (Pratt, 1998). However, all definitions share much in common in that they imply that an individual “has linked his or her organizational membership to his or her self-concept, either cognitively (e.g., feeling a part of the organization; internalizing organizational values), emotionally (pride in membership), or both” (Riketta, 2005, p. 361).

Recent research has highlighted the benefits of identification in the workplace. Riketta’s meta-analysis showed that organizational identification was correlated with beneficial outcomes. More importantly, he found that organizational identification was particularly correlated with identity-relevant variables such as organizational prestige and intent to leave. The growing literature on organizational identification also found both theoretical and empirical support for the link between identification and turnover intentions. For instance, Van Dick et al. (2004) found that organizational identification had a significant impact on turnover intentions through its effect on job satisfaction. They confirmed their model in four samples comprising different occupational groups.

However, as argued by Rousseau (1998, p. 227), “identification is a particularly intriguing topic in organizational research today because of the challenges to worker identification with the firm that contemporary industry upheavals have wrought”. Indeed, changes in the psychological contract between employers and employees have made the employment more “transactional” and less “relational”. In this context, the benefits of identifying with one’s organization are risky, in the sense that this form of attachment can be lost very quickly. Identification, however, is still an

important dimension of employees' relationship with their employing organization. How do we account for this persisting importance despite the associated risk? In this article, social identity theory and need theories are used to provide insight into how perceived prestige can still have an impact today on attitudes and behaviors at work. These theories explain why Ashforth and Mael (1989) argued for the existence of a pervasive human "drive" to identify with the social systems one is member of. In particular, individuals may seize opportunities for self-enhancement by aligning themselves with admired or prestigious organizations (Elsbach & Glynn, 1996).

## **2.2. FROM PERCEIVED EXTERNAL PRESTIGE (PEP) TO TURNOVER INTENTIONS**

Social classifications serve two functions. First they cognitively segment the social environment, providing the individual with a systematic means of defining others and the self. Second, they enable the individual to locate or define himself or herself in the social environment. Social classifications thus provide a partial answer to the existential question "Who am I?", which is at the heart of the social identity approach (Ashforth & Mael, 1989). This approach also maintains that the individual identifies with social categories partly to enhance self-esteem. For instance, the concept of "possible selves" developed by Markus and Nurius (1986) suggests that social categories affect attitudes and behaviors by orienting individuals' motivation to attain an ideal of what they might become and what they are afraid of becoming. This applies in work settings as well, because individuals may use organizational membership as a means of self-definition or self-enhancement. Indeed, researchers have studied how perceived prestige shapes the relative attractiveness of an organization during recruitment (Collins & Han, 2004; Gatewood, Gowan, & Lautenschlager, 1993). Employees preferred to enter into a contract with a firm that has a favorable reputation and were even sometimes shown to be willing to pay a reasonable premium in exchange (Cable & Turban, 2003; Fombrun & Shanley, 1990). Once individuals are inside the organization, there are several reasons why PEP should be related to their intent to leave.

Ashforth and Mael (1989) first argued that PEP facilitates the process of organizational identification and thus lead to positive work outcomes. A favorable image creates a better understanding of the central, distinctive, and enduring character or essence of the organization. It is a strong way to define an organization clearly and positively and facilitates identification, when perceived as "the perception of oneness with or belongingness to the organization". Moreover,

when members believe that outsiders see their organization in a positive light, they may “bask in the reflected glory” of the organization (Cialdini et al., 1976, p. 366). People may satisfy self-enhancement needs by strategic and proactive identifications with prestigious and high status social groups. Elsbach (1999) summarized the findings showing that group members gain some self-esteem from identification with positively-perceived groups. The ability to strengthen identification results both in stronger loyalty, as demonstrated by Adler and Adler (1988), and in external opportunities being seen as less attractive (Lee, 1971).

If the relationship between PEP and turnover intentions seems to be mediated by identification processes, we argue that there should be an inverse correlation between the two constructs. Two arguments lead to the proposition of a negative relationship between PEP and intent to leave the organization. First, the prouder an individual is of the organization, the more he or she should be identified with it and act in accordance with the organization’s norms and values (Ashforth & Mael, 1989). This should be associated with stronger commitment to the organization and result in a stronger intention to stay. Second, the more prestigious the firm, the more the employee’s self-image is likely to incorporate the organization’s characteristics because of the related self-enhancement. Withdrawal from the organization would be then detrimental to one’s self-concept because leaving would entail a loss of an important part of the self (Van Dick et al., 2004). As the benefits of PEP foster a positive evaluation of the self, the individual will hesitate to leave the current employer for another that would be less prestigious. A decline in self-esteem, pride, and self-image may result from this decision. To sum up, people’s self-image is influenced by the characteristics that others may infer about them based on their organizational membership (Hogg & Terry, 2000). The above discussion elucidates how the perception of the characteristics of the organization for which one works can influence the desire to maintain membership in the organization, which leads to the first research hypothesis:

**Hypothesis 1:** Perceived external prestige is negatively related to turnover intentions

### **2.3. THE MODERATING ROLE OF NEED FOR ORGANIZATIONAL IDENTIFICATION (NOID)**

Hypothesis 1 assumes an “unconditional” impact of external image on organizational members. However, not every individual may be as receptive to the influence of perceived external prestige. Glynn (1998) speculated that individuals are different in their propensity to

identify with social objects, such that each individual has a different and specific sense of belonging and of the self. In the work context, she called this propensity need for organizational identification, that is, “an individual’s need to maintain a social identity derived from membership in a larger, more impersonal general social category of a particular collective” (p. 238). It corresponds to the idea that “without an organization to work for, I would feel incomplete”. Individuals high in need for organizational identification tend to assign a large part of their search for meaning to organizational membership. Need for organizational identification therefore corresponds to a force that motivates the individual to be part of an organization that will contribute to developing his or her self-esteem. Consequently, it is positively associated with a desire to be part of the organization and receptivity to socialization, and is negatively associated with a desire for separateness from the organization.

As argued by Glynn (1998), nOID is different from other needs based on social comparison and group identification, and more specifically the “need for affiliation” that has been included in previous research on social identity theory. Need for affiliation has been defined as a “personality attribute corresponding to an individual’s desire for social contact and belongingness” (Wiesenfeld, Raghuram, & Garud, 2001). It is associated with tendencies to receive social gratification (rewards) from harmonious relationships with others. Rather, nOID is based on developing a good image of oneself thanks to the sense of belonging to a prestigious group rather than the harmony of a group. The notion of person-organization fit (Cable & Edwards, 2004) is helpful in understanding the process. If the group is prestigious, the identification process will be favorable when nOID is high. If the group loses or lacks prestige, a mismatch will occur between individual needs and the professional environment. This mismatch is a source of turnover, while a good match is a source of retention.

Despite the contemporary focus on goals, need for identification, as is true of other needs, tends to orient behaviors and choices through its role in the motivation process (Deci & Ryan, 2000). When this need is high, the individual will tend to satisfy it by looking for an employer that is able to increase their self-image through its good reputation and widespread public recognition. The satisfaction of nOID will be valued by the individual and prestige is a good clue to reach it. On the contrary, when this need is low, prestige is not of great importance in an individual’s decisions and behaviors. In this context, we anticipate that nOID will moderate the relationship between prestige and turnover intentions. For individuals low in nOID, we posit a

small effect of prestige on turnover intentions. The effect will be stronger for individuals with a high level of nOID.

**Hypothesis 2:** Perceived external prestige and need for organizational identification interact to influence turnover intentions, such that the relationship between perceived external prestige and turnover intentions is higher when need for organizational identification is high than when it is low.

### 3. METHOD

#### 3.1. SAMPLES AND PROCEDURE

We tested the two hypotheses using three samples through a longitudinal design. The data used for the present paper was collected as part of a larger research program about workplace attitudes in different occupational groups (that is, engineers, managers, and auditors). As a part of this larger effort, we were interested in both sample-specific research questions and a “common” one – the latter being the interaction of perceived external prestige and nOID. The data collection points were six months apart for all the studies. Addresses of participants were obtained from alumni directories of French business and engineering education institutions (universities and business schools). All questionnaires were sent directly to the individuals’ residential address. A cover letter accompanying the questionnaire explained the objectives of the study, and assured that responses would be confidential. Participants returned their completed questionnaire to the researchers’ office using a pre-stamped and pre-addressed envelope. As an incentive for participation, informants were offered a copy of the study findings in exchange for returning their questionnaire. Three weeks after questionnaire delivery, follow-up letters were sent to noncompliant individuals stressing the value of the survey and the importance of their participation.

Questionnaires for Sample 3 were coded to allow researchers to send the reminder memo and also to match respondents across time. Questionnaires for Sample 1 and 2 were not coded in order to ensure complete anonymity. Participants were asked to provide the first names of their grandmothers at Time 1 and to recall them on the second and third questionnaires – as well as their age and gender to resolve potential “ties”. Those participants interested in receiving the study’s findings were asked to write a separate e-mail to the researcher.

### 3.1.1. Sample 1

A random sample of 1,500 university alumni who graduated from an engineering university located in Southern France between 1987 and 2002 was selected for this study. Prospective participants understood that they would complete three waves of surveys at six-month intervals. The study was conducted during years 2004 and 2005. Questionnaire packets included measures of perceived external prestige (Time 1), need for organizational identification (Time 2) and turnover intentions (Time 3). Of the 1,500 alumni who were contacted at Time 1, 737 responded to the first questionnaire (49%). A total of 547 of the Time 1 respondents completed questionnaires at Time 2 (74%), and 460 of the Time 2 respondents returned their questionnaire at Time 3 (84%). Because they changed organizations between Time 1 and Time 3, 37 of the respondents were excluded from the sample, leaving a final sample of 423 engineers. This final sample of employees had an average age of 32.8 years and had been employed by their organization an average of 5.7 years at Time 1. Among participants, 68% were male. They worked in a variety of organizations, the most common of which was an industrial setting (56%). Among respondents, 73.2% worked in large organizations (more than 500 employees), 17.5% in mid-size organizations (100-500 employees), and 9.3% in small organizations (fewer than 50 employees).

### 3.1.2. Sample 2

Questionnaires were sent to a randomly selected sample of 664 auditors working in large international audit firms (Big Four). This two-wave longitudinal survey was launched in autumn 2004. As it was smaller in scope than the other two, it included only two questionnaires and not three. Participant's addresses were drawn from the alumni directory of four business schools and universities. Questionnaire packets included measures of perceived external prestige and need for organizational identification (Time 1) and turnover intentions (Time 2, six months later). Of the 664 alumni who were contacted at Time 1, 240 responded to the first questionnaire (36.1%). A total of 197 of the Time 1 respondents returned their questionnaire at Time 2 (82%). Because they changed organizations between Time 1 and Time 2, 47 of the respondents were excluded from the sample, leaving a final sample of 150 auditors. This final sample of employees had an average age of 31.9 years and had been employed by their organization an average of 6.8 years at Time 1. Among participants, 53% were male.

### **3.1.3. Sample 3**

A diversified sample of 1,200 managers who graduated from four business schools between 1990 and 2000 was randomly selected for a three-wave survey at six-month intervals. Although these were the same schools as Sample 2, we made sure that there was no overlap between both samples, so that no potential individual was required to take part in both studies. The study was conducted during 2004 and 2005. Questionnaire packets included measures of perceived external prestige (Time 1), need for organizational identification (Time 2), and turnover intentions (Time 3). Of the 1,200 alumni who were contacted at Time 1, 443 responded to the first questionnaire (36.9%). A total of 351 of the Time 1 respondents completed questionnaires at Time 2 (79.2%), and 300 of the Time 2 respondents returned their questionnaire at Time 3 (85.5%). Because they changed organizations between Time 1 and Time 3, 51 of the respondents were excluded from the sample, leaving a final sample of 249 managers. This final sample of employees had an average age of 33.9 years and had been employed by their organization an average of 6.1 years at Time 1. Among participants, 53% were female. Among respondents, 73.2% worked in large organizations (more than 500 employees), 17.5% in mid-size organizations (100-500 employees), and 9.3% in small organizations (fewer than 50 employees).

## **3.2 MEASURES**

Existing, established scales were used in measuring the research constructs. Surveys were administered in French, following a translation / back translation procedure (Brislin, 1980). Unless otherwise noted, responses were provided on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5).

### **3.2.1 Perceived external prestige**

Perceived prestige was conceptualized as internal members' own assessments of outsiders' beliefs. It was measured with a six-item scale based on items used in Mael and Ashforth's study (1992). Sample items were: "People in my community think highly of my organization", "My organization is considered one of the best in its industry", and "Employees of other organizations would be proud to work in my organization". Coefficient alpha for the perceived external prestige scale were .81 for Sample 1, .80 for Sample 2 and .85 for Sample 3.

### **3.2.2. Need for organizational identification**

We assessed need for organizational identification using the seven-item scale developed by Kreiner and Ashforth (2004). Sample items included: “Generally, the more my goals, values, and beliefs overlap with those of my employer, the happier I am”, “No matter where I work, I’d like to think of myself as representing what the organization stands for”, and “Generally, I do not feel a need to identify with an organization that I am working for (reversed)”. This instrument demonstrated an acceptable degree of internal reliability (Sample 1:  $\alpha = .70$ ; Sample 2:  $\alpha = .77$ ; Sample 3:  $\alpha = .77$ ).

### **3.2.3. Turnover intentions**

Turnover intentions were assessed using a four-item scale based on Mitchel (1981) and Moore (2000). Sample items were: “I will be with this company five years from now (reversed)” and “I will probably look for a job at a different company in the next year” (Sample 1:  $\alpha = .77$ ; Sample 2:  $\alpha = .86$ ; Sample 3:  $\alpha = .85$ ).

### **3.2.4. Control variables**

Participants indicated their age, gender, and tenure. We used all three as control variables based on their ability to account for variance in turnover processes (Griffeth, Hom, & Gaertner, 2000). Because participants of Sample 1 and Sample 3 pertained to small to large organizations, we controlled statistically for organizational size. Indeed, organization size may be directly or indirectly related to identification processes or their antecedents, such as organization attractiveness (Kreiner & Ashforth, 2004). As Sample 2 was focused on Big Four audit firms, which are similar large-sized organizations, size was not included.

## **3.3. ANALYSES**

We first examined the distinctiveness of perceived external prestige, need for organizational identification, and turnover intentions using confirmatory factor analysis. We compared the fit of five nested models ranging from a single-factor model to the hypothesized three-factor model (see Table 1). We used the EQS 6 software (Bentler, 2004) with maximum-likelihood estimation. Based on chi-square difference tests (James, Mulaik, & Brett, 1982), each more articulated model fit the data better. For all samples, the three-factor model was the only

model having reasonable error of approximation (RMSEA), as well as comparative fit index (CFI) and non-normed fit index (NNFI) values above the recommended cut-off of .90.

**Table 1 omitted due to lack of space – available upon request from the first author**

We then used moderated hierarchical regression to test for each of the hypothesized interactions between perceived external prestige and need for organizational identification. This was done sample by sample, as well as using a combined sample to increase statistical power and check the stability of the results. We first entered the control variables in Step 1 of the regressions. We next entered the main effects – perceived external prestige and need for organizational identification – at Step 2 and the interaction term at Step 3. Thus, the variance due to the control variables and the main effects was partialled out, allowing for variance due to the interaction term to be observed (Cohen & Cohen, 1983). We examined the incremental change in the squared multiple correlation ( $\Delta R^2$ ) from the model including the interaction term to assess the significance of the interaction. In order to reduce the multicollinearity associated with the use of interaction terms, the independent variables were centered around zero before creating the interaction terms (Aiken & West, 1991).

#### 4. RESULTS

Tables 2-4 report the means, standard deviations, and correlations between the research variables. Perceived external prestige was significantly related to turnover intentions in all three samples, such that employees with positive perceptions of the external image of their organization were less willing to quit (Sample 1:  $r = -.33$ ,  $p < .01$ ; Sample 2:  $r = -.38$ ,  $p < .01$ ; Sample 3:  $r = -.26$ ,  $p < .01$ ). On the other hand, need for organizational identification was not correlated with turnover intentions, except for Sample 2 ( $r = -.26$ ,  $p < .01$ ), which suggests that there is no direct relationship between the two variables. Interestingly, perceived external prestige and need for organizational identification were not significantly correlated as well, meaning that individuals high in need for organizational identification are not necessarily those who perceive their company as prestigious, again except for Sample 2 ( $r = .36$ ,  $p < .01$ ). These differentiated results for the auditor sample are commented upon in the Discussion section.

**Table 2 – Means, standard deviations, and correlations between the variables – Sample 1 (engineers)**

	Mean	S.D.	1	2	3	4	5	6	7
1. Age	32.84	5.50	–						
2. Gender <sup>a</sup>	1.32	.50	-.19**	–					
3. Organizational tenure	5.75	4.53	.62**	-.04	–				
4. Organizational size <sup>b</sup>	2.24	.76	.06	-.06	.16**	–			
5. Perceived external prestige	3.80	.66	.07	-.05	.05	.25**	(.81)		
6. Need for organizational identification	3.60	.61	.07	-.08	-.04	-.11*	.10*	(.70)	
7. Turnover intentions	2.58	1.01	-.19**	-.08	-.18**	-.05	-.33**	-.02	(.77)

\*p < .05; \*\* p < .01; <sup>a</sup> coding: 1 = male; 2 = female; <sup>b</sup> coding: 1 = fewer than 50 employees; 2 =100-500 employees; 3 = more than 500 employees; N = 423; The reliabilities (coefficients alpha) are reported in parentheses.

**Table 3 – Means, standard deviations, and correlations between the variables – Sample 2 (auditors)**

	Mean	SD	1	2	3	4	5	6
1. Age	31.99	7.34	–					
2. Gender <sup>a</sup>	1.47	.50	-.30**	–				
3. Organizational tenure	6.78	6.14	.82**	-.23**	–			
4. Perceived external prestige	4.07	.58	.23**	-.18*	.13	(.80)		
5. Need for organizational identification	3.69	.77	.09	-.09	.07	.36**	(.77)	
6. Turnover intentions	2.80	1.28	-.32**	.13	-.21*	-.38**	-.26**	(.86)

\*p < .05; \*\* p < .01; <sup>a</sup> coding: 1 = male; 2 = female; N = 150; The reliabilities (coefficients alpha) are reported in parentheses.

**Table 4 – Means, standard deviations, and correlations between the variables – Sample 3 (managers)**

	Mean	SD	1	2	3	4	5	6	7
1. Age	33.86	6.01	–						
2. Gender <sup>a</sup>	1.53	.50	-.15*	–					
3. Organizational tenure	6.07	5.00	.69**	-.07	–				
4. Organizational size <sup>b</sup>	2.12	.86	-.041	-.01	.07	–			
5. Perceived external prestige	3.72	.80	.20**	-.02	.13	.00	(.85)		
6. Need for organizational identification	3.73	.78	.05	.03	.12	-.06	.02	(.77)	
7. Turnover intentions	2.51	.88	-.17*	-.09	-.27**	-.07	-.26**	-.05	(.85)

\*p < .05; \*\* p < .01; <sup>a</sup> coding: 1 = male; 2 = female; <sup>b</sup> coding: 1 = fewer than 50 employees; 2 =100-500 employees; 3 = more than 500 employees; N = 249; The reliabilities (coefficients alpha) are reported in parentheses.

Table 5 next presents the results of the moderated hierarchical regression analyses. In Step 1, the control variables accounted for significant incremental variance. The results show that neither age (Sample 1 and Sample 2) nor organizational tenure (Sample 3) were negatively related to turnover intentions. In Step 2, the main effects of perceived external prestige accounted for significant incremental variance beyond and above the control variables in every regression equation. We herewith confirmed Hypothesis 1 about a direct and negative relationship between PEP and turnover intentions. In Step 3, the interaction of perceived external prestige and need for organizational identification accounted for significant, albeit modest incremental variance beyond the control variables and main effects in all regression equations (between 1% and 4%). These findings provide support for Hypothesis 2 about the moderating influence of nOID on the relationship between PEP and turnover intentions. It should be noted that interaction effects typically have small effect sizes, and that their significance tests often suffer from low power (e.g., Aguinis, 1995; McClelland & Judd, 1993). Given this difficulty in detecting moderator effects, Evans (1985) stated that interactions that explain as little as 1% of variance should be considered important.

**Table 5 – Multiple regression analysis predicting turnover intentions**

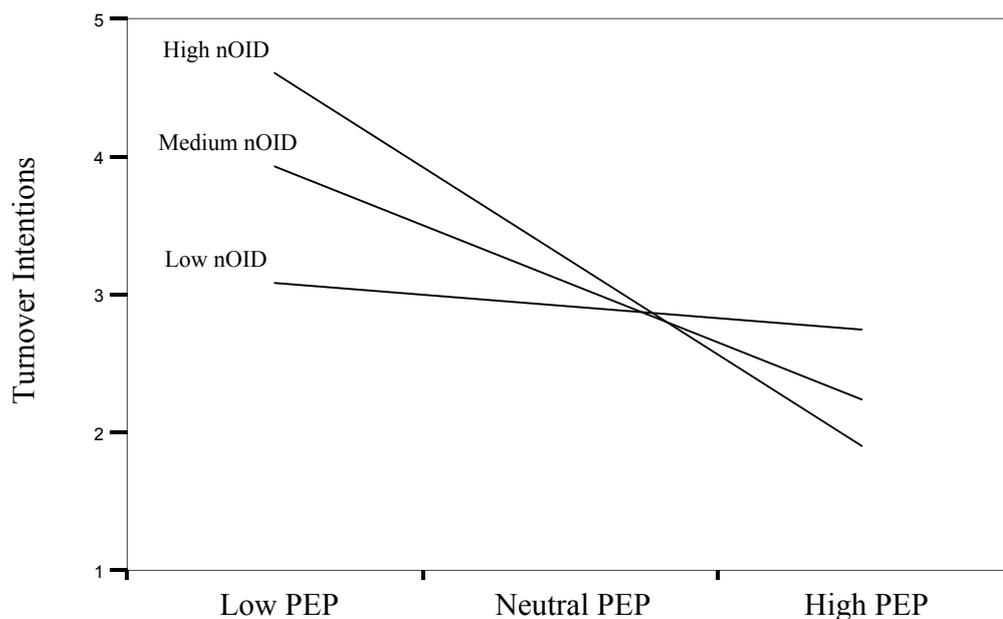
	Sample 1 Engineers			Sample 2 Auditors			Sample 3 Managers			Combined Sample		
	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3
1. Control variables												
Age	-.24**	-.20**	-.20**	-.42***	-.31**	-.31***	.00	.05	.05	-.22***	-.19***	-.19***
Gender	-.08	-.08	-.10†	-.00	-.09	-.07	-.10	-.10	-.09	-.03	-.05	-.06
Organizational tenure	-.03	-.03	-.06	-.09	-.07	-.09	-.28**	-.28**	-.26**	-.10†	-.09†	-.08
Organizational size	-.05	.04	.03	–	–	–	-.06	-.06	-.04	-.06	-.06	-.06
Sample type										-.04	.04	.03
<i>Adj. R<sup>2</sup></i>	.06			.13			.06			.09		
<i>Overall F</i>	5.04**			13.24***			3.99**			12.01***		
<i>ΔR<sup>2</sup></i>	.07			.14			.09			.09		
<i>ΔF</i>	5.04**			13.24***			3.99**			12.01***		
2. Main effects												
PEP (A)		-.36***	-.38***		-.27***	-.26***		-.23**	-.24**		-.29***	-.30***
nOID (B)		.06	.04		-.12**	-.11**		-.01	-.02		-.07†	-.07*
<i>Adj. R<sup>2</sup></i>		.17			.33			.11			.17	
<i>Overall F</i>		10.16***			21.25***			4.44***			18.42***	
<i>ΔR<sup>2</sup></i>		.12			.21			.05			.09	
<i>ΔF</i>		19.40***			25.57***			4.95**			31.31***	
3. Two-way interactions												
A x B			-.12*			-.15*			-.20**			-.12**
<i>Adj. R<sup>2</sup></i>			.18			.35			.14			.18
<i>Overall F</i>			9.40***			19.12***			5.04***			17.60***
<i>ΔR<sup>2</sup></i>			.01			.03			.04			.02
<i>ΔF</i>			4.1*			5.03*			7.56**			9.93**



\*\*\* $p < .001$ ; \*\* $p < .01$ ; \* $p < .05$ , †  $p < .10$  ; All beta coefficients reported are standardized. PEP, perceived external prestige. nOID, need for organizational identification.

Graphs of the significant interaction effects are shown in Figures 1 through 4 (Figure 1-3 omitted due to lack of space – available upon request from the first author). Regression lines were plotted for high, average, and low levels of need for organizational identification, that is, +1, 0, and –1 standard deviation from the mean (Cohen & Cohen, 1983). Using the procedure outlined by Aiken and West (1991, pp. 18-19), we tested the simple slope of the regression lines shown in the figures (available upon request from the first author). As predicted, simple slope analysis revealed that the relationship between perceived external prestige and turnover intentions was significantly negative ( $p < .01$ ) and weaker when need for organizational identification was medium than when it was high (in the separate and combined samples). When need for organizational identification was low, perceived external prestige was unrelated to turnover intentions in the combined sample ( $\beta = -.09$ ,  $p > .10$ ), although weak significant relationships ( $p < .10$ ) were found for the individual samples. Regarding these latter results, it should however be kept in mind that the low nOID groups in Samples 1-3 comprised a smaller number of individuals and that it is therefore possible that the significance of the relationships between perceived external prestige and turnover intentions for low nOID was an artifact resulting from limited statistical power.

**Figure 4 – Interactive effects of perceived external prestige (PEP) and need for organizational identification (nOID) on turnover intentions: Combined Sample**



## 5. DISCUSSION

Recent research has highlighted the importance of understanding the influence of an organization's external image on its members (Smidts et al., 2001). Although progress has been made in understanding how perceived external prestige relates to workplace outcomes, researchers have not examined the joint effect of perceived external prestige and individual characteristics on such outcomes. In this paper, we therefore tested the impact of perceived external prestige and need for organizational identification on turnover intentions. Our hypotheses were first based on the idea that prestige fosters self-esteem and self-enhancement and that, consequently, it can be a source of employee retention. However, we also assumed that this influence is not identical for all employees, so that taking into account individuals' need for organizational identification might increase the impact of prestige when this need is high and, conversely, reduce it when it is low. Kreiner and Ashforth (2004) advocated the same idea and showed that nOID and organizational identification were positively correlated. But they did not attempt to look at the relationship between nOID and turnover intentions, although Glynn (1998) hypothesized such a relationship. Using three samples and a longitudinal research design, we found consistent support for this assumption.

Indeed, we found that when need for organizational identification was low, organization prestige had little impact on turnover intentions. In Sample 1, this relationship was slightly negative; in Sample 2, PEP had no impact on turnover intentions and in Sample 3, the relationship was slightly positive. Using the Combined sample yielded no statistically significant relationship. In other words, for individuals low in nOID, perceived prestige does not play a significant role in turnover intentions. And when there is a modest effect, it is difficult to predict the direction of the relationship. On the other hand, when nOID is medium or high, prestige plays a stronger role in turnover intentions. In our three samples, the relationship was significant and negative between the two variables. These results show that we should differentiate employees low in nOID from those who have medium and high scores of this trait. Glynn (1998, p. 240) argued that "individuals with a lower nOID might be characterized by a fierce sense of organizational separateness or independence, resistance to organizational socialization, and be more of a loner than a "joiner" or member of multiple organizations". This paper provides empirical support for that insight.

## 5.1. STRENGTHS AND LIMITATIONS

This study has several strengths that bolster its contribution to the literature. First, we selected three complementary samples – consisting of altogether 822 individuals – that are particularly relevant for organizations’ retention programs. Engineers, auditors and managers are highly educated employees. Recruiting them is very costly while their mean turnover rate is extremely high, particularly for auditors (Brierly & Gwilliam, 2003). In addition, we used a longitudinal research design for each sample. We systematically measured turnover intentions six months after measuring nOID and PEP, which is an improvement over prior cross-sectional research. Also, for Samples 1 and 3, PEP was measured first and nOID six months later, which reduces the likelihood that the observed relationships are due to common variance.

Another major strength of this article lies in the consistency of results across the three samples, as well as for the combined sample. We validated a direct relationship between PEP and turnover intentions, moderated by need for identification, for all types of employees. Duplicating the same research design three times and validating our hypotheses three times provides stronger support and increases generalizability of our findings – at least for samples with high levels of education.

Despite these strengths, this study also has limitations that suggest directions for future research. A first limitation lies in our failure to study actual turnover. Although a total of over 140 of our respondents quit during the study, it was not possible to use actual turnover because turnover was spread between both T1 and T2 and T2 and T3. Therefore, even if turnover intentions are considered as strong predictors of actual turnover (Griffeth et al., 2000), we cannot assume that our results can be extrapolated to actual turnover decisions (Dalton, Johnson, & Daily, 1999). Although the study of turnover intentions (as a sign of employee withdrawal) is relevant whether or not the individual actually leaves the organization, future research should examine our hypotheses using actual turnover as the outcome variable. In addition, our operationalization of perceived external prestige can be questioned. We conceptualized and measured this as if it were one-dimensional and bipolar. Yet an organization’s reputation can be considered multi-dimensional: the company might or might not be considered simultaneously as a good employer, as producing quality commodities, as an excellent competitor, etc. (Carter & Deephouse, 1999; Ferris et al., 2002). This could arguably lead to a potentially multi-dimensional evaluation by its employees. From this perspective, reputation might exert its

internal influence in function of certain of its dimensions and according to the sensitivity of employees to these different aspects.

However, this caution may not be warranted: Carmeli (2005) measured two forms of prestige (perceived economic prestige and perceived social prestige) and found support for the influence of both on organizational commitment. Finally, it would be worthwhile to examine the generalizability of the current findings. The current samples were all university graduates, mostly at a relatively early stage of their professional careers. It is doubtful whether similar outcomes would have been found among employees with less education, or who were further along in their career paths. Also, the overall response rates we achieved (25-30%), although satisfactory in view of similar research, could have been higher.

## **5.2 THEORETICAL IMPLICATIONS**

Rousseau (1998) argued that despite turbulent organizational environments and uncertain future employees still identify with organizations, and that this can be understood by considering that identification remains a fundamental need that individuals tend to satisfy through their participation in an organizational activity. Glynn (1998) proposed that this need may not have the same impact across individuals, though. Our paper confirmed this insight by showing that one's level of nOID moderates how organizational prestige influences turnover intentions, which is evidence for individual differences with respect to the impact of organizational identity. This, however, leaves open the question of the psychological nature of need for organizational identification, both in comparison to other needs and with respect to its determinants.

Regarding the first issue, Glynn (1998) argued that what distinguishes nOID from McClelland's (1987) need for affiliation is the absence of direct interpersonal experiences. The same reasoning can be used to differentiate nOID from Deci and Ryan's (2000) need for relatedness, which also entails a strong personal affective component. Moreover, while achieving an expanded sense of self has been characterized as a fundamental human need (Deci & Ryan, 2000), expanding the self through organizational identification may not be the satisfaction of a "basic" form of that need, but rather of a more "social" or "learned" one. Indeed, Deci & Ryan view "identified regulation" as extrinsically motivated because the resulting behaviors would "still be instrumental rather than being done solely as a source of spontaneous enjoyment and satisfaction" (p. 236). Leonard et al.'s (1999) typology of self-concept based behaviors also

shows how individuals potentially vary in how they relate to their identity. This is interesting because the social identity approach precisely stresses that identity effects are relevant only when made ‘salient’ and that salience can be externally manipulated, for instance by making employees aware of the status of the organization (Haslam et al., 2000). In that respect, nOID could therefore represent the salience given by an individual to organizational membership, which is precisely why it has a moderating influence on the outcomes of organizational image. In other words, we argue that nOID is a conceptual bridge for the integration of need theories (which accounts for why the self-concept is a motivating force, and differently so for different people) and the social identity approach (which studies the conditions under which the self-concept is motivating).

That nOID can be interpreted as a socially-influenced individual difference (as opposed to a purely innate personality trait) brings us to the question of the specificity of the organization as a focus of identification, and thus to the determinants of nOID. In that respect, Glynn (1998) distinguished between the “trait” approach of nOID (which views it largely as an individual disposition that tends to generalize across various contexts) and the “state” approach, which makes it a much more “flexible” and context-driven individual characteristic. In other words, nOID may be the outcome of a more general need to identify that could be directed towards other foci, and not necessarily towards the employing organization.

Interestingly, our research provides support for both the “trait” and the “state” approach. Firstly, PEP and nOID were found *not* to be correlated in the engineer and manager samples. This provides some support to the “trait” approach of nOID, because a “state” approach would imply a stronger correlation between PEP and nOID (meaning that nOID would develop when it is “useful” for the individual, that is, when PEP is high). However, PEP and nOID were found to actually *be* correlated in the auditor sample. This is interesting because it must be recalled that our auditor sample was entirely made of Big Four employees, that is, employees of more or less equivalently prestigious firms. Therefore the variance in the PEP variable in the auditor sample is mostly due to individual differences in perception and not to the “real” prestige of the firms. This provides support for the “state” approach, in the sense that nOID could develop coherently with perceived prestige. Only pre and post-organizational entry longitudinal could truly disentangle both effects, though.

### 5.3. PRACTICAL IMPLICATIONS

A growing body of research has highlighted the influence of perceived external prestige on employee outcomes. Managing the corporate image has also become a major internal issue (Dolphin, 2005; Markwick & Fill, 1997). Our findings to some extent justify the resources that are used by companies to foster their image, whether via internal or external communications. Perceived external prestige may have a positive impact on employee retention through turnover intentions, most notably of employees holding strategic positions. However, by showing that not all individuals are sensitive to perceived prestige, our findings are a clarion-call: prestige cannot be relied on, of itself, by companies that have a favorable image. Cable and Turban (2003) argued that “individuals were willing to pay a premium in the form of lower wages to join firms with positive reputations”. But how long is this reputation effect likely to last, that is, to what extent is it likely to offset some less advantageous dimensions of the job such as pay/benefits or other HR dimensions? On the other hand, organizations that do not enjoy an excellent image may still have some leeway in retaining their personnel. Given the availability of other identity attributes such as the work that is performed, employers might capitalize on membership in an occupational category rather than organizational membership when this is needed.

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