

Perceived Prestige and Organizational Identification; Banking Sector Perspective in Nigeria

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Abstract: *employee attrition is an existential threat to all organizations, therefore, most firms strive to keep their best workers. But some employees decide not to leave, even when the odds are against them. This study, therefore, examined whether the identification to the organization by employees who decided to stay back has any nexus with the reputation and image their organizations (banks) have with the outside stakeholders. A survey research design was adopted for the study, and the population was made up of 1278 employees of commercial banks working across the five south-eastern states of Nigeria. A sample size of 292 was selected through the use of Krejcie and Morgan 1970 formula. The instrument for data collection was a structured question, whose reliability was 87%, ascertained through the application of Split-half technique. The analysis of data was carried out through regression and hypothesis tested at a 5% level of significance. The result indicated that a 95% change in organizational identification is explained by changes in perceived prestige (R -Squared = 0.953781; F -statistics = 5984.412; P -value is 0.00000 < 0.05). It was concluded that PEP is a great determinant of employee commitment and loyalty to the course of a firm. Sequel to this, it was recommended that banks and their management should always strive to build a good image and perception in the minds of stakeholders.*

Keywords: Perceived Prestige, Perceived External Prestige, Organizational Identification, Banks and Nigeria

INTRODUCTION

The functionality of most organizations hinges on the competency and commitment of its human resources (HRs). Other resources may be very strategic in the accomplishment of goals in organizations, but the place of HRs still stands tall above every other resource. Highlighting the importance of HRs in organizations, Ghanbari and Eskandari (2015) posit that its importance for the very survival of firms is on the rise daily. Similarly, Ajila (2012) opines that HRs is an important aspect of an organizations existence, and it is through their involvement that they become competitive. Also buttressing this point further, Agu (2015) states that firms need committed workers to face the competition available in every business environment. The importance of employees (HR) is even more pronounced in organizations where the offering of services is their top priority and selling point. Hence, the attraction of competent and skilled employees is usually at the very top of most service-oriented firm's priority. However, the attraction of employees may not be enough, making the employees committed and satisfied is also pertinent, as this will make the employees identify more with the firm and less likely to leave.

Employees leave organizations that they do not identify with, leading to unwanted costs to the organizations. Employee turnover have many cost implications to the organizations, these include cost of recruitment, training and lost time. Employee turnover and its concomitant cost include recruitment and training cost, loss of man-hour, and diminished employee morale. There is also laps in the integration period and potential service quality issues (Cunningham, Fink & Saga, 2005), productivity losses due to vacant positions (Ringl, 2013), the loss of human capital and disruption of ongoing organizational activities (Takawira, Coetzee & Schreuder, 2014). For these reasons, Ghiselli, Lalopa and Bai (2001) posit that employee turnover concern is considered to be one of the most important problems affecting businesses. Employees stay in organizations for many reasons, including good working conditions, good remuneration and welfare packages. Others are value congruence, an opportunity for development and the reputation and image of the organization, which is called perceived organizational prestige (POP).

Perceived Organizational Prestige (POP) is the way workers in a firm feel that it is being viewed by people, both within and outside the organization. That is, the perception of the importance of a firm by its stakeholders. POP has over the years metamorphosed into a great influencer of workers behaviour and intent to remain and give their all, or quit and look for better alternatives. Roberts and Dowling (2002) opine that POP has grown to significantly influence the behaviour of workers especially when it has to do with their commitment level to the firm. Evidence abound as to the fact that POP significantly influences workers behaviour on staying or leaving the organization (Šulentić, Žnidar & Pavičić, 2017). A host of studies have found that POP makes employees more committed, satisfied and reduce the propensity to quit. Being a member of a reputable organization with flying statistics and performance help employees to develop self-awareness, self-distinctiveness, and self-esteem in their jobs (Dutton, Dukerich & Harquail, 1994, Carmeli, Gilat & Waldman, 2007). Workers are willing to identify with firms that stakeholders view in a positive light (Smidts, Van Riel & Pruyn, 2001).

Employees appreciate it when outsiders view their firms as being reputable, and so, POP will be measured using Perceived External Prestige (PEP) which is a dimension of POP. PEP is mainly focused on how outsiders view a firm where an employee works. Banks in Nigeria and their workers seem to have a good reputation with outsiders, this is despite the herculean work schedules of their employees. Some employees in the banks have resigned due to this tough work environment, bedevilled with stress and tension. However, a great number of employees have decided to stay in the organization, therefore, this work intends to examine whether the identification to the organization by employees that have decided to stay with the banks has any nexus with the reputation and image banks have with the outside stakeholders.

REVIEW OF RELATED LITERATURE

Conceptual Review

Perceived Organizational Prestige

Perception has to do with the way people view something; their belief about a phenomenon or how they understand, regard or interpret something. Prestige on the other hand talks about the respect and admiration that something has or how high, people hold something in terms of esteem. It is the reputation of an organization to the stakeholders of such a firm. Reputation, as it relates to firms, is the collective perception of the capacities of an organisation to meet the expectations of stakeholders (Van Riel & Fombrun, 2007). It is the sum of subjective representations created over a longer period through different organisational communications and channels (Cornelissen, 2004). Therefore, perceived organizational prestige (POP) is the way people see an organization. The level of admiration and respect accorded to an organization probably as a result of the successes recorded by the organization, the way they treat their employees and the corporate social responsibility carried out by the firm.

The more an organization is viewed in a positive light by its stakeholders, the more employees are inclined to enjoy staying and putting in their best to the course of the firm. This is the view of Dutton and Dukerich (1991) who aver that POP is directly related to employees' levels of self-respect in terms of their membership within the organization. Similarly, Dutton, Dukerich, and Harquail (1994) opine that employees bask in the reflected glory of an organization that is positively perceived by stakeholders. Bartels, Pruyn, De Jong and Joustra (2007) state that studies in the past reveal that employees are more committed and identify stronger with their organization if they perceive that people view their firm in a good way. This is probably because, the opinion of friends, relatives and well-wishers matter a great deal to the employees. This was the view of Carmeli (2005) who opine that employee cares about the opinions of other people and groups, such as customers, who are outside the organization, the organization's competitors, suppliers, and the social environment.

People are motivated to enhance their feeling of self-worth, hence, they aspire to be part of a reputable and prestigious organization as it tends to increase their self-worth (Terry, 2001). One of the basic dimensions of POP is perceived external prestige (PEP)

Perceived External Prestige

Perceived External Prestige (PEP) entails the view of outsiders or external stakeholders about the firm. It is one of the best determinants of POP as employees root for firms with positive PEP. Podnar (2011) states that PEP is considered to be one of the most influential factors that positively affect organizational identification since members feel proud to belong to an organization that is believed to be reputable in public. PEP represents a picture that employees have of how the organisation is perceived by external stakeholders (Šulentić, Žnidar & Pavičić, 2017). It is an outsider's perceptions and interpretations based on specific exposure to information related to an organization (Smidts et al., 2001). It is what employees believe to be the widespread external opinion about the company and its reputation and prestige (Carmeli & Freund, 2002).

How employees of an organization see the perception of outsiders about where he works defines the PEP of such an organization. It has nothing to do with how employees view the organization, but how the employees perceive that external stakeholders view the firm where they work. That is, it is a member's view of outsiders' reputation of the company. It represents how employees think outsiders see the organization (Smidts et al., 2001). It describes the employee's perception about how the external entities view his organization (Hasan & Hussain, 2015). Emphasis has been placed on the significance of PEP in an organizational context and has revealed it to be one of the ways to better the performance of organizations through employee identification with the firm (Dutton & Dukerich, 1991; Dutton et al., 1994).

Organizational Identification (OI)

Organizational identification (OI) is how employees feel enmeshed in an organization; how committed they are to the course of an organization. The level of the miles they are ready to go to ensure that the performance of the organization where they belong is

sustainable. It is a psychological linkage between the individual and the organization whereby the individual feels a deep, self-defining affective and cognitive bond with the organization as a social entity (Edwards & Peccei, 2007). An employee who identifies with an organization feels a deep sense of loyalty and commitment to the organization. Through identification, an employee perceives his or herself as psychologically entwined with the firm, sharing a common destiny, and experiencing its successes and failures (Mgbemena, Umoh & Amah, 2017).

The more an employee perceives his firm to be positively regarded by outsiders, the more such an employee would be inclined to identify with the firm. Employees that perceive their organizations' external image as palatable and positive increases their affiliation towards such organization (Dutton et al., 1994). A direct nexus between PEP and organizational identification was reported by Bergami and Bagozzi (2000), Smidts et al. (2001), Bamber and Iyer (2002), Carmeli and Freund (2002), and Carmeli (2005). The identification and affiliations by employees as a result of positive PEP makes the workers give their best, which will benefit the firm immensely. This is based on the assertions of Smidts et al., (2001) who opine that findings from various research made it clear that employees who identify strongly with their organizations are much more "beneficial" to the firm. Such benefit may come in form of reduced likelihood to leave, increased job satisfaction and commitment to the firm. Kreiner and Ashforth (2004) posit that among others, a sense of organizational identification may prevent employees from becoming alienated and can contribute positively to job motivation and job satisfaction (van Knippenberg & van Schie, 2000). Similarly, companies work towards displaying a positive image to the public so as to increase the motivation of investors to provide credit (Shane and Cable, 2002), make the clients agree to buy its goods and services (e.g. Standifird, 2001), and influence other institutions to support it their legal issues (e.g. Kapelus, 2002). All these paint the organization in a positive light, making the employees want to put in their best.

Empirical Review

Yıldızı (2018) investigated the nexus existing between organizational prestige and organizational identification perceptions of primary school teachers in Bolu central province. The work made use of a study group of primary school teachers working in 34 primary schools located in Bolu central province as of the 2017 academic year. The sample size was made up of a total of 258 primary school teachers in the studied area. The data were collected using a structured questionnaire. The analysis was carried out using a combination of descriptive (mean and frequencies) and inferential statistics (regression analysis). The result revealed that teachers' perceptions of organizational prestige were at a "moderate" level.

Hasan and Hussain (2015) examined the impact of perceived external prestige and organizational justice on the organizational identification of employees' in Pakistan. Data were collected using questionnaire technique and the total response rate was 87%. The analysis was conducted using correlation and regression analyses. The results indicated a significant relationship between perceived external prestige and organizational identification.

Yilmaz and Ovunc (2015) designed an integrated model which highlighted the linkage between organizational prestige and organizational identification with turnover intention as mediated through psychological empowerment in Turkey. A sample of 332 employees was used for the study. The analysis was carried out using structural equation modelling and the findings showed that a strong relationship existed between organizational identification/organizational prestige and hotel employees' turnover intention.

Kang, Stewart and Kim (2011) examined the role of perceived external prestige (PEP), ethical organizational climate, and leader-member exchange (LMX) quality in explaining organizational and career commitment in South Korea. The sample size deployed in the study consisted of 477 middle or lower-level personnel working in fifteen of the leading corporations in South Korea. The instrument for data collection was a structured questionnaire, Structural Equation Modelling (SEM) was deployed in data analysis and the result indicated that ethical organizational climate and LMX quality are a significant correlate of both forms of commitment, whereas perceived external prestige is a predictor of organizational commitment but not career commitment.

Ciftcioglu (2010) determined the influence of PEP on employee's emotional appeals toward working organization in Bursa. Data for the study were gotten from 200 employees working in a well-known textile industry firm using a structured questionnaire. The analysis was undertaken with the use of hierarchical regression analysis, to ascertain the linkage existing between the variables of the study. Results emanating from the analysis indicated that PEP had an impact on affective commitment by full mediating the role of job satisfaction and organizational identification.

MATERIALS AND METHODS

A survey research design was adopted by this study because of its nature; collection of opinion through questionnaire from sampled respondents about a phenomenon. Hence, making survey design the most appropriate for the study. The population of the study consist of 1278 employees of commercial banks working across the five south-eastern states of Nigeria. The banks and employees were randomly selected, given all the member of the banks equal opportunity of being selected. A sample size of 292 employees

was selected using Krejcie and Morgan 1970 formula. The instrument for data collection is a structured questionnaire, put through validity test using content method. The reliability which returned a coefficient of .869 (87%) was ascertained through the deployment of Split-half technique. The method of data analysis was regression, using Ordinary Least Square (OLS) method. The hypothesis was tested at a 5% level of significance. A total of 292 copies of the questionnaire were distributed, out of which 278 were returned and 260 were used because 18 of the returned copies were either incomplete or mutilated.

Data Analysis

Table 1: Respondents Responses

| S/N | ITEMS | SA | A | D | SD | Mean |
|--------------------------------|--|-----|-----|----|----|------|
| PEP | | | | | | |
| 1 | People respect those working in banks. | 88 | 96 | 69 | 39 | 2.80 |
| 2 | I have a good feeling because I work in the bank. | 101 | 99 | 72 | 20 | 2.96 |
| 3 | The bank I work makes me respected outside. | 119 | 121 | 52 | - | 3.23 |
| 4 | I feel good about working in my bank. | 59 | 109 | 54 | 70 | 2.54 |
| 5 | The image my bank has outside is good. | 101 | 121 | 70 | - | 2.76 |
| Employee Identification | | | | | | |
| 6 | I will put in my best in my organization because of the respect I get through working there. | 78 | 111 | 72 | 31 | 2.81 |
| 7 | I have a sense of loyalty toward my firm. | 102 | 87 | 43 | 60 | 2.79 |
| 8 | I am very committed to the course of my organization. | 117 | 94 | 50 | 31 | 3.02 |
| 9 | I would love my organization to always experience success. | 129 | 132 | 21 | 10 | 3.30 |
| 10 | I share a common purpose with my firm. | 78 | 109 | 90 | 15 | 2.85 |

Source: Field Survey, 2021

Keys: SA (Strongly Agree), A (Agree), D (Disagree) and SD (Strongly Disagree)

Table 1 shows the distribution of responses from respondents. The analysis here is carried out using mean, with a threshold of acceptance of 2.5. That is, any questionnaire item that has a mean of 2.5 and above should be accepted as being true or that the respondents agreed to the question, while any with a mean of below 2.5 is to be regarded as rejected by the respondents. From Table 1 above, it shows that all questionnaire items are accepted by the respondents because they all have a mean that is above 2.5.

Test of Hypothesis

Table 1: Regression Analysis

Dependent Variable: OI

Method: Least Squares

Date: 05/28/21 Time: 10:53

Sample: 1 292

Included observations: 292

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|-----------------------|-------------|----------|
| C | 0.464575 | 0.193463 | 2.401356 | 0.0170 |
| PEP | 1.000801 | 0.012937 | 77.35898 | 0.0000 |
| r | 0.977201 | Prob(F-statistic) | | 0.000000 |
| R-squared | 0.953781 | Mean dependent var | | 14.76712 |
| Adjusted R-squared | 0.953621 | S.D. dependent var | | 4.520349 |
| S.E. of regression | 0.973491 | Akaike info criterion | | 2.790969 |
| Sum squared resid | 274.8286 | Schwarz criterion | | 2.816153 |
| Log likelihood | -405.4815 | Hannan-Quinn criter. | | 2.801057 |
| F-statistic | 5984.412 | Durbin-Watson stat | | 0.145633 |

Source: Field Survey, 2021

Table 2 shows the regression analysis result for the hypothesis which states that PEP influences employee identification in the banks in Nigeria. The independent variable is Perceived External Prestige (PEP) while Organizational Identification (OI) is the dependent variable. Table 2 gives the following results:

$$OI = 0.464575C + 1.000801PEP$$

The Constant Term (C) obtained is = 0.464575 and it is statistically significant with a p-value of 0.0170 (p-value < 0.05).

The coefficient of PEP is 1.000801 and it is statistically significant with a p-value of 0.0000 (p-value < 0.05).

The r is 0.977201 signifying that a positive relationship exists between the variables.

The R-Squared (R^2) obtained is 0.953781 indicating that approximately, a 95% change in the dependent variable is explained by changes in the independent variables. That is to say, PEP has a 95% influence on employees identification in banks in Nigeria. This result is statistically significant because the F-statistics as indicated in Table 2 is 5984.412 and the p-value is 0.00000.

Discussion of Findings

The findings from the study revealed that a 95% change in the dependent variable is explained by changes in the independent variables. That is to say, PEP has a 95% influence on employees identification in banks in Nigeria. Looking at the result closely, the correlation coefficient (r) is positive, signifying a direct nexus, whereby, an increase in the independent variable leads to a concomitant increase in the dependent variable. When the reputation, image and worth of an organization increase perceptually in the sight of stakeholders as perceived by the employees, their level of identification with the organization will increase leading to more loyalty and commitment. This result aligns with earlier findings of researchers such as Hasan and Hussain (2015) who examined the impact of perceived external prestige and organizational justice on organizational identification of employees' in Pakistan and found that a significant relationship between perceived external prestige and organizational identification. Similarly, Yilmaz and Ovunc (2015) who designed an integrated model to highlight the linkage between organizational prestige and organizational identification in Turkey revealed that a strong relationship existed between organizational identification/organizational prestige and hotel employees' turnover intention.

Conclusions

Employee attrition is an existential threat to the sustainability of organizations, this is on the hills of the numerous cost implications it has. Organizations that can retain her employees ordinarily do well than those that do not. The image and view of outsiders about the organization goes a long way in determining who stays and who leaves a firm, as shown by the result of the study that PEP has a huge and positive influence on OI. This study therefore concludes that PEP is a great determinant of employee commitment and loyalty to the course of a firm.

Recommendation

The study recommends that banks and their management should always strive to build good image and perception in the minds of stakeholders through offering value, welfare packages and good corporate citizenship, as these will go a long way in endearing the banks to the employees and make them embedded to the banks.

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