Analysis of Employees' Awareness from Their Manner of Impact on the Organizational Reputation

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Abstract

People, informal groups and organizations have thought for many years about how the other people or organizations consider them. This can show the importance of organizational reputation in the new era. Researchers have been found that organizational reputation may result in higher profit, better performance, higher employees' loyalty, simplicity of new employees' attraction and reduction of organizational costs. Many groups play roles in creating the organizational reputation. employees are one of the significant drivers of organizational reputation. Therefore this paper studies employees' awareness of their impact on organizational reputation and how their awareness is influenced by job satisfaction, organizational commitment and perceived organizational reputation. A sample of 210 employees from Isfahan Sepah Bank employees is explored and the survey data are collected. A structural equation model and SPSS and Amos Graphic softwares are used to analyze data. Result show that four of six hypotheses are accepted and two of them are rejected.

Keywords: Organizational reputation, Job satisfaction, Organizational commitment

1. Introduction

Organizational reputation is not a new discussion. Organizations, individuals and even informal groups have always thought about the issue that how they are viewed by others. What has been changed in the modern age is the organizations' approach towards this issue and its importance for them. Researches reveal that organizational reputation is leaded to sustainability of the organization, higher profit, better performance, employees' loyalty, easier attraction of employees and reduction of transactional costs (Fombrun et al , 2004 ; Koh et al , 2009 and Krueger et al, 2010) . Therefore, importance of investigation about the concept of organizational reputation and its role in the organization is clear to all. Primarily various definitions have been represented about organizational reputation since the earliest days of formation of this concept and different elements have been emphasized. Organizational reputation is a group of properties and their internal relations which are common in a cognitive social society among a group of individuals (Andersen & Sorensen , 1999) .

It is a set of group judgments that are obtained based on individuals' evaluations from social, economical and environmental impacts of the corporation (Ewing et al , 2010). Organizational reputation is said to a set of perceptions of an organization that are formed during the time and emphasizes beliefs and accomplished activities of the corporation during the time (Balmer, 1998). It is evaluation, respect and credit by which mental image of the organization has been formed in individuals (Dowling , 1994). Stakeholders of the organization are one of the most important factors that are considered in evaluation of organizational reputation. In other words, many researchers have defined organizational reputation based on organizational stakeholders. Organizational reputation is a group of previous activities of the organization and their results which show capability of the corporation in creating valuable results for a group of its stakeholders.

In this definition place of the corporation for internal employees of the organization as well as its external stakeholders in both competitive and organizational environment is measured by reputation (Ewing et al , 2010). Employees are one of the most critical organizational stakeholders whose behaviors affect organizational reputation , because employees are the first liaisons that buyers are faced with them (Gotsi & Wilson, 2001). Organizational reputation plays a fundamental role for organizations and creates value for them, since it affects the relationship among different stakeholders in the organization like shareholders, employees and buyers and others (Bromley, 2001 & Rindova, 1999).   Therefore it is necessary for organizations to emphasize their organizational reputation in order to be able to attract better and more appropriate buyers, investors and employees. On the other side, this issue could be considered in terms of creating internal reputation. Creating internal reputation includes all behaviors and activities of employees that are necessary to show reputation of the whole organization. Employees affect organizational reputation directly or indirectly and voluntarily or involuntarily through their behavior and performance which are analyzed by external supervisors (Helm, 2010).

In spite of the existing consensus regarding employees' impact on organizational reputation, the issue that how employees perceive this subject hasn't been investigated in studies. Whether employees believe that creating reputation for the organization is a responsibility and task for themselves or consider it as an activity in excess of task is controversial (Helm, 2010).   The present survey tries to perceive employees' perceptions from organizational reputation and their role in creating reputation for the organization.

1.1 Employees' perception from organizational reputation

Individuals' perceptions regarding how others observe their organization usually play a significant role in both attraction and maintenance of employees. Several researches have been conducted in the field of employees' perceptions and activities about organizational reputation. Organizational reputation is a perception that is formed in individuals' mind and refers to their valuation from the organization (Eberl, 2005). Moreover, it is created when stakeholders are evaluating their contacts with the organization and measure them with their expectations. This reputation is shaped on the basis of personal values or social norms (Llewellyn, 2002). One the other side, many researches have been accomplished regarding the manner of measuring employees' perceptions from organizational reputation (Michelotti, 2010 & Albinger, 2000). When employees' perceptions from organizational reputation is proposed the point that employees usually observe values such as relationship with the organization, relation of employees with each other, behavior of the organization versus the environment or social responsibility of the corporation, quality of products, manner of behaving with women and minorities in the organization must be considered (Michelotti, 2010). Helm investigated about social identity of the organization and its impact on employees' attitude. Social identity is the individual's perceptions from being in a group or belonging to that group. He stated that being present in a group or belonging to it causes the individual to redefine himself. In other words, dependence on an organization affects self-perception and social identity of the individuals (Helm, 2010).

1.2 Job satisfaction and organizational commitment

Generally, positive social identity can affect other factors like job satisfaction and organizational commitment of employees. Job satisfaction originates from employees' attitude towards their job. Infact, positive attitudes of employees towards their job establish job satisfaction (Armstrong , 2009) . Also employees' job satisfaction originates from their attitude towards various factors of their job such as relations, colleagues, degree of being recognized and etc (Jackson & Corr , 2002 ; Lu & While , 2005 and Willem et al , 2007) . Perceived organizational reputation is one of these positive attitudes. Organizational reputation could be resulted in employees' job satisfaction (Coenen et al , 2010 ; Cravens & Oliver , 2006) . Working with a reputed organization is more satisfactory for employees, because there is a more positive social view towards the individual (Helm, 2010). In addition, positive social identity can affect employees' organizational commitment. Generally, individuals' commitment towards the organization could be in three types. Affective commitment means that individuals are interested in remaining in the organization due to emotional and sentimental belongings. Normative commitment emphasizes importance of rules or moral cases to remain in the organization. And finally continuous commitment refers to willingness to remain in the organization because of costs associated with leaving the organization (Meyer & Allen , 1997) . Researches indicate that there is a significant relationship between affective commitment and organizational reputation and organizational reputation could be leaded to establishment of affective commitment (Carmeli & Freund , 2002 ; Coenen et al , 2010) .

Thus, serving in a reputed organization has more impact on individuals' commitment than in an unreputed organization (Helm , 2010 ; Helm , 2007) . Numerous researches have been accomplished in the field of mutual impact of organizational commitment and job satisfaction and positive impact of organizational commitment on job satisfaction has been stressed in some of them (Poon, 2004). In other researches positive impact of job satisfaction on organizational commitment has been referred (Gunlu et al , 2010 ; Mahatanankoon , 2007 and Westover et al , 2010) . Although both concepts demonstrate attitudes related to job, it is assumed that job satisfaction gives rise to create affective commitment, as it has less stability and is formed faster (Krueger et al , 2010) .

1.3 Employees' awareness from their manner of impact on the organizational reputation

Several factors are effective on formation of organizational reputation that the most important of them are employees, buyers, executive managers and investors (Jackson , 2004 ; Kitchen & Laurence , 2003) . Perhaps it could be stated that employees are the most critical factor in formation of organizational reputation, because they are the first organizational liaisons that buyers are faced with them (Gotsi & Wilson , 2001) .   In other words, employees not only are indicators of the organization but also they are simultaneously the organization, brand of the organization and reputation of the organization. Employees constitute central core of the message that the organization has established and are very important in formation of organizational reputation. It is necessary for them to support organizational purposes, strategies and values and create a culture which forms a positive organizational reputation (Carlzon , 1989) . Alsop(2004) considers employees as ambassadors of the organization who can affect organizational reputation indirectly and through word of mouth marketing. Indeed whenever employees express their opinions in general meetings about their organization they will have the potential capability to affect organizational reputation (Alsop , 2004) . Therefore, employees' awareness of their power and ability on affecting organizational reputation is very important.

On the other side, employees' perceptions from organizational reputation could be effective on their awareness from organizational reputation. Totally, organizational reputation creates organizational involvement for the stakeholders including employees and through this each employee thinks that he can express organizational identity in a tangible state by help of his behavior which is usually intangible (Romenti , 2010). Employees constitute central core of the message which talks about reputation of the organization. They must represent purposes, values and strategies of the organization and as a result they preserve reputation of the organization (Cravens & Oliver , 2006). Besides, Helm(2010) states that the organization which has no appropriate reputation given to social identity theory can not assist its employees to obtain self-respect and pride. Hence, perceived organizational reputation could be assumed as a factor which helps the organization increases its reputation . He added that perceived organizational reputation could be regarded as individuals' incentive in trying to enhance organizational reputation, because enhancement of organizational reputation increases social identity and finally is leaded to increase employees' self-respect and pride (Helm, 2010).

Helm (2007) claimed that job satisfaction and organizational commitment encourage employees to perform activities more than their task for the organization . One reason could be stated: performing more work than tasks related to employees' role roots in individuals' job satisfaction, since those who are satisfied perform an action in spite of any expectation for acknowledgement and just to obtain satisfaction (Helm, 2010). Moreover, employees who are committed to the organization are prepared to apply their power and properties for the organization's success. Thus, given to the research literature, the recommended model of research will be in the form of the figure 1.

2. Research hypotheses

a. perceived organizational reputation influences job satisfaction
b. perceived organizational reputation influences affective commitment
c. job satisfaction influences affective commitment
d. perceived organizational reputation influences employees' awareness from their manner of impact on the organizational reputation
e. job satisfaction influences employees' awareness from their manner of impact on the organizational reputation
f. affective commitment influences employees' awareness from their manner of impact on the organizational reputation

3. Research methodology

3.1 Statistical population and sample

Statistical population of this survey includes all employees of Sepah Bank in Isfahan city. Two-hundred ten (210) persons were selected as sample and one-hundred ninety three (193) returned questionnaires were analyzed.

3.2 Tools of data collection

Tool of data collection in this survey is questionnaire with closed questions. This questionnaire has twenty seven (27) questions that eight questions are allocated to measure perceived organizational reputation, eight questions to measure organizational commitment, six questions to measure job satisfaction and five questions to measure awareness level of employees from their manner of impact on organizational reputation. It is noteworthy that questions were designed based on Likert five-option scale. Table 1 displays a complete list of all items.

3.3 Reliability and validity of the questionnaire

Reliability: reliability is one of the technical characteristics of measurement tools. This concept deals with the issue that measurement tool give similar results to what extent under similar conditions. Cronbach alpha is used to determine reliability in this survey and it has been calculated equal to 0.952 for the whole questionnaire by means of SPSS software.

Validity: concept of validity answers to the question that measurement tools measure the intended characteristic to what extent. Without knowing validity of measurement tools we can not trust in precision of the obtained data. Content validity of the questionnaire was confirmed through experts' view. Factorial validity is a form of construct validity that is measured through factor analysis. SPSS software was used in this section to perform confirmatory factor analysis in order to determine validity of designed scales and measure latent variables. Thus, first a confirmatory factor analysis was conducted to measure accuracy of the questions. Then questions with factorial load less than 0.3 were omitted and factor analysis goodness of fit test was accomplished for other questions to confirm accuracy of factor analysis. Regarding accuracy of the sample size KMO criterion was examined which was higher than 0.5 and was confirmed. Also sig amount of Bartlett test was lower than 5% and this showed suitability of factor analysis to recognize factorial structure while rejecting the assumption of recognizable correlation matrix among variables. Totally we can conclude that accuracy of factor analysis is confirmed. Results are illustrated in table 1.

4. Data analysis

Structural equations model along with Amos Graphic software are used to analyze the collected data.

4.1 Model fit

Before testing hypotheses fitness of the collected data to research model should be examined. Total indices of the model's fit are illustrated in table 2 which show a desirable status. One of the most important indices is the model's Chi-Square. Generally, the basis for calculating Chi-Square is the difference between observed and reproduced covariance matrices so that whatever amounts in cells of these two matrices are closer to each other amounts of the residual matrix arising from difference of these two matrices become closer to zero and this is leaded to reduction of Chi-Square . Therefore, amount of the model's Chi-Square demonstrates an insignificant difference between the observed covariance and reproduced matrices statistically given that P is larger than 0.05. Relative Chi-Square of the model that is equal to 1.586 is in an acceptable range. Also, amount of goodness of fit index (GFI) shows a statistical insignificant difference between two observed and reproduced covariance matrices. Root Mean Squared Residual (RMR) is at an acceptable level and shows appropriate fitness of the model. Comparative indices of CFI and NFI are equal to 0.969 and 0.930 and results demonstrate the model's ability in keeping aloof from an independence model and becoming closer to a saturated model as these indices are based on comparison of the default model with the independence model. Amount of Root Mean Squared Error of Approximation (RMSEA) is equal to 0.062 and is acceptable. PCLOSE is equal to 0.106 and larger than 0.05 which shows that amount of RMSEA is acceptable. Finally we can conclude that Data-to-Model Fit in this research is acceptable.

4.2 Hypotheses testing

Research hypotheses are evaluated after studying the model and confirming it in terms of fit indices. Critical amount must be more than 1.96 for significance testing of hypotheses based on significance level 0.05.

Accordingly, all research hypotheses have been confirmed except hypotheses 5 and 6. The critical amount related to each hypothesis along with the related standard effect coefficients are shown in table 3.

Figure 2 is the final model of research that has been tested. As the model shows the factorial load that is shown in each measurement model is more than 0.3 and thus validity of those questions of the questionnaire that haven't been omitted is confirmed by factor analysis. Factorial loads are those coefficients settled on vectors that are drawn from each factor towards the related questions. Connecting vectors of latent variables in figure 2 exhibit standard effect coefficients that are illustrated in the fourth column of table 3.

5. Discussion and conclusion

Effective factors on employees' awareness from their manner of impact on reputation of the organization were studied in this survey. Data was collected by means of questionnaire with closed questions. Reliability of the questionnaire was obtained through cronbach alpha coefficient and SPSS software that was equal to 0.952. We conducted confirmatory factor analysis through SPSS software and questions with factorial loads less than 0.3 were omitted. Results reveal that there exists a significant relationship between perceived reputation of the organization and awareness level of employees from their manner of impact on the organization's reputation . Whatever perception level of employees from reputation of the organization is increased their awareness from their impact manner on organizational reputation will be enhanced. This relation has been confirmed in Helm's research (2010) too. Also according to Jackson and Corr (2002), Lu et al (2005), Willem et al (2007) and Helm (2010) working in a reputed organization is leaded to positive social view towards the individual and will have a positive impact on increasing of employees' job satisfaction.

According to the results of researches of Jackson and Corr (2002), Lu et al (2005), Willem et al (2007) and Helm (2010), results of the present survey demonstrate significant impact of perceived organizational reputation on job satisfaction. Similarly, results of the survey indicate that perceived reputation of the organization has a significant impact on employees' affective commitment and could be resulted in increasing of employees' affective commitment. While confirming positive impact of perceived reputation on individuals' commitment towards the organization, Cable and Turban (2003), Fombrun et al (2004) and Helm (2007) argue that working in a reputed organization can have more impact on individuals' commitment than in an organization with low reputation. On the other hand, it has been specified that job satisfaction and affective commitment are not effective on employees' awareness from their manner of impact on reputation of the organization. This rejects indirect impact of perceived organizational reputation on employees' awareness from their manner of impact on the organizational reputation.

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Table 1 . Factor analysis of questions

		Factor load	Deleted questions
perceived reputation KMO=.806 Bartlet test sig =.000 explained variance = .50	1. Quality of top management	0.185	1
	2. Quality of products/services	0.230	2
	3. Innovativeness	0.745	
	4. Ability to attract, develop, and retain talented employees	0.704	
	5. Wise use of corporate assets	0.220	5
	6. Responsibility for the community and the environment	0.677	
	7. Financial soundness	0.624	
	8. Long-term investment value (for shareholders)	0.784	
Affective commitment KMO=.901 Bartlet test sig =.000 explained variance = .76	1. I really care about my company's fate.	0.241	1
	2. Working toward my company's success is important to me.	0.210	2
	3. I would be very happy to spend the rest of my career with my company.	0.900	
	4. For me, mine is the best of all possible companies to work for.	0.898	
	5. I feel a strong sense of belonging to my company.	0.907	
	6. My company has a great deal of personal meaning to me.	0.190	6
	7. I am willing to put extra effort beyond what is expected to make my company successful.	0.182	7
	8. I find that my values and my company's values are very similar.	0.855	
job satisfaction KMO=.811 Bartlet test sig =.000 explained variance = .61	1. Current salary (compared to industry standards)	0.706	
	2. Work tasks/daily responsibilities	0.771	
	3. Job/career promotions received so far	0.260	3
	4. Opportunities for advancement within your company	0.193	4
	5. Coworker(s)	0.826	
	6. Supervisor(s)	0.854	
Em KMO=.737 Bartlet test sig =.000 explained variance = .59	1. Every employee of a company can contribute to its reputation.	0.213	1
	2. I know how I can influence my company's reputation.	0.849	
	3. What I personally do is important for the reputation of my company.	0.251	3
	4. I personally feel like an ambassador of my company.	0.867	
	5. I personally feel responsible for my company's reputation.	0.881	

Note: Em = Employees awareness of their impact on organizational reputation

**Table 2. General indices fit of final structural equations model**

index	DF	CMIN/DF	P	GFI	RMR	RMSEA	CFI	NFI	PCLOSE
amount	98	1.586	0.063	0.913	0.068	0.062	0.969	0.930	0.106

Table 3. Result of test of hypotheses

Independent variable		Dependent variable	Standard impact coefficient	C.R.	P
X	H_1 →	Y_1	0.60	6.33	***
X	H_2 →	Y_2	0.32	3.78	***
Y_1	H_3 →	Y_2	0.56	5.57	***
X	H_4 →	Y_3	0.31	2.327	0.02
Y_1	H_5 →	Y_3	0.01	0.04	0.96
Y_2	H_6 →	Y_3	0.26	1.43	0.15

Note: X=perceived reputation Y_1=job satisfaction Y_2=affective commitment Y_3= employees awareness of their impact on organizational reputation

Figure 1. conceptual model of research
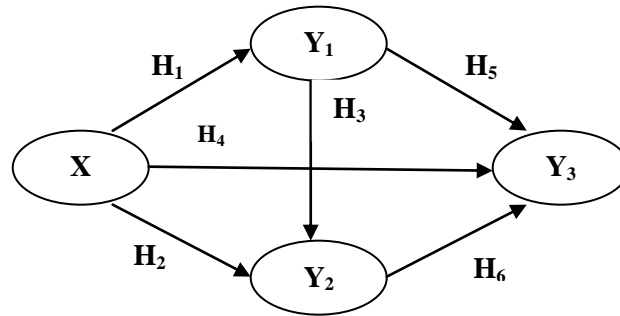
Note: X=perceived reputation Y_1=job satisfaction Y_2=affective commitment Y_3= employees awareness of their impact on organizational reputation
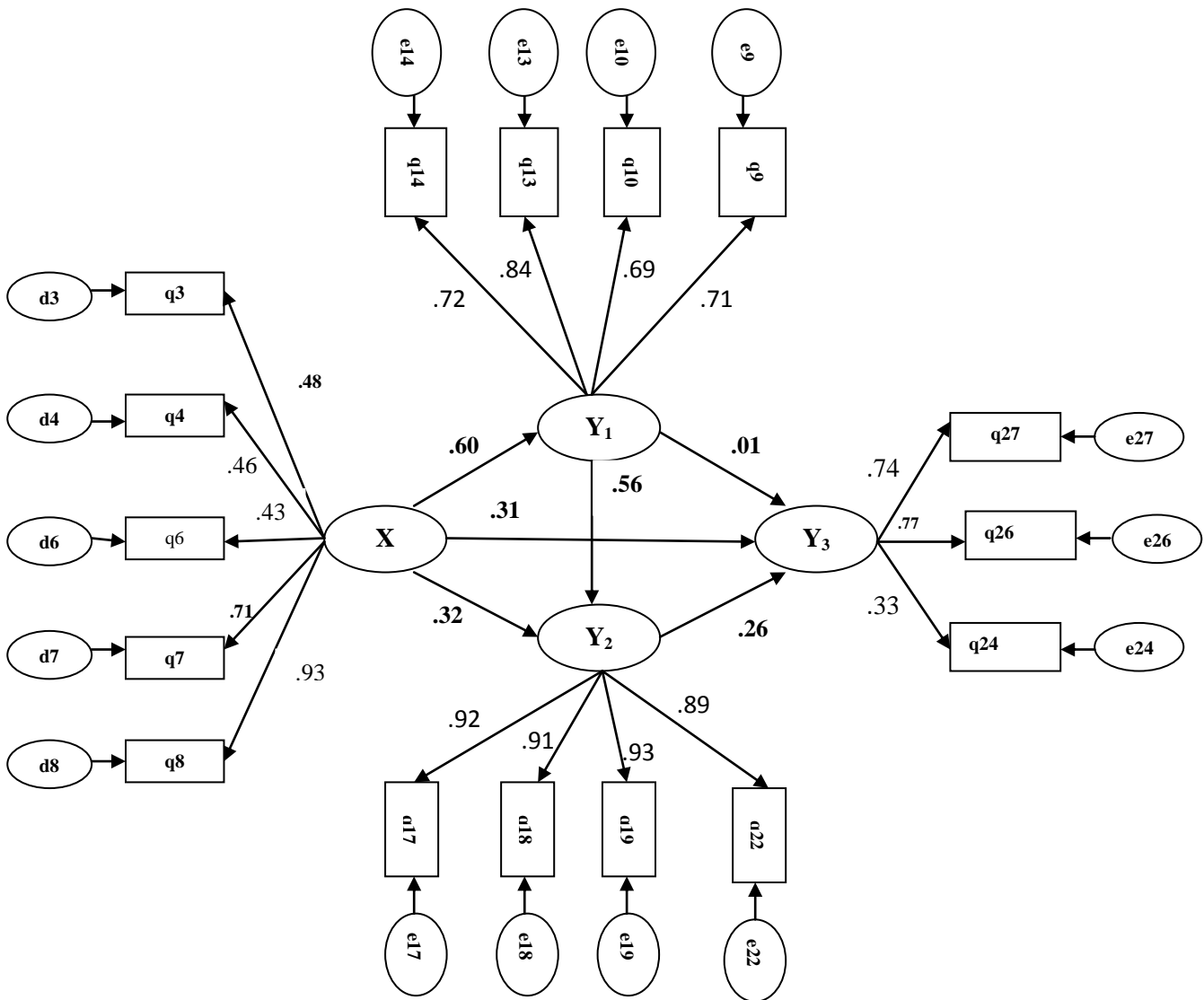
Figure 2. Final structural equations model

Note: X=perceived reputation Y₁=job satisfaction Y₂=affective commitment Y₃= employees awareness of their impact on organizational reputation