



# How organizational identification among retail employees is affected by advertising



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## ARTICLE INFO

### Keywords:

Retailing  
Organizational identification  
Communications  
Advertising  
Internal marketing  
Employees

## ABSTRACT

This paper investigates whether the organizational identification among retailer employees can be influenced by advertising aimed at consumers. The results of an experimental study of employees at a large grocery retailer show a positive impact of advertising exposure on organizational identification. Employee perceptions of advertising effectiveness (and not their feelings of pride with regards to the advertising) are found to explain this effect. The results suggest that advertising can serve an important human resource role tool by helping retailers build organizational identification amongst its employees. Further managerial implications are discussed in the paper.

## 1. Introduction

The current paper explores if and how a retailer's advertising can influence organizational identification among its employees. Advertising usually constitutes a large share of retailers' marketing spending (Ailawadi et al., 2009), and there are several studies on how consumers perceive, and react behaviourally to, retailers' advertising (Cartwright et al., 2016; Hamelin et al., 2017; Dinner et al., 2014). Although the intent is typically to influence consumers, the high visibility of advertising mean that it also will reach, and potentially influence, other audiences (e.g., Rosengren and Bondesson, 2014); including the retailer's own employees.

There is ample anecdotal evidence of the influence of advertising on employees. Examples highlighted in the press include protests by Spirit Airlines cabin crew and pilots directed at a series of sexually suggestive advertisements (Reed, 2009) and reports of positive internal reactions following Pizza Hut's efforts to make its employees the stars of its advertising (Snyder Bulik, 2010). Our own experiences as MBA educators and advisors also suggest that employees can have very strong opinions on their firm's external advertising.

Despite the broad reach and visibility advertising, academic research tends to disregard its internal audience (Gilly and Wolfinbarger, 1998). Similarly, within the related research streams of internal marketing (Rafiq and Ahmed, 2000), internal branding (Punjaisri and Wilson, 2007), and employee branding (Miles and Mangold, 2005), advertising is rarely mentioned as a tool to align and motivate employees. Within the broader advertising field, there is, however, a

growing literature documenting the extended effects of advertising on others than consumers. This literature focuses primarily on investors (e.g. Joshi and Hanssens, 2010; Xiong and Bharadwaj, 2013) and only a handful studies investigate its effects on employees (e.g. Rosengren and Bondesson, 2014; Wolfinbarger Celsi and Gilly, 2010). Although these studies confirm that employees are influenced by advertising (e.g. Acito, 1980; Gilly and Wolfinbarger, 1998; Celsi and Gilly, 2010; Hughes, 2013) and that specific employee reactions in terms of feelings of advertising pride (ad pride) and perceptions of advertising effectiveness (ad effectiveness) help explain this influence there seems to be an unclear casual relationship between these constructs. In fact, most of these studies have relied on survey methodologies and analyses based on structural equation modeling, making it difficult to discern causality between organizational identification and employee reaction to advertising. Do reactions to advertising impact organizational identification, or is it organizational identification that will impact employee reactions to advertising?

In the present paper we set out to better understand the causal relationship between advertising and organizational identification in a grocery retail context. More specifically, based on the literature on organizational identification (e.g. Dutton et al., 1994) and advertising effects on employees (Hughes, 2013; Celsi and Gilly, 2010), we discuss two perspectives on the relationship between advertising and organizational identification. Perspective 1 suggests that advertising will impact employee organizational identification, whereas perspective 2 suggests that organizational identification will color employee perceptions of advertising. We then hypothesize that advertising will have a

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**Table 1**  
Overview of studies on advertising and identification.

Authors	Treatment of identification	Method	Industry	Model overview	Perspective
Gilly and Wolfinbarger (1998)	Outcome	Qualitative	Hospitality, manufacturing, electronics, utilities.	Ad reactions - > OI	1
Wolfinbarger and Gilly (2005)	Antecedent/Outcome	Correlational	Technology, healthcare.	OI - > Ad reactions - > OI (the measure also includes Trust and Customer Focus).	2/1
Celsi and Gilly (2010)	Antecedent	Correlational	Technology, healthcare.	OI - > Ad reactions - > Customer Focus	2
Hughes (2013)	Mediator	Correlational /Observational*	Manufacturing.	Ad reactions - > Brand Identification and Outcome Expectancy - > Effort - > Sales Performance*	
Present study	Outcome and antecedent	Experimental	Retailing.	Ad - > OI Ad effectiveness - > OI OI - > Ad pride	1

greater impact on organizational identification (perspective 1) than organizational identification will have on employee reactions to advertising (i.e., perspective 1 better account for the relationships found in previous studies than does perspective 2), and that this impact is driven by employee perceptions of advertising effectiveness. Our assumption is tested in an experimental study of employees at a large retail chain. By measuring organizational identification before or after exposure to advertising in an experimental setting we are able to test the causality of the relationships between organizational identification, ad pride, and ad effectiveness.

The paper contributes to the literature on organizational identification among retail employees (Bell and Menguc, 2002; Kraus et al., 2015; Lichtenstein et al., 2010) as well as the budding literature on employee reactions to advertising (Hughes, 2013; Celsi and Gilly, 2010). By dissecting the relationships between key constructs that have been showed to be relevant in previous studies (i.e., organizational identification, ad pride, and ad effectiveness, cf. Gilly and Wolfinbarger, 1998; Celsi and Gilly, 2010) it clarifies the causal relationship between employee organizational identification and their reactions to external advertising.

If our assertion that organizational identification is influenced by employee reactions to external advertising is correct, it implies that advertising can be an important human resources tool for increasing organizational identification and thus firm performance (cf. Gilly and Wolfinbarger, 1998). This should be especially important given the great challenges many firms are facing when it comes to “getting people on board” (Gallup, 2013; Morgan, 2004).

## 2. Organizational identification in retailing

Within the retail literature, there is a growing agreement about the benefits of having employees with a high level of organizational identification (OI), defined as “the degree to which people come to see the organization as part of themselves” (Dutton et al., 1994, p. 242). Retail studies have shown positive effects of OI on, for example, employee sales performance (Kraus et al., 2015), customer perceptions of service quality (Bell and Menguc, 2002), and customer store spending (Lichtenstein et al., 2010). In the more general literature, OI has also been found to foster beneficial employee behaviors such as internal cooperation and customer orientation, as well as reduce turnover intentions (e.g. Dutton et al., 1994; Friedman, 2009; Riketta, 2005; Wieseke et al., 2007; Hughes, 2013).

It can be argued that organizational identification is especially important for retailers. Retailers tend to be geographically diverse corporations, making the psychological bond between the organization and its employees especially important (Hughes, 2013). In addition, the effects of advertising on employees is particularly important as employees are facing customers and thus play a key role in delivering the firm's promise (Gremler and Gwinner, 2008; Kleijnen, Ruyter, and Wetzels 2007). Moreover, the rather high labor turnover in the retail

sector (Bureau of Labor Statistics, 2016; Tang et al., 2014) means that any activities that can help boost OI, and thereby employee retention, is highly relevant.

## 3. Employee reactions to advertising

Few researchers have taken an interest in how employees react to advertising. Taken together, existing work shows that employees pay attention to and are influenced by their firm's advertising. This, in turn, has been found to influence employee attitudes and behaviors in terms of customer focus (Celsi and Gilly, 2010; Wolfinbarger and Gilly, 2005), organizational/brand identification (Celsi and Gilly, 2010; Gilly and Wolfinbarger, 1998; Hughes, 2013; Wolfinbarger and Gilly, 2005), perceived job clarity (Wentzel et al., 2010), and sales performance (Hughes, 2013).

Within this budding area of research, OI has been found to be highly important to understand the extended effects of advertising on employees (for a review of research including OI see Table 1).

As shown in Table 1, Gilly and Wolfinbarger (1998) put forward OI as a key construct in their seminal conceptual article on the internal audience of advertising. Based on this framework later studies have examined identification both on an organizational (Celsi and Gilly, 2010; Wolfinbarger and Gilly, 2005) and a brand level (Hughes, 2013). These studies also show that OI and specific employee reactions related to feelings of pride (ad pride) and perceptions of effectiveness (ad effectiveness) are useful to understand the effects of advertising on employees (Celsi and Gilly, 2010). Pride is a self-conscious emotion that results from positive outcomes attributed to one's own or one's own group's effort. Feelings of ad pride are thus related to the advertising reinforcing positive feelings with regards to being part of the organization (Celsi and Gilly, 2010). Perceived ad effectiveness, on the other hand, refers to the degree to which employees believe the advertising will have the desired impact on consumers (Celsi and Gilly, 2010).

First of all, although all studies highlight the importance of employee organizational identification, they don't give a clear picture of the casual direction of the relationship between OI and employee reactions to advertising. In fact, OI has been treated both as an antecedent (Celsi and Gilly, 2010, perspective 2) and an outcome (Gilly and Wolfinbarger, 1998; Hughes, 2013; Wolfinbarger and Gilly, 2005, perspective 1) of employee reactions to advertising. What is more, the research methods applied (mainly correlational analysis) don't allow for conclusions to be drawn about the causal direction between OI and other such reactions. Although causality could arguably go in both directions the managerial implications for marketers are very different. If OI is an antecedent to employee advertising reactions, marketers need not worry about employees. Firms with high OI have a solid ground on which to build internal effects of advertising (cf. Celsi and Gilly, 2010). On the other hand, if OI is an outcome of employee reactions to advertising, the managerial implications would be that advertising can be used as a tool for increasing OI (cf. Gilly and Wolfinbarger, 1998). Then

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