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Marketing Science Institute
1000 Massachusetts Avenue
Cambridge, MA
02138-5396

Phone: 617.491.2060
Fax: 617.491.2065
www.msi.org

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How Firm Advertising Affects Employees' Trust, Organizational Identification, and Customer Focus

Mary Wolfinbarger and Mary C. Gilly

Ads send a message to employees as well as external audiences.

By understanding the impact of advertising on employees, organizations can craft ads that will improve employees' trust, customer focus, and sense of identification with the firm.

Report Summary

Although organizational ad campaigns target consumers, they also reach the organization's employees. Insofar as employees identify with their organization, they have a vested interest in how the organization's ads portray the organization—and employees. Wolfinbarger and Gilly examine how advertising affects employees' attitudes toward the organization, particularly their trust in the organization, their identification with the organization, and their focus on customers. They hypothesize that employees' preexisting degree of identification with the organization, assessment of how accurate the ads are, and assessment of likely advertising effectiveness all affect how much influence the advertising has on employees' attitudes toward the organization.

Results from two studies, one involving employees of a high-tech firm and one involving employees of a regional health care facility, indicate that preexisting identification

with the company increases the likelihood that employees will judge an ad to be accurate. The studies also found that when employees judge an ad's portrayal of the company or its employees to be accurate, they are more likely to believe that the ad will be effective. Belief in the effectiveness of the advertising appears to have a moderate to strong effect on employees' attitudes toward the organization, and accurate portrayal of employees appears to have a strong effect on organizational attitudes.

A high level of preexisting identification with the company also increases the positive effects that the ad has on employee attitudes toward the company. The results also suggest that advertising that features employees stimulates employee identification with the organization more fully than advertising that does not. On a cautionary note, the studies also revealed that when ads make exaggerated claims, employees appear to judge them to be inaccurate and therefore less likely to be effective. ■

Mary Wolfinbarger is Professor of Marketing at the College of Business Administration, California State University, Long Beach.

Mary C. Gilly is Professor of Marketing at The Paul Merage School of Business, University of California, Irvine.

Introduction

When I got back, Apple had forgotten who we were. Remember that “Think Different” ad campaign we ran? It was certainly for customers, but it was even more for Apple. That ad was to remind us of who our heroes are and who we are. Companies sometimes do forget. Fortunately, we woke up. And Apple is doing the best work in its history. Steve Jobs, Chairman and CEO of Apple Computer and Pixar Animation Studios Business Week, October 11, 2004, p. 55.

Advertising is a form of corporate communication that is intended to inform consumers of the qualities that differentiate the organization and its products and brands from competitors. It is designed primarily to support the sales of the firm’s products and services and to enhance the organization’s reputation. As a form of marketing-managed communication, advertising messages are created and controlled by the firm (Van Riel 1995). Although advertising is directed at particular target audiences, there are often significant spillover effects to audiences that may not have been targeted, including employees (Melewar 2003). Thus, the line separating internal and external communications is permeable, perhaps even nonexistent. The messages created by marketing, design, and communication thus produce “meaning both for consumers and for organizations and their members at one and the same time” (du Gay 2000, p. 72).

Organizations are increasingly recognizing that employees are internal customers who interpret, evaluate, and react to the communications of and about their organization (du Gay 2000; Hatch and Schultz 2000). Employees share their interpretations with other organizational members, with customers, with their families and friends, and even occasionally with the media and other stakeholders (Dutton, Dukerich, and Harquail 1994; Gilly and Wolfinbarger 1998). Steinberg (2005) reports, “the latest message from Madison Avenue to clients: If you want to sell more goods, increase market share or stand out to consumers, you must get

your own employees to have a consistent, positive brand focus” (p. B1). We report here on the impact of advertising on the internal audience, a multidisciplinary topic involving marketing and management. While marketing typically studies corporate and/or brand identity and management focuses on organizational identity (Hatch and Schultz 2000), we focus on the intersection of the two. The central thesis of our research is that advertising viewed by organizational members has an impact on affective and affiliative organization-related attitudes, including trust, customer focus, and organizational identification.

Advertisements are likely to affect employees’ attitudes toward their organization because ads are crafted with the purpose of projecting distinctive organizational images (Ashforth and Mael 1989). When employees encounter an advertisement, “they are prompted to reconsider their role as stakeholders and to reflect on the fit of the organizational image with their own identity” (Scott and Lane 2000, p. 51). In addition, employees pay attention to and evaluate organizational elements that are public, such as advertising, because outsiders (including friends, families, and customers) make judgments about the character of the organization, and, by extension, about employees of the organization, based on those elements (Dutton and Dukerich 1991).

Advertising’s public and dramatic nature heightens the value and effects of the messages it communicates (Gilly and Wolfinbarger 1998). Key to understanding employee reactions to communications about organizational image is the knowledge that organizational members often feel that their company’s image and reputation reflect upon them. For example, a qualitative longitudinal study of employees of the Port Authority of New York and New Jersey and how they reacted to media coverage about the Port’s handling of homeless people at their facilities revealed that the harm done to the organization’s image as a result of negative media attention hurt employees personally (Dutton and Dukerich 1991).

In their eloquent conceptual paper that explains how external organizational images can become intertwined with individual identification processes, Dutton, Dukerich, and Harquail (1994) draw on social identity theory (Tajfel and Turner 1985; Ashforth and Mael 1989; Kramer 1991) to propose that:

Organizational images shape the strength of members' identification with the organization, serving as important cognitive reference points that either connect or disconnect a member from the organization. . . . Members' images of their employing organization are vital sources of their self-construction. By providing members with images of the social group to which they belong that specify the content of what it means to be a member, organizations provide vital input for members' self-definition.

(Dutton, Dukerich, and Harquail 1994, pp. 256-7)

Thus, social identity theory suggests that employees will attach importance to the reputation of their organizations. In a study that looked specifically at the impact of advertising on identification, Elsbach and Glynn (1996) concluded, based on archival data and interviews with three managers involved in reputation building, that UPS employees' sense of identification with their company increased as a result of UPS ad campaigns that featured employees in the advertisements. However, because no employees were interviewed or surveyed, the process through which identification was increased was not modeled.

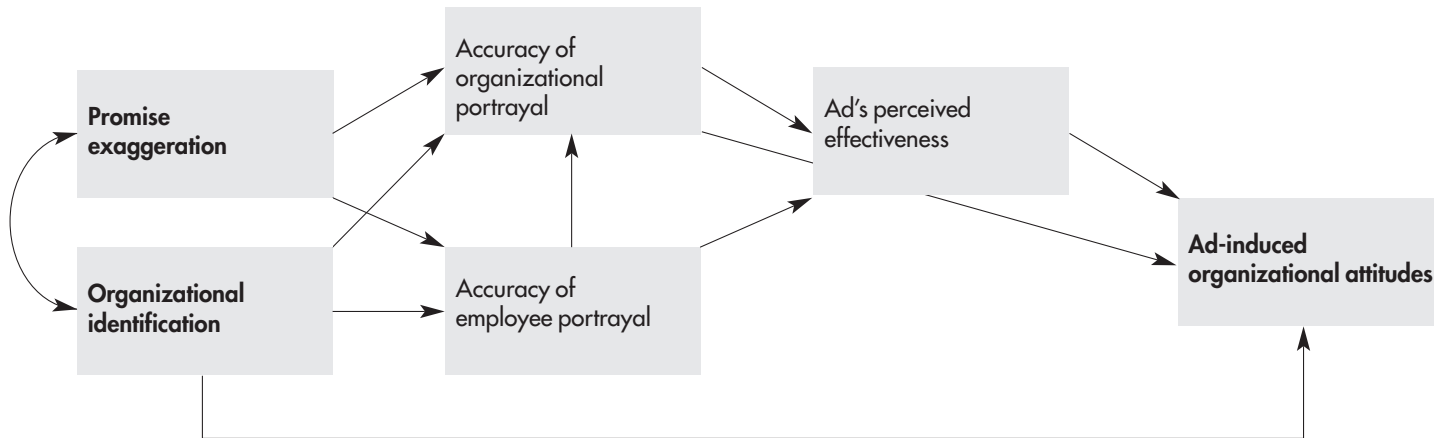
In their conceptual paper, Dutton, Dukerich, and Harquail (1994) state that scholarly "literature ignores how . . . [external] images affect organizational insiders—the members who are associated with these images as part of their everyday work behavior" (p. 257). They suggest that "researchers interested in the social psychology of organizational impression management should consider how the images created for outsiders [e.g., ads] shape the experience, attachments, and behaviors of insiders." Our re-

search responds to their call and contributes to the organizational identity literature by focusing on advertising—a very visible statement of what is distinctive, central, and enduring about an organization. Recognizing that advertising helps shape an organization's reputation, we argue that advertising affects employees' organizational identity. Further, because featuring employees in ads heightens employees' attention to ads (Gilly and Wolfinbarger 1998), the influence that advertising has on employees' organizational identity should be strengthened by the presence of employees in ads.

In addition to affecting—and being affected by—employees' sense of identification with the organization, advertising may also affect other attitudes toward an organization, including trust and customer focus. Customer focus is the principle most strongly associated by managers with the important concept of market orientation (Jaworski and Kohli 1993). Ads convey information to employees about what customers want, how the organization is positioning itself relative to competitors in the marketplace, and how employees should behave toward customers. In other words, advertising has the ability to influence employees' customer focus. If what is shown in the advertising is consistent with what has been emphasized internally about the company, employees are less likely to experience cognitive dissonance (Festinger 1957; Bacharach, Bamberger, and Sonnenstuhl 1996) or to resist change and more likely to internalize customer focus behaviors (Ashforth and Mael 1989).

Advertising may also influence employees' trust in the organization (cf. Cummings and Bromiley 1995; Hosmer 1995; Mayer, Davis, and Schoorman 1995), given that employees are likely to judge the truthfulness and likely success of advertising (Gilly and Wolfinbarger 1998). Altogether, when employees believe that their organization is represented truthfully and effectively, we predict that they should have more positive attitudes toward the organization in the form of higher levels of trust, customer focus, and organizational identification.

Figure 1
A Model of Advertising's Impact on Employees



Our research of two organizations, one that features employees in ads and one that does not, empirically examines the impact of employee evaluations of their organization's advertising on their attitudes toward the organization.

Hypothesis Development

Our model (see Figure 1) predicts that employees who identify with their organizations and who do not see company ads as exaggerating will be more likely to judge the ads to be accurate in both portrayal of the organization and in portrayal of any employees featured in the ads. In determining whether ads are accurate, employees will compare their perception of internal identity (Hatch and Schultz 2002) with the image that appears in advertising. When employees perceive the ads as representing the organization and its employees accurately, they will be more likely to see the ads as effective.

Employees will reflect upon how the ad will affect their construed external identity, that is, how it will affect how outsiders see them and their company (Dutton, Dukerich, and Harquail 1994). When employees judge an ad to be accurate, it is because they believe there is congruence between the construed external identity the ad fosters and their own sense of in-

ternal identity. When they decide an ad is accurate, they will conclude that the organization can deliver what is promised. Therefore, ads that portray the organization accurately will be judged to be more effective. In turn, effective ads will result in employees having more favorable organizational attitudes, including trust, customer focus, and organizational identification. As this description implies, a feedback loop exists with respect to organizational identification: employees who identify with their organization are more likely to evaluate organization images positively and thus to identify even more firmly with their organization (Dutton, Dukerich, and Harquail 1994) as a result of advertising. We now explain our hypotheses in more detail.

Representing the organization accurately

How an organization represents itself in its advertising messages is important to employees because they are members of the group that is making the advertising claims. As employees, they also possess other sources of information against which they can compare any claims (Scott and Lane 2000). Further, employees may face disgruntled customers when companies make promises that they cannot keep (Wolfenbarger and Gilly 1991). When advertising is perceived by employees to be accurate, it successfully melds the employees' construed ex-

ternal image with their internal identity, and thus it emphasizes the distinctiveness of the organization to customers and employees.

The likelihood that employees will judge ads to be accurate increases when (1) the employees identify with their organization, (2) when the ads do not make exaggerated claims for the organization, and (3) when employees feel that they themselves are portrayed accurately in the ads. Each of these is discussed below.

Identification with the Organization. It is widely accepted in the social sciences that people generally seek information that reinforces their preexisting attitudes and beliefs and that they interpret information that may disconfirm those beliefs to make it consistent with their beliefs (e.g., Festinger 1957; Greenwald 1980; Fiske and Taylor 1984; Eagly and Chaiken 1993). In marketing, Ahluwalia, Burnkrant, and Unnava (2000) found commitment to be an important moderator of consumer response to negative information about brands. Moreover, research on self-affirmation (Steele 1988) and self-justification (Staw 1980) suggests that a positive view of the self is reinforced when one's evaluations of the groups that one identifies oneself with are favorable. This suggests that members who identify with their organization are likely to believe that the organization is performing well (Dutton, Dukerich, and Harquail 1994). In our study context, this research on self-affirmation suggests that employees who are already strongly identified with the company are likely to evaluate their company's ads in a positive light and thus to believe that their organization is represented accurately in advertising.

Exaggeration. Advertising commonly exaggerates the organization's capabilities; managers who are focused on strategic goals may try to sway stakeholders with attractive organizational images that overstate the company's achievements (Gilly and Wolfinbarger 1998; Rindova and Fombrun 1998; Scott and Lane 2000). Corporate advertising in particular may be future oriented and aspirational and thus is likely

to be viewed as exaggerated by some members of the internal audience (Dowling 2001). Altogether, advertising may project an image that is unduly influenced by management or by marketing research with customers to communicate an organizational image at odds with employees' beliefs about the organization. When employees feel that ads exaggerate, they are likely to believe that the organization is not represented accurately.

Employee Portrayal. Advertising that features employees provides potentially compelling images with which other employees may identify (Gilly and Wolfinbarger 1998; Scott and Lane 2000; Dowling 2001). Moreover, when the organization uses employees in its ads, employees are likely to feel more involved with the organization, are likely to evaluate the ad more positively, and have a heightened sense of identification with the organization (Gilly and Wolfinbarger 1998). Although the mere presence of employees in ads will tend to make employees evaluate the ads more favorably, that evaluation will be moderated by employees' assessment of how accurately the ads portray employees, based on employees' assessments of how much congruence there is between the characteristics and values of the employees portrayed in the ad and actual employees in the organization. When employees perceive themselves to be portrayed inaccurately, they are likely to believe that the organization is not being represented accurately. Based on this discussion, we propose:

H1a: When employees have stronger organizational identification, they are more likely to believe that (1) their organization is represented accurately in ads and (2) employees are represented accurately in ads.

H1b: When employees believe that company advertising exaggerates they are more likely to believe that (1) their organization is not represented accurately and (2) employees are not represented accurately.

H1c: When employees believe that they are accurately represented in company advertising, their judgment that the organization is represented accurately in ads increases.

Perceived advertising effectiveness

Advertising effectiveness is important to most employees (Gilly and Wolfinbarger 1998) for two reasons: (1) employees largely believe that perceived advertising effectiveness is related to organizational success and (2) advertising images are likely to prompt employees to consider whether or not their organization is likely to be viewed positively or negatively by family, friends, and customers who view the images. Organizational success is important to employees because their future is largely dependent on that success (Dutton, Dukerich, and Harquail 1994; Gilly and Wolfinbarger 1998). In addition, because advertising is explicitly targeted at outsiders, employees are especially likely to consider how the organization's advertising affects outsiders' image of the organization. Social identity theory holds that people try to maintain a positive social identity (Tajfel and Turner 1985). Thus, when employees judge the organization's external image to be attractive, they tend to feel more affiliated with the organization and their sense of their organizational identity becomes more positive (Gecas 1982; Tajfel 1982).

Employees are more likely to feel that an ad will be effective if they evaluate it as accurate than they are if they evaluate it as inaccurate. Because employees are insiders, they have inside information that they can use to gauge the accuracy with which their organization is portrayed. Employees are likely to tolerate minor inaccuracies (for example, showing a worker wearing a hard hat in a situation in which one would not be worn), but if employees judge an ad to contain major inaccuracies, the employees are likely to feel that the ad misrepresents the organization (Gilly and Wolfinbarger 1998).

We have already argued that exaggerated claims and inaccurate portrayal of employees lead em-

ployees to judge that an ad portrays the organization inaccurately. We now propose that judgments of how accurately the organization is portrayed mediate the relationship between exaggerated claims and inaccurate employee portrayal on the one hand and the resulting negative judgment regarding advertising effectiveness on the other. Ads that misrepresent the organization are likely to be judged ineffective because customers are not being "sold" what the company actually is. Based on this discussion, we propose:

H2: When employees believe that company advertising portrays the organization accurately, they will judge ads to be more effective.

Predictors of three ad-related organizational attitudes: Trust, organizational identification, and customer focus

Our study examines how employees' evaluations of company advertising affect three organizational attitudes: trust, organizational identification, and customer focus. Of the three, trust is conceptually central, as organizational identification and customer focus cannot be positively affected when advertising does not inspire trust. In a review of various conceptualizations of trust, Hosmer (1995) notes that across the literature, three dimensions of trust can be discerned: (1) integrity, or consistency between words and deeds (Mayer, Davis, and Schoorman 1995); (2) benevolence, a typically implicit assumption that the "trustor" has respect for and concern for the welfare of the "trustee"; and (3) ability, the skill to successfully carry out plans and to fulfill promises. Advertising touches on all three of these elements of trust.

Ad-related organizational attitudes are likely to be affected by employee perceptions of both the organizational accuracy and effectiveness of ads. Advertising that portrays the organization in a manner that differs from employees' experience of it or that portrays employees or their roles inaccurately elicits disappointment, frustration, and even distrust (Gilly and

Wolfinbarger 1998). With respect to accuracy, advertising that does not accurately represent organizational values is also likely to trigger deliberations about organizational identity (Ginzel, Kramer, and Sutton 1993). A poignant example comes from a study that included employees of a utility company (Gilly and Wolfinbarger 1998). Linemen resented the fact that the company had been featuring them in advertisements that extolled their hard work and dedication in emergency situations when in fact the company had recently been laying off linemen to save money. As one impassioned lineman explained:

If like everybody was here . . . if you'd come here like three years ago . . . and the head count was up and everything was going, you'd probably [see the ad] and be going, "Yeah, it's a great place." . . . So when you know that . . . this [the ad] is just a storefront, but there's nothing in the store to see, and they're just like, make it nice and pretty, you know, you know it's false.

(Gilly and Wofinbarger 1998, p. 77)

For those employees who knew the “real” story, the advertising called into question the organization’s integrity. On the other hand, organizations that are presented accurately can build positive attitudes among employees. As Dowling (2001) writes, “When an organization builds its desired image from the inside out, that is, on its policies, capabilities, commitments to stakeholders and culture, it has an opportunity to present itself as authentic, concerned, reliable, honest and trustworthy” (p. 61).

The second predictor of ad-related organizational attitudes is the perceived effectiveness of advertising. Because of its public nature, employees are especially likely to consider advertising’s impact on external audiences (Gilly and Wolfinbarger 1998). When employees feel positively about an ad—when they feel it accurately states the organization’s strong points—then they may “bask in the reflected glory” (Cialdini et al. 1976, p. 366) of the ad and they may identify more strongly with the organization.

Researchers have also found that employees frequently feel pride in conjunction with advertising they believe to be effective (Gilly and Wolfinbarger 1998). Unzicker, Clow, and Babakus (2000) found a significant correlation between employees’ assessments of corporate communication (including advertising) and their perceptions of the firm. Thus, there is a positive relationship between what employees thought of their company’s advertising and what they thought of the company itself. Advertising that employees judge favorably increases employees’ organizational identification.

Scott and Lane (2000) have shown that when an organization makes public commitments (such as advertising promises), those promises cause message recipients (such as employees) to alter their self-perceptions to be consistent with the presented image. Thus, effective advertising should generate an increase in customer-focused attitudes. Ads that inspire trust and organizational identification should increase the customer focus of employees as well because these ads can empower employees to better serve customers by providing a vision of expected results (Bowen and Lawler 1992).

Effective advertising also increases organizational identification and customer focus as a by-product of increasing customer loyalty. A stronger relationship between the company and the customers is likely to have a positive effect on employees because they will have positive interactions with satisfied customers and therefore will find the firm to be a good place to work (Unzicker, Clow, and Babakus 2000). These good experiences will increase both employees’ organizational identification and their customer focus. The competence that a company demonstrates by such effective advertising will also increase employees’ trust (Hosmer 1995) in the company because when employees judge advertising to be effective, they trust the ability of their company to persuade consumers and to create sales.

Last, we predict that trust, organizational identification, and customer focus will be affected

by preexisting organizational identification. Strong preexisting organizational identification should result in employees' finding the organization and its images more attractive (Dutton, Dukerich, and Harquail 1994). Maintaining cognitive consistency and supporting group-based self esteem should play a role in employee evaluations of overall attitudes towards the organization (e.g., Eagly and Chaiken 1993; Greenwald 1980; Fiske and Taylor 1984; Steele 1988). We predict that employees who already feel identified with their organization will be more likely to experience positive organizational attitudes as a response to their company's advertising.

H3a: When employees believe that advertising portrays their organization accurately, they are more likely to trust the organization and to experience increased organizational identification and customer focus.

H3b: When employees judge advertising to be effective, they are more likely to trust the organization and to experience increased organizational identification and customer focus.

H3c: Employees who already identify with their organization are more likely to trust the organization and to experience increased organizational identification and customer focus as a result of the organization's advertising.

Methodology

Study 1

For the first study, we recruited a company from among the Marketing Science Institute's member companies. "Apex" is a high-technology firm located in the West; they have approximately 55,000 employees. Apex used television ads in which its product was depicted as enabling users to experience adventures on the Internet that they could not experience in real life. Employees were asked to fill out an online survey. After filling out items on their preexisting level of identification with the organization, respondents were asked to view the two broad-

cast commercials online. Respondents were then asked to evaluate the ads' effectiveness, the ability of the organization to fulfill the promises in the ads, and the accuracy with which the organization was depicted. Finally, respondents were asked about their thoughts regarding their organization as a result of viewing the ads. Employees rated their trust in the organization, their degree of customer focus, and the degree of organizational identification that they experienced as a result of watching the ads.

At Apex, 1,200 invitations were sent to randomly selected nonmarketing employees; 607 were completed. The final sample looked very similar to the sample frame with one exception. Factory floor employees were underrepresented in the sample; they comprise 46% of the company's workforce but only 37% of the final sample. The difference is likely due to the fact that factory floor employees had somewhat less access to computers.

Results: Study 1. The results from Study 1 supported our hypotheses. As predicted in H1a, preexisting organizational identification increased the likelihood that employees would believe that the ads portrayed the organization accurately. (The study did not generate data for the other part of H1a, relating to the portrayal of employees, because the Apex ads did not feature employees.) As predicted in H1b, exaggeration lessened employees' judgment that the organization was portrayed accurately. H2, which said that employees' belief that the ad was accurate would increase their belief that the ad was effective, was also supported. In addition, employees' judgments that the ads were effective and accurate were positively related to increased trust, organizational identification, and customer focus, supporting H3a and H3b. Preexisting organizational identification resulted in more positive organizational attitudes as well, supporting H3c.

The results for the original model appear in Table 1. The GFI, AGFI, NNFI, and CFI range from .91 to .96; the χ^2 is 235.6 with 49 d.f. The

Table 1
Results for Apex (Study 1)

Relationships	Original Model	Full Model	Partially Mediated Model
Exaggeration → Accuracy of portrayal of the organization	-.24 (4.98)	-.24 (4.87)	-.26 (5.30)
Preexisting organizational identification → Accuracy of portrayal of the organization	.19 (4.14)	.18 (3.85)	.17 (3.66)
Exaggeration → Effectiveness	-----	-.13 (3.25)	-----
Exaggeration → Attitudes toward the organization	-----	-.08 (2.92)	-----
Accuracy of portrayal of the organization → Effectiveness of the ad	.66 (14.50)	.62 (13.30)	.64 (14.20)
Effectiveness of the ad → Attitudes toward the organization	.78 (15.76)	.46 (11.11)	.48 (11.33)
Preexisting organizational identification → Attitudes toward the organization	.22 (7.14)	.12 (4.25)	.14 (5.17)
Accuracy of portrayal of the organization → Attitudes toward the organization	-----	.46 (10.44)	.47 (10.65)
Preexisting organizational identification → Effectiveness of the ad	-----	-.06 (1.49)	-----
χ^2	235.60	63.41	82.00
df	49	45	48
GFI	.93	.97	.97
AGFI	.91	.97	.97
NNFI	.95	.99	.99
CFI	.96	1.0	.99

path estimates are all significant, with the R^2 s accounting for .13, .45 and .73 respectively of the variance in the perceived accuracy and effectiveness of the ads and ad-related attitudes toward the organization. All fitness measures are in an acceptable range.

To investigate possible direct effects between variables not included in the original model, we estimated a full model that included paths between exaggeration and the effectiveness of the ads, between exaggeration and ad-related attitudes toward the organization, between the accuracy of the ads and attitudes toward the organization, and between preexisting organizational identification and the effectiveness of the ads. The direct paths from exaggeration to the effectiveness of the ads and attitudes toward the organization are negative and statistically significant, but rather mild at $\beta = -.13$ and $\beta = -.08$. The path between the accuracy of organizational portrayal and ad-related attitudes toward the organization shows a moderate effect at $\beta = .46$. The percent of variance explained (R^2) is .12, .41, and .82 for accuracy of organizational por-

trayal, effectiveness of the ads, and ad-related attitudes toward the organization, respectively.

We also analyzed a model that included a direct path between accuracy of organizational portrayal and attitudes toward the organization (the partially mediated model). The drop in χ^2 in the model is 153.6, with one d.f. that is significant to the .001 level. The other fitness measures improve from .91-.96 to .97-.99. The partially mediated model thus best represents our findings in a parsimonious way. We conclude that accuracy of organizational portrayal affects ad-related attitudes toward the organization both directly and through the adjudged effectiveness of the ad.

Because Apex' advertising did not feature employees, we were not able to measure the influence of employee portrayal in the company's advertising in Study 1. We also wanted to conduct an additional test of the measurement model and structural model (particularly of the path we did not hypothesize between accuracy of organizational portrayal and ad-related organiza-

tional attitudes), so we conducted an additional study, this time of a different type of organization. The advertising effects we propose should be discernable regardless of the type of organization under examination.

Study 2

“Regional Medical Health” is a general medical and surgical hospital located in California with a total of 376 beds. At the time of Study 2, Regional Medical Health was running magazine ads that featured doctors using advanced techniques and/or technologies. As with the Apex study, employees were asked to respond to an online survey, first completing items on their preexisting level of identification with the organization. Then, after viewing two magazine ads, respondents were asked to evaluate the ads’ effectiveness, the ability of the organization to deliver what was promised in the ads, and the accuracy with which the organization was depicted. In addition, respondents evaluated how employees were portrayed in the ads. Finally, respondents were asked to rate how viewing the ads had affected their trust in the organization, their identification with the organization, and their degree of customer focus. About 5,000 invitations went out by e-mail to staff, faculty, and residents, but only about 3,730 of those went to individual e-mail accounts (the rest were sent to e-mail-enabled groups and distribution lists). A total of 472 nonmarketing employees completed the survey. The higher rate of completion at Apex may reflect a high level of comfort with the company intranet and technology in general. Another factor in the lower response rate for Study 2 may have been the somewhat longer length of the survey, which included additional questions concerning the accuracy of employee portrayal and other items not reported here. Employees with desk jobs (and easy computer access) are somewhat over-represented in the sample.

Results: Study 2. The results for the model appear in Table 2. The originally hypothesized model had a marginal fit; GFI and AGFI are .89 and .86. The NNFI and CFI are both equal to .94. The R^2 s are .41, .78, .70, and .83 for ac-

curacy of employee portrayal, accuracy of organizational portrayal, effectiveness of the ad, and ad-related attitudes toward the organization, respectively. A full model was run, including all direct paths. As in Study 1, there are mild and significant direct paths between exaggeration and effectiveness of the ads and between exaggeration and overall attitude toward the organization ($\beta = .14$ and $-.12$). However, in Study 2, the path between exaggeration and effectiveness is positive rather than negative.

Unlike in Study 1, in Study 2 the path between the accuracy of organizational portrayal and ad-related attitudes toward the organization is not significant in the full model ($\beta = .08$, $p = n.s.$). However, the direct path between accuracy of employee portrayal and ad-related attitudes toward the organization is significant, although not hypothesized ($\beta = .22$). As in Study 1, perceived effectiveness of the ad appears to partially, rather than fully, mediate the impact that portraying employees accurately has on ad-related attitudes toward the organization.

We ran a third model that included the path between accuracy of employee portrayal and ad-related organizational attitudes and between accuracy of organizational portrayal and ad-related attitudes (as suggested by Study 1). The R^2 s for the model are .39, .70, .63, and .84 for accuracy of employee portrayal, accuracy of organizational portrayal, effectiveness of the ad, and ad-related attitudes toward the organization. Without the path between exaggeration and ad-related attitudes toward the organization included in the full model, the path between accuracy of organizational portrayal and ad-related attitude toward the organization becomes significant, as in Model 1 ($\beta = .18$, $p < .05$). With the addition of these two paths, the χ^2 drops from 115 with 3 d.f.; thus the difference in the original and partially mediated models is statistically significant. As well, the GFI and AGFI improve from .89 to .92 and from .86 to .89. The NNFI and CFI improve from .93 and .94 to .96 for both measures. While the χ^2 improves 10.9 with 3 d.f. ($p < .05$) between the full

Table 2
Results for Regional Medical Health (Study 2)

Relationships	Original Model	Full Model	Partially Mediated Model
Exaggeration → Accuracy of portrayal of the organization	-.29 (7.13)	-.31 (7.39)	-.31 (6.25)
Accuracy of portrayal of employees → Accuracy of portrayal of the organization	.48 (9.60)	.46 (9.23)	.47 (9.33)
Preexisting organizational identification → Accuracy of portrayal of the organization	.29 (8.30)	.29 (6.60)	.28 (6.52)
Preexisting organizational identification → Accuracy of portrayal of employees	.51 (9.84)	.49 (9.49)	.49 (9.46)
Exaggeration → Effectiveness of the ad	-----	.14 (2.90)	-----
Exaggeration → Attitudes toward the organization	-----	-.12 (2.95)	-----
Exaggeration → Accuracy of portrayal of employees	-.29 (6.07)	-.29 (6.36)	-.30 (6.25)
Accuracy of portrayal of the organization → Effectiveness of the ad	.77 (13.16)	.49 (6.63)	.39 (6.76)
Accuracy of portrayal of employees → Effectiveness of the ad	-----	.45 (7.61)	.46 (7.70)
Effectiveness of the ad → Attitudes toward the organization	.69 (11.31)	.46 (7.59)	.43 (7.57)
Preexisting organizational identification → Attitudes toward the organization	.35 (8.30)	.25 (5.84)	.22 (5.56)
Accuracy of portrayal of employees → Attitudes toward the organization	-----	.22 (4.51)	.24 (4.82)
Accuracy of portrayal of the organization → Attitudes toward the organization	-----	.08 (1.38)	.18 (3.66)
Preexisting organizational identification → Effectiveness of the ad	-----	-.02 (.44)	-----
χ^2	372.12	235.43	256.31
df	69	63	66
GFI	.89	.93	.92
AGFI	.86	.90	.89
NNFI	.93	.96	.96
CFI	.94	.97	.96

and partially mediated models, the fitness measures improve very little between the full and partially mediated models. Parsimony would suggest that as in Study 1, the partially mediated model is preferable.

Discussion

Although our two studies were undertaken in different organizational settings and involved advertising in different media, they generated similar results, which gives us confidence that the findings are accurate and that our hypotheses have wide applicability. Our research contributes to literature on organizational identification by examining the impact that advertising has on employees' identification with the organization as influenced by their judgments

about the accuracy and perceived effectiveness of the advertising. Importantly, featuring employees in advertising appears to more fully engage identification processes and to heighten the likely impact of the ad. Additionally, our research contributes to literature in marketing by detailing and modeling the impact of advertising on the "internal market" (employees), in particular by showing how advertising affects the internal market's levels of customer focus, organizational identification, and trust in the organization. Typically, identity research has focused either on "identity of," which is organization and market focused, or "identification with," which focuses on the relationship between the individual and the group or organization (Hatch and Schultz 2000). Our research helps elucidate the relationship between construed external images and internally derived identities.

In both studies, exaggeration caused employees to rate the accuracy of organizational portrayal lower, and for Regional Medical Health, exaggeration caused employees to rate the accuracy of employee portrayal lower as well. In both studies, stronger preexisting identification with the organization increased the tendency to judge that the organization had been portrayed accurately. Preexisting organizational identification also had a direct effect on overall ad-related attitudes toward the organization, although this effect was stronger for Regional Medical Health (whose ads featured employees) than for Apex. Interestingly, the role of preexisting organizational identification was most prominent in predisposing employees to judge the portrayal of employees as accurate. Dutton, Dukerich, and Harquail (1994) suggest that strong identification with the organization should cause employees to find the organization and its images more attractive, and our findings support that idea in the context of advertising. Our research additionally suggests that featuring employees in ads elicits the positive effect of ad-induced organizational identification more fully.

In both studies, when employees rated accuracy of organizational portrayal highly, they were more likely to judge the ads effective. In addition, in Study 2, when employees rated the accuracy of employee portrayal highly, they were more likely to believe that the advertising was effective. Thus, when organizational members believe that both the organization and its employees are shown accurately, they are more likely to judge advertising to be effective. With insider knowledge, employees are in a good position to judge whether advertising is truthful, and if they believe the ads are inaccurate, they will doubt that the ads can be effective with consumers. It is essential that advertising decision makers understand what is required for employees to deliver on ad promises, and organizations must provide those resources to employees in order for the employees to perceive the advertising campaign to be effective.

In turn, belief that advertising will be effective has a moderate to strong effect on employees' attitudes toward the organization, suggesting that organizational members experience more customer focus, identification with their companies, and trust in their organization when they believe ads are effective. A possible explanation is that employees equate effective advertising with increased success for their company and have more positive attitudes toward their company when they believe that it is successful (Gilly and Wolfenbarger 1998; Cialdini et al. 1976). Another possible explanation is that employees believe that effective ads will make the public view the organization more favorably and that the influence of a positive outsider evaluation of the organization stimulates the ad-related positive employee attitudes. In a study of physicians at three health care systems, Dukerich, Golden, and Shortell (2002) found that physicians who believed that outsiders thought highly of their organization identified more strongly with it; a similar mechanism may be at work in our study.

In both studies, the perception that the organization is portrayed accurately has a direct effect on attitudes toward the organization, suggesting that the judgment that the organization and employees are portrayed accurately is only partially mediated by the perceived effectiveness of the ad. We may conclude that portraying the organization authentically is important to employees both because they believe that doing so is effective with consumers and because honesty makes employees believe that the organization is more worthy of their membership.

Perhaps most interesting is the finding that advertising that features employees appears to have a particularly positive effect on organizational members who already identify with their organization, as mentioned above. Members with stronger preexisting organizational identification are more likely to believe that employees are shown accurately in ads, and in turn, that the organization is portrayed accurately and

that the ad is effective. Finally, they are more likely to experience more positive ad-induced trust, organizational identification, and customer focus. Our results also show that when employees do not already identify with their organization, they are less likely to believe that messages are truthful and accurate; thus, among employee groups that may identify more strongly with their profession than their organization or that are not emotionally involved with their organization, advertising messages appear to have a less positive impact. However, pre-existing organizational identification is only one factor in employee perceptions of advertising: effectiveness and accuracy matter as well. Therefore, internal efforts to explain and support the idea that advertising messages are accurate and effective can help stimulate positive ad-related attitudes even among less-identified employees.

The judgment that employees are accurately portrayed in ads has a pervasive effect on ad-related organizational attitudes. Accurate employee portrayal has both a direct effect and indirect effects through judgments that the organization is portrayed accurately and through judgments that the ad is effective, which both affect ad-induced organizational attitudes. Organizations should be aware that if they feature employees in advertising, employees will evaluate the accuracy of those depictions, and the resulting judgment may have strong effects on attitudes toward the organization. Employees should be featured in a way that is recognizably accurate to employees, and the organization should explain and support internally any employee behavior that is newly modeled in advertising. Employees who are visibly associated with the organization, such as customer contact personnel, are more frequently reminded of their organizational citizenship and thus more influenced by organizational image (Dutton, Dukerich, and Harquail 1994). These employees are also more likely to be more concerned about what outsiders think of the organization. Because customer contact personnel are likely to be chosen for inclusion in ad messages, organizations

must be particularly mindful of these employees' reactions to ads featuring employees.

Through self-stereotyping, employees adopt those characteristics that are perceived to be those of the prototypical organization employee (Ashforth and Mael 1989). Thus, by holding up employees as models in advertising, the organization may be able to send a message about the behavior it expects from employees. When Delta ran an ad in which a flight attendant stayed with a stranded elderly passenger until the passenger's tardy son arrived, despite the fact that the flight attendant had family at home waiting for her, the ad communicated to employees that "going beyond the job description" was what Delta employees do. However, if the portrayal is inaccurate or exaggerates, employees may feel ambivalent about identifying with the organization (Kreiner and Ashforth 2004). Importantly, because employees who already identify with the organization are more likely to believe employees are portrayed accurately, organizations can often portray at least somewhat idealized employees in ads as role models.

Although organizational attitudes such as customer focus are in part a result of relatively unchangeable employee values such as individualism and self-transcendence (Furrer, Lantz, and Perrinjaquet 2004), our study indicates that at the margins, managerial initiatives, including advertising and internal communications about advertising strategy, do have the potential to influence employees' attitudes toward their organizations, including their sense of identification with the organization and their customer focus. It should be noted that the influence of ads can be positive or negative, such that employees who make negative judgments of ads can be expected to experience disidentification. Corporate advertising efforts are often misapplied because managers do not understand the psychological processes that operate when employees, rather than consumers, are the target (Scott and Lane 2000). Our research helps managers understand what aspects of ads employees evaluate and how identification with

the organization affects and is affected by the resulting ad evaluation.

Why is employee organizational identity important to managing organizations? Organizational identification results in alignment between the organization's goals and employees' goals (Cheney 1983). When employees identify with their organization, serving the goals of the organization is the same as striving to benefit the self (Shamir, House, and Arthur 1993). Thus, stronger organizational identification leads to more cooperation with the organization and more motivation to support the organization's goals, including serving customers. As Dutton, Dukerich, and Harquail (1994) explain: "The psychology of social identity theory is powerful because it implies members may change their behavior by merely thinking differently about their employing organization" (p. 256).

Webster (1994) observed that the field of marketing is only beginning to recognize that organizational culture has an impact on customer focus: "management must devote attention to the details of language and other symbols that capture and communicate the vision of customer orientation" (p. 14). Barabba and Zaltman (1991) argue that "even small improvements in learning about the marketplace ... can have a major effect in eliciting more favorable responses to the firm's offerings" (p. ix). Our study shows that one improvement organizations can make is to recognize the effect that advertising has not only on the external market but also on an internal audience. By understanding the impact of advertising on employees, organizations can craft ads that will improve employees' customer focus, trust in the organization, and identification with the organization, with the final result being a more effective workforce.

Limitations and Future Research

One limitation of our research was that respondents did not view the ads under natural conditions; that is, the ads did not appear embedded

in media content (television programming or magazine articles, in our case). However, because the ads had appeared in high-visibility outlets, most participants had seen them in the media prior to the study and therefore had already had a chance to form opinions about the advertising.

Another limitation was that our study was confined to the United States. Future research should extend this work into other cultures. Dutton, Dukerich, and Harquail (1994) suggest that "organizational members in non-Western cultures may feel accountable for the images that are created of their organization, thus employing an even stronger connection between these images and subsequent behaviors" (p. 260). This suggests that multinational companies, which have employees in many countries with many different cultural traditions, may need to be particularly cognizant of the effects that advertising messages have on those employees.

Employees, particularly new employees, often identify most with their own subunit within the organization (Ashforth and Mael 1989), a fact that has implications for which employee groups a company chooses to feature in its advertising. For example, in an organization that featured scientists in its advertising, technical support people resented that they were not included (Gilly and Wolfinbarger 1998). Future research should explore ways in which the organization can feature key employee groups and yet also include other employees.

Dukerich, Golden, and Shortell (2002) recommend that organizations help their employees to perceive "the real and attractive, but perhaps subtle qualities of the organization's character" (p. 530) by communicating what is central, distinctive, and enduring about the organization. Internal communication about the advertising strategy is a simple way to highlight these organizational qualities. Such communication can educate employees about the rationale behind the ad message and any compromises in accu-

racy that may have been deemed necessary in creating the ad and can provide employees with any research results the organization may have that suggest that the ads will be effective. Scott and Lane (2000) have found that employees who do not identify with their organization will only support the organization's goals if doing so benefits them directly. Therefore, organizations will also benefit by creating internal communications that highlight the ways in which ad messages will benefit the firm and/or employees. Future research should explore how organizations can use internal communications about external advertising campaigns to maximize employee support of the campaign and the organization's overall strategic goals.

By recognizing that employees are affected by the perceived accuracy and effectiveness of ads,

organizations can benefit from ads' influence on this internal audience. Communicating with employees about strategic decisions regarding external communications can increase employees' organizational identification, trust, and customer focus. ■

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Appendix 1.

Measures and Measurement Model

The organizational behavior literature has a long history of research on many of the constructs in our model. We included several items from existing scales to measure both preexisting and ad-related identification with the organization (e.g., Mowday, Steers, and Porter 1979; O'Reilly and Chatman 1986). Based on previous qualitative work (Gilly and Wolfenbarger 1998) and a pretest, we developed new scale items to measure employees' ratings of exaggeration, accuracy of organizational portrayal, accuracy of em-

ployee portrayal, and effectiveness of the ad. We also measured ad-related trust (Cummings and Bromiley 1995) and ad-related customer focus. The ad-related trust measure was adapted for use in the context of an advertising study from a measure used in the field of management. Allen, McQuarrie, and Barr (1998) offer a customer focus scale that measures the construct at the level of individual employee attitudes. We adapted their customer focus scale for use in the context of our advertising study. Both exploratory and confirmatory factor analysis showed that ad-related trust, ad-related identification with the organization, and ad-related customer focus all loaded on one construct, which we term "attitudes toward the organization."

Table A1

Correlation Matrix of Independent Variables: Apex /AVE on Diagonal

	Accuracy of Organizational Portrayal	Exaggeration	Effectiveness of the Ad	Ad-related Organizational Attitudes	Preexisting Organizational Attitudes
Accuracy of organizational portrayal	.84				
Exaggeration	-.29	.80			
Effectiveness of the ad	.64	-.29	.94		
Ad-related organizational attitudes	.81	-.39	.80	.75	
Preexisting organizational attitudes	.25	-.29	.14	.32	.68

Fit: $\chi^2 = 63.27$ df = 34 GFI = .98 AGFI = .96 NNFI = .99 CFI = .99

Table A2

Correlation of Latent Variables: Regional Medical Health/AVE on Diagonal

	Accuracy of Employee Portrayal	Accuracy of Organizational Portrayal	Exaggeration	Effectiveness of the Ad	Ad-related Organizational Attitudes	Preexisting Organizational Attitudes
Accuracy of employee portrayal	.88					
Accuracy of organizational portrayal	.74	.65				
Exaggeration	-.40	-.55	.64			
Effectiveness of the ad	.75	.73	-.30	.83		
Ad-related organizational attitudes	.81	.80	-.44	.84	.76	
Preexisting organizational attitudes	.54	.60	-.19	.49	.66	.73

Fit: $\chi^2 = 231.97$ df = 50 GFI = .93 AGFI = .87 NNFI = .95 CFI = .97

The items were submitted to confirmatory factor analysis in LISREL VIII. Items with large standardized residuals were pruned from the measurement model. We used a parceling procedure in which items for all scales were combined so that no construct was measured by more than two parcels. Parceling lessens the number of large standardized residuals, which improves fit (cf. Bagozzi and Heatherton 1994), usually increases reliability (Hagtvet and Nasser 2004), and better approximates normally distributed continuous variables (Bentler and Chou 1987). The final items used to measure each construct in both studies appear in Appendix 2 along with Cronbach alphas.

For Study 1, a confirmatory factor analysis was undertaken utilizing the final items and constructs. The results appear in Table A1. The GFI, AGFI, NNFI, and CFI range from .96 to .99, indicating an excellent fit. Composite reliabilities range from .81 to .95. Loadings were all significant and varied from .71 to .98. The average variance extracted for each construct appears on the diagonal of the correlation matrix, and all exceed .50; the average ranges from .68

to .94 and in all cases exceeds the square of correlations between two constructs, which supports the idea that all pairs of constructs have discriminant validity (Fornell and Larcker 1981).

For Study 2 employee accuracy was added to the model (see Table A2). While the GFI is .93, the AGFI is marginal at .87 (see Table A2). However, the two fitness indices that are more robust to sampling characteristics are the NNFI and CFI (Hoyle and Panter 1995). Those measures are .95 and .97 for Study 2, and thus fall in the acceptable range. Composite reliabilities range from .78 to .94. Item loadings on constructs fall between .75 to .97, with the exception of one loading on organizational accuracy that is .60; all loadings are statistically significant. The average variance extracted for each construct appears on the diagonal of the correlation matrix, and all exceed .50; they range from .65 to .88 and in all cases are greater than the square of correlations between two constructs (see Table A1), which supports the idea that all pairs of constructs have discriminant validity (Fornell and Larcker 1981).

Appendix 2.

Items Used to Measure Latent Constructs

Accuracy of Organizational Portrayal $\alpha = .90$

Composite Reliability for Apex = .92

Composite Reliability for Regional Medical Health = .78

1. The values in the current ads are the same as Apex/Regional Health's values.
2. The ads show Apex/Regional Health the way it is.
3. I'm proud of the values expressed in the ads.
4. The organizational values implied by the ads are the values and beliefs we should be high-

lighting in our ads.

Exaggeration $\alpha = .77$

Composite Reliability for Apex = .81

Composite Reliability for Regional Medical Health = .78

1. The product/service is not as good as it is shown in the ad.
2. The ads make exaggerated claims.
3. The ads promise more than Apex/Regional Health actually delivers.

Effectiveness $\alpha = .94$

Composite Reliability for Apex = .95

Composite Reliability for Regional Medical Health = .90

1. I believe the ads will increase sales of Apex/Regional Health's services.
2. I believe that the ads will be well liked by customers.
3. The ads effectively raise the visibility of Apex/Regional Health.
4. The ads are effective.

Accuracy of Employee Portrayal $\alpha = .90$

Composite Reliability for Regional Medical Health = .94

1. Employees are shown in ads as they really are.
2. I believe many employees in the organization are similar to those portrayed in the ad.
3. Employees can live up to the image shown in our advertising.

Organizational Identification $\alpha = .80$

Composite Reliability for Apex = .81

Composite Reliability for Regional Medical Health = .84

1. When I talk about Apex/Regional Health, I usually say "we" rather than "they."
2. I am proud to tell others I am part of Apex/Regional Health.
3. I care about the fate of Apex/Regional Health.

4. Apex/Regional Health's successes are my successes.
5. I am willing to put in a great deal of effort—beyond that normally expected—in order to help Apex/Regional Health be successful.

Ad-Related Attitudes (Trust, Organizational Identification, Customer Focus) $\alpha = .93$

Composite Reliability for Apex = .90

Composite Reliability for Regional Medical Health = .90

1. The ads make me feel that Apex/Regional Health will keep its word.
2. When I see the ads, I feel I can trust Apex/Regional Health.
3. The ads make me feel a sense of belonging with regard to Apex/Regional Health.
4. I feel like part of Apex/Regional Health when I see the ads.
5. The ads make me feel good about working for Apex/Regional Health.
6. The ads tell me something about who our customers are or what our customers want.
7. Seeing these ads reminds me that doing my job well helps Apex/Regional Health serve customers better.

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