

## THE KEY DETERMINANTS OF PERCEIVED EXTERNAL PRESTIGE (PEP) – QUALITATIVE RESEARCH APPROACH

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*Perceived external prestige (PEP) is a well-known concept oriented towards describing the way members of a certain organization interpret and assess their organisational reputation. Such perception can significantly affect employees' identification and loyalty to the organisation as well as their job satisfaction and work performance. According to the social identification theory, people define themselves and others with respect to their belonging to a particular group or organization, and their basic motive is a personal need for self-respect and a sense of pride. Employees' perception of being members of an important, reputable and significant organisation contributes to the feeling of self-respect, which increases their individual social value and status. According to literature, there are only few objections to the concept of PEP, mainly those related to the determination of its structure and, with it, to its management. Although there is a growing literature on PEP, it is still not clear whether PEP is a one-dimensional or a multidimensional construct. If PEP is a multidimensional concept, it is important to specify its key components, in order to enhance the management of favourable organizational prestige in a real work environment. The purpose of this paper was to determine the structure of PEP and important sources of information, based on which, employees value the prestige of their organisation. Qualitative research was conducted, comprising nine semi-structured interviews with communication experts working for a multinational organisation operating in several European countries. The results of this paper indicate that PEP is a multidimensional construct, with several components, important for its creation and management. Those components can be*

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*grouped into three main categories: track record of success and the position of the organisation on the market, social impact of the organisation on the immediate environment and the internal organisational climate. In addition, differences in some sources of information, contributing significantly to the perception of the organizational prestige, have been discussed. According to interviewees' comments, the most important sources of information for employees proved to be managers and media.*

*Keywords:* Perceived external prestige, Construct analysis, Qualitative approach

## **1. INTRODUCTION**

As employees are essential to an organization's performance and PEP has a positive impact on desirable organizational behaviour, better understanding of PEP can improve PEP's management in organizations and it can contribute to the wellbeing of employees and their results. Most of the research on the perceived external prestige (PEP) so far have used quantitative methodology, although qualitative methodology can provide insight and understanding of the complex social phenomena such as PEP (Isaacs, 2014). As most research so far have used one-dimensional scales, it would be good to engage in qualitative approach to see whether PEP should be perceived as a multidimensional variable. In addition, interviewing communication experts makes it possible to identify key sources of information significant for employees' perception of company prestige.

## **2. PERCEIVED ORGANIZATIONAL PRESTIGE**

PEP is what employees believe to be the widespread external opinion about the company and its reputation and prestige (Carmeli & Freund, 2002; Dutton & Dukerich, 1991). Previous research found evidence pointing to the fact that the perceptions of company's image significantly affect employees' behaviour. More precisely, they found that the perception of corporate image was important to individual's sense of self and that employees use to evaluate how outsiders judge them personally, according to their organizational membership (Dutton et al., 1994). Belonging to a high performing and highly respected organization helps individuals develop self-awareness, self-distinctiveness, and self-esteem (Dutton et al., 1994, Carmeli et al., 2007). Employees, therefore, willingly identify with organizations that they believe are positively evaluated by outsiders (Smidts et al., 2001).

If employees believe that outsiders see the organization positively, they develop certain favourable performance such as intra-organizational

cooperation and good citizenship behaviour (Dutton et al., 1994). On the other hand, employees' belief that the organisation is seen in a negative light might detach them from both their work and the organisation itself, which might result in high stress or even depression (Riordan et al., 1997). Image has internal and external consequences and organisational identity should be viewed as a bridge between the external position of the organisation in the marketplace and its internal environment. Image is, in a way, the basis for external stakeholders to shape their views about the organisation, but also for internal stakeholders to deduce their own identity (Herrbach and Mignonac, 2004).

Organizational identification can be seen as a process in which a person starts to express himself or herself through the group membership lenses and starts to explain own behaviour according to group characteristics, prestige, distinctiveness from others, values and desires (Ashforth, 2001). The person has the feeling of being one with the group and turns to activities, attitudes and emotions that support and embody group identity, as well as accept the image of self towards others in line with group expectations (Ashforth and Mael, 1989).

According to literature, PEP is distinct from organizational image or organizational reputation. It refers to employees' *belief* of how outsiders perceive the organisation, whereas organizational image or reputation is the image that the organisation actually projects.

Reputation is a collective perception of the capacities of an organisation to meet the expectations of stakeholders, be it buyers who want its products, potential employees or investors (Van Riel and Fombrun, 2007). Reputation can be built indirectly, through experience with the organisation, or indirectly on the basis of the information obtained from family, friends and other important persons, as well as the information collected from the media and various external sources (Van Riel and Fombrun, 2007). Reputation can be defined as a sum of subjective representations created over a longer period of time through different organisational communications and channels (Cornelissen, 2004.). Unlike reputation, which is pretty stable in time, image is a relatively short-term impression created in the eyes of different stakeholders, varying with respect to their expectations and the type of relationship with the organisation (Dichter, according to Carmeli et al., 2006). Image has been studied mostly from external perspective, with emphasis on strategy and marketing, while much less attention has been devoted to studying internal effects (Herrbach and Mignonac, 2004). PEP, on the other hand, unlike reputation and image, represents a picture that employees have of how the organisation is perceived by external stakeholders. Some compare it to how members of the organisation perceive organisational

image of company (Dutton et al., 1994). However, it has a much wider meaning as it is important for identification with the organisation, i.e. the way in which employees identify themselves with the organisation (Carmeli et al., 2006).

Although both - internal and external images could be alike, many organizations could not fully align outsiders' beliefs about an organization with insiders' readings of these beliefs (Dutton et al., 1994, Riordan et al., 1997), resulting in discrepancy between PEP and organizational image/reputation. PEP is commonly considered an individual level variable as it refers to individuals' perceptions and (re)interpretations based on specific exposure to information related to the organization (Smidts et al., 2001).

As stated in literature, internal and external communication can be a powerful managerial tool in influencing employees' organizational identification. Receiving adequate information through internal communication concerning roles of individuals, their personal contributions and achievements of organization may have positive implications (Smidts et al., 2001.). PEP can be improved particularly by enhancing corporate reputation and visibility to external stakeholders and through external communication (Smidts et al., 2001).

### **3. THE STRUCTURE OF PEP**

Although scholars, in general, approve of PEP as a concept, according to literature there are some ambiguities especially regarding the structure of PEP, as well as the main characteristics important for establishing and managing PEP.

Although PEP was considered to be a multidimensional construct, most previous studies used one-dimensional scale to measure it (Mael and Ashforth, 1992, Bhattacharya et al., 1995, Riordan et al., 1997, Smidts et al., 2001, Knippenberg et al., 2002, Herrbach et al., 2004, Herrbach and Mignonac, 2004, Lipponen et al., 2005, Mignonac et al., 2006, Bartels et al., 2007, Guerrero and Herrbach, 2009, Cohen-Meiter et al., 2009, Fuller et al., 2009, Kim et al., 2010, Alniacik et al., 2011, De Roeck and Delobbe, 2012, Podnar, 2011, Edwards and Edwards, 2013, Khan et al., 2010). This one-dimensional scale was constructed by Mael (according to Mael and Ashforth, 1992) for the purpose of his doctoral dissertation, and used by Mael and Ashforth (1992) in their later research. According to this instrument, PEP is defined as the degree to which organization is well regarded both in absolute and comparative terms. The questionnaire on PEP used in Meal's study comprised eight items, with coefficient  $\alpha=0.79$  (according to Mael and Ashforth, 1992).

Many researchers contributed further with additional studies which used Mael's questionnaire, modified to a certain extent to meet different requirements. All of the available data confirm uni-dimensional structure of this PEP scale with 48 percentage of explained variance on average (Ciftcioglu, 2011). More specifically, the variation of coefficient alpha was between 0.69 (Lipponen et al., 2005, Carmeli et al., 2007), 0.74 (Smidts et al., 2001), 0.76 (Mignonac et al., 2006), 0.79 (Bhattacharya et al., 1995) 0.81 (Podnar, 2011), 0.83 (Guerrero and Herrbach, 2009), 0.85 (Herrbach et al., 2004), 0.86 (Herrbach and Mignonac, 2004) and 0.90 (Kim et al., 2010, Cohen-Meiter et al., 2009, Khan et al., 2010).

Some authors noted that prestige as a variable had a multidimensional character, so they applied different methodology and measures in their work (Riordan et al., 1997, Carmeli, 2005, Bartels et al., 2007, Alniacik et al., 2011). Their approach was based on the assumption that the sources of prestige can be various, but generally could be grouped into traditional and historical, factors associated with the business (product and service quality, profitability, industry reputation, etc.), organizational growth plus potential further development, and size of the organization related to its power (Herrbach et al., 2004). The possibility of the multidimensionality of PEP was first noticed by Dutton, Dukerich and Harquail (1994), who insisted on a clearer definition of prestige that would provide various means of research. Riordan, Gatewood and Bill (1997) acquired this research concept and operationalized corporate image as an individual's perception about the actions, activities, and various accomplishments of a certain organization. They concluded that organisations have multiple images that depend on different points of view of various stakeholders. Their work was derived from the valuable Freeman's conclusion that each of the relevant audiences relates differently to the organization and has an altered perception(s) of the organization (Freeman, 1984 according to Riordan et al., 1997).

The fact that organizational reputation, highly linked to prestige perception, is not a mono-dimensional construct may be taken as an indication that prestige is also not a simple concept. In certain analysed cases there is evidence that organization can have an excellent quality of products and be positively perceived among investors, but at the same time negatively perceived as an unpleasant employer (Mignonac et al., 2006).

Carmeli used different approach in studying PEP, based on reputation analyses (Carmeli, 2004, Carmeli, 2005, Carmeli, 2005b, Carmeli and Tishler, 2005, Carmeli et al., 2007), believing that PEP is created as a reflection of

reputation, using the concept founded on Fortune's *Annual Survey of America's Most Admired Corporation Index* (Carmeli and Freund, 2002, Carmeli and Freund, 2009.). This scale includes items from various fields such as management quality, product quality, organizational capability to attract, develop and retain talented employees, social and environmental responsibility, financial sustainability, innovations, etc. In addition, it was pointed out that the fact that prestige was multidimensional and that it had multiple descriptors had not been taken into account in previous studies (Carmeli et al., 2007). In his work the author emphasises the need to respect the multidimensional nature of the perceived prestige, stating that the greatest number of previous research had concentrated on the general framework of the organisational prestige, not respecting individual segments such as financial strength, internal relations between management and employees, and social responsibility (Carmeli et al., 2007).

Alniacik with colleagues (2011) also used the five-item Likert scale established on the research of organizational reputation carried out by Carnana and Chircop (2000), Fombrun (Fombrun et al., 2000) and Newell and Goldsmith (2001; according to Alniacik et al., 2011).

Some scholars also pointed out that internal prestige, defined as the way employees believe they are perceived in the organization by management and co-workers, can also be a significant factor for PEP (Fuller et al., 2006, Bartels et al., 2007).

The purpose of this paper is to present more data about PEP structure and clarify key elements that are important for managing PEP in the organization. Most research carried out so far has used qualitative methodology. Considering the lack of uniformity in scales and definitions of PEP used in previous research, a qualitative approach which can contribute significantly to understating complex social issues will be used (Isaacs, 2014).

### **3.1. Source of information about external prestige**

Although there is no doubt that favourable PEP is beneficial for employees, their attitude towards organization, customers and team spirit (Carmeli, 2005, Bartels, 2006), it is still not explored in detail how PEP can be stimulated and what is the role of internal and external sources of information in this process.

Academics realised there was a need to identify relevant sources for employees in prestige perception (Mignonac et al., 2006, Bartels et al., 2007). It

was reported that there is a possibility that different stakeholders and sources have more or less important impact on the perception of organizational prestige (Riordan et al., 1997). External stakeholders differ in terms of their interests, access to public media, influence on corporate decisions, and control of resources needed by the organization. One could assume that external groups that have a strong influence on the financial status of the organization are the most important sources for employees' image perceptions. Similarly, individuals who have strong, personal relationship with employees, e.g. family members, could exert more influence than others (Riordan et al., 1997).

In today's world, connected on many different levels, employees actively participate in the exchange of data, faster receiving and emitting information, and, in doing so, use numerous channels, both traditional and new. Thanks to the social media, all stakeholders – internal and external – are now empowered, connected and expecting to be heard (Dodd, 2015). The knowledge about the organization helps them understand themselves and other people better and extend personal potential (Daniela, 2013). Today more employees are in direct contact with customers, and therefore, all employees need to genuinely believe in and embrace organizational values and be ready and willing to act upon them. The dividing line between internal and external environment has been practically eliminated, the communication between the two is much more intense, and the separation between internal functioning and external relations is not strict any more (Hatch and Shultz, 1997, Waldeck et al., 2012). These changes, as well as a stronger connection between professional and private life, affect communication significantly (Hatch and Shultz, 1997).

Employees are not isolated and they get feedback on their organisation which affects the perception of external prestige (Dutton et al., 1994, Riordan et al., 1997, Carmeli and Freund, 2002, Carmeli, 2004, Carmeli et al., 2006). It's important to note that different groups of employees have different levels of education, different understanding of the environment and different needs that are in line with their job and position. Therefore, they can perceive various sources of information as more or less important and, therefore, as having stronger or weaker impact on their perception of organizational prestige (Herrbach and Mignonac, 2004, Fuller et al., 2006, Fuller et al., 2009, Cohen-Meiter et al., 2009). There are several patterns of internal and external communications depending on organizational model. In the functional specialization model, for example, functional positions of individuals drive their communication, be it internal or external. In the emergent organizational model on the other hand, individuals experience the same levels of internal and external communication networks. In most of today's organisations employees

are involved in both internal and external communication, depending on what is required by their job at a certain moment (Johnson and Chang, 2000).

For the purpose of identification with the organisation and creating a long term relationship with both internal and external stakeholders, communication is crucial and can be a powerful tool for creating loyal and satisfied customers, business partners and vendors (Van Riel and Fombrun, 2007). Organizational prestige is built on the basis of how well all of the constituencies of an organization believe in and accepts its overall meaning, as it is an expression of its leaders (Forman and Argenti, 2005). Now more than ever, communication has a key role in creating a favourable image and PEP. For members of the organization it is increasingly important that their organization is evaluated as being unique in positive, socially valued terms (Carmeli, 2004). Timely and transparent communication will contribute to stakeholders' better understanding and acceptance of internal organizational activities which may improve organizational prestige.

Although key messages to all audiences should be unified, they can be divided into those aimed at internal stakeholders (employees) and those created for external stakeholders (customers, suppliers, investors, etc.) for the purpose of communication exploration. Although employees' perception may be shaped by the observation of others, it is generally the result of organisation's actions. Communication can be even more complex and challenging for members of international organizations as they receive information from several internal and external sources, both global and local ones. Obstacles to cross-cultural communication might be derived from distinctions in language and the extent of the level of information exchange (Chitakornkijasil, 2010). Communication in international setting is associated to similarities and differences in cultures.

### **3.2. The role of managers**

Managers are trusted and well-informed sources of information. Therefore, their importance is unquestionable in internal and external organizational communication. Depending on their style, beliefs, culture and current role they can have various impacts on stakeholders. In that respect, what they do and say affects organisational identity, image and PEP, as there is more intensive interaction between both internal and external stakeholders, including customers, suppliers, regulators (Hatch and Shultz, 1997). Managers as representatives have a dual role regarding organisational culture. They both facilitate and limit organisational identity.

Managers are crucial for communication considering the fact that they are informed by different organisational departments on their accomplishments, and issues as well as positions of key competitors. With this information managers can get a more accurate insight into how competitors view the organisation (Carmeli, 2004). Managers have a unique opportunity to influence their employees in many aspects. According to literature, through the manipulation of symbols such as tradition, myths, metaphors, rituals, sagas, heroes and physical setting, the management can make the individual's membership salient and provide compelling images of what the organization represents (Ashforth and Mael, 1989) and with this they can influence the creation of a favourable PEP among employees (Smidts et al., 2001). Such organisational symbols, which managers themselves often represent, can also be used in communicating organisation's strategy and vision. They have incomparable and inevitable impact on employees through internal and external communication.

### **3.3. The role of media and external stakeholders**

Although internal communication has an important role, when one considers the development of PEP, it is not possible to achieve a favourable picture in the eyes of employees without external communication. Media, as a stakeholder and channel for external communication, can have a vital impact on diverse stakeholders. Although organisations usually pay considerable attention to what and how something is said about them, analyses often seem to neglect the impact the media has on the perception of employees, especially if employees do not receive the same information from their organisations through internal communication channels. The media can disclose a new piece of information, which becomes public from that moment, and a range of interest groups can have diverse opinions about it. There are numerous debates about the credibility of the media and the information they communicate, but the fact is that it is a picture presented to the interested audience, a picture which directly or indirectly affects the perception of employees.

After it is published, this piece of information can raise discussions in the circle of friends and family of employees and thereby exert additional influence. Stakeholder comments and customer feedback, even if not publicly issued, have a substantial impact on managers and all employees. As already mentioned many employees today are in contact with suppliers and customers and consequently continuously receive evidence about the organisation which affects their PEP.

As all communication processes take place in a certain context, referring to a specific social, cultural and psychological context (Daniela, 2013), one of important objectives of this paper is to investigate which source of information employees perceive as more influential and convincing: is it customer feedback, the media, internal communication or something completely different. The situation is even more complex for members of international companies as they can be influenced by local and international sources. The purpose of this paper is to investigate which sources have a significant impact on employees in one international company operating on different European markets.

#### **4. METHOD AND SAMPLE**

In order to collect additional data on the structure of PEP and to determine whether, according to experts' opinion, PEP is a more general impression in the eyes of employees or is it the matter of including a number of factors for a positive perception of prestige, qualitative research was carried out among 9 communication specialists in 8 EU countries with semi-structured interviews. During the interviews, the evidence regarding sources of information on organisational prestige was also collected.

Participants in this qualitative research were heads of Communication departments based in Croatia, Spain, the Czech Republic, Hungary, Italy, Germany, the Netherlands, and the United Kingdom. All of the interviewed specialists worked for the same international company during data collection. This ensures that the collected responses reflect differences among employees and countries rather than differences in the type of brand or industry.

All of the interviewees were in charge of internal and external communication within their organisation. They possessed relevant working experience with at least 5 years dedicated to organisational communications. Six of them were in charge of more than one country: one person was responsible for all EU countries, the person based in the Czech Republic was responsible for CEE countries, the specialist in Germany was in charge of Germany, Austria and Switzerland. The participant based in the Netherlands was responsible for the Benelux countries, the one in Spain for Spain and Portugal, the participant in Croatia was in charge of Italy, SEE, Bulgaria and Greece. Three experts were responsible only for one country (Italy, the UK and Hungary) during the data collection process. They were familiar with global communication guidelines for their organisation, and with the reputation of the company among different stakeholders in their respective markets. Interviewees were selected from countries in which the company had a significant number

of employees (more than 300) and more complex business operations (production, commercial activities, R&D, etc.) so different stakeholder opinions had to be considered.

The interviews were carried out over the telephone to save time and travel expenses and to increase the number of interviewees within the defined time frame. Prior to the interviews, all interviewees received the same materials via e-mail. Research was carried out in the period October 2014 - January 2015.

## **5. RESULTS AND DISCUSSION**

All interviewed participants agreed that the concept of PEP was very influential and supported the assumption that employees cared about how their organisation was perceived on the market. Although the ideas about the most important factors that can contribute to PEP highly overlap among employees, some differences can be observed in interviewees' comments.

### **5.1. The structure of PEP**

According to the interviewed communications specialists, there are several significant components of organisational prestige perceived by employees, such as the position of the organisation on the market, stability and tradition of the company on a particular market, social impact on the community and internal climate. Unlike previously conducted research, all interviewees confirmed that, following on their personal experience, different components should be taken into account for PEP management.

### **5.2. The position of organisation on the market**

Most experts in this study agree that the company's reputation and its market position linked to the perception of the industry have a significant impact on employees in their country. In general, they believe that pharmaceutical industry has good reputation as it cures people and helps them feel better. Although there are occasional stories about a negative impact of the pharmaceutical industry, for most employees the fact that their job is connected to treating others has a positive connotation. In general, for industry reputation it is important to have a favourable image in comparison with other industries, not to have significant negative media stories and to offer its employees an opportunity for personal development. These findings are in line with the research conducted by Yuchtman-Yaar and Shenkar (1987) who concluded that industrial prestige is related to instrumental rather than normative consideration

of industrial behaviour and most relevant factors for prestige differentiation among industries are efficiency, fairness to consumers and partners, social sensitivity, advisory role, innovation, status in the society and the ability to influence. Although there is no clear definition of prestige, the authors found that different demographic and socioeconomic categories have more or less the same idea of what it meant for an industry to be perceived as prestigious (Yuchtman-Yaar and Shenker, 1987). Effective organisational communication would result in improvement(s) in industrial relations climate. Both positive industrial relations climate and effective organisational communication are expected to foster favourable PEP (Carmeli, 2004). Some examples given by participants are provided below:

- *“Employees are proud to work on something which is highly prestigious and important within their community and country. Most of our employees are proud of working in pharmaceuticals, because they believe that they thereby contribute to human health.”* (Hungary)
- *“People like to be connected to the health industry, to be able to help other people and contribute to their health.”* (Netherlands)
- *“Although all kinds of comments can be heard about our industry, people like to help others and they feel proud of the fact that we are developing new therapies for those who need them. During research, we offer better understanding of some processes in our body, chemical and biochemical reactions and we use technologies and science to improve the quality of life.”*(Italy)
- *“It’s important to communicate how many patients we treat and with how many products. That way employees and their family members can easily understand what we are doing, what’s important for us and how we are contributing. They don’t necessarily understand sophisticated numbers such as share price, earning per share, savings, etc.”* (UK)
- *“Employees are proud to work for a positively recognised company, company that develops and produces high quality medicines. Being big or small on a global scale means nothing on a particular market; a company should be recognised as successful in its respective country.”* (Croatia)

The company’s market position, its size and the related market impact are definitely important, according to all the collected data. However, the measurement of size is different for participants. While some think that market ranking is the most important factor, especially if the company is number one, others rely on the relationship with customers and how important they hold the company to be.

- *“People love to be proud of something that is big and plays a leading role. Our employees in XXX city are very proud to work for the biggest company in the city and think that everybody considers it as an important factor of the life of the city.”* (Hungary)
- *“Being number one on the market is especially important for sales and marketing people, but others also respect this rank without any question. We are producers for many markets and are recognized as one of the largest exporting companies. However, recognition on the domestic market is always more important.”* (Croatia)
- *“Being number one on the market is crucial – the best known brand. Everyone knows about the number one – that’s a winning team and employees appreciate being a part of the best company on the market.”* (Germany)
- *“If I had to pick what’s most important in terms of size, I would say market share. Share prices and value mean less.”* (UK)
- *“The position of the biggest supplier of medicines can help with customer relations.”* (Netherlands)
- *“For employees it is essential that we are a leading company on the market. The leading company represents the entire industry, speaks on behalf of others in front of the media and national authorities, its opinion about issues, advantages, etc. is taken as a standard on the market.”* (Spain)

According to the collected comments, high reputation and leading position on the market are important to members of the organisation regardless of the market which they work on. The differences among markets can be observed in terms of what it means to be big or important: for some this is based on the number of customers and the relationship with them, for others it is the opinion of local or national authorities, general audience and the media. Nevertheless, the leading position enables the company to be recognised and appreciated by customers, vendors and other stakeholders, and to significantly influence employees’ attitudes. According to one definition, PEP is individual interpretation and evaluation of organizational prestige (Bergami and Bagozzi, 2000; Smidts et. al., 2001).

Specialists in charge of several countries pointed out that the definition of size and importance on the market was perceived differently in various countries, but for employees, it was measured according to the comments in their nearest circle of family, friends and business colleagues. Things that are relevant for shareholders do not have to be relevant for customers or

organizational members. It is important to note that there are divergences on various markets, as demonstrated by the following quotes:

- *“Competitors’ opinion is not very relevant for most employees as they are not aware of key competitors. Those who are aware are some employees in sales or marketing, whose tasks include analysing what competitors’ opinion is. For others, it’s about the quality of products and the attitude of end customers.”* (Czech Republic)
- *“As most employees do not communicate with end users, they receive feedback from colleagues who work for our competitors. So when employees change companies within the industry, they naturally make comparisons and analyse their employers, old and new. That is perceived as important information regarding the perception of our organisation.”* (Netherlands)

Some interviewees believe that, in terms of market perception, product quality is the most important. For others, however, product quality is a given, it is something that can be considered as *sine qua non* and, therefore, is not in fact relevant in terms of provoking positive PEP:

- *“The quality of products that we produce and sell is most important for our customers.”* (Czech Republic)
- *“The quality of products and services is a prerequisite for what we are doing, something that cannot be compromised. However, our competitors are doing the same thing. It’s not enough to be perceived as prestigious on the market.”* (Croatia)

This dilemma was commented in previous studies, suggesting that the high quality of products was not directly associated with the overall perceived organizational reputation. Rather, the relationship between the quality of products/services and the perceived organizational reputation is mediated by customer satisfaction (Carmeli and Tishler, 2005).

### **5.3. Stability and tradition of the company on a particular market**

According to interviewees, organizational members are not necessarily concerned about financial statements, but prefer to work for a long-term stable and successful company. Sustainability is perceived as a promise of a long-term cooperation with employees, opportunity for them to grow with the company and develop career in a known environment. This is in line with findings from previous research according to which sustainability can enable employees to create longer and more meaningful relationship with customers and therefore receive better feedback about themselves, their work and the organization they

work for (Carmeli et al., 2007). The level to which the organisational achievements are recognised as positive, correlates with the employee's identification with the organisation. As one of the results of working for a successful company, employees tend to develop positive feelings of self-continuity, self-esteem, and self-distinctiveness (Dutton et al., 1994, Carmeli et al., 2007). Several supporting examples are listed below:

- *"I think that for people being big means that they can make a career within the company. It can give you many opportunities. Tradition gives you information about what happened in the past. For some people it's more important how the company is operating now, and for the other half it's more about the expected future."* (UK)
- *"The stability of the company gives you information about your stability – about your job. Organizational success in the past is the basis for future expectations."* (Netherlands)
- *"The organization that invests in operations on a specific market demonstrates the commitment to this market, to employees and the community. It's a confirmation of future plans and expectations. If the company is expanding operations to other markets, it's nice but not so relevant for our employees."* (Germany)
- *"As tradition shows how the company developed in the past, what it has become and what its goals are, it is important for employees. It confirms stability, past accomplishments and with it credits employees for their loyalty and hard work."* (Czech Republic)
- *"Local development, investments in the site and people demonstrate the strength of the company. Global competitors can be small on a certain market so their international position is not so important for the local staff. The information about our company's position on the local market is therefore more important to blue collar workers as they don't have much information about competitors on the market and about external perception."* (Hungary)
- *"People are proud of the organizational tradition and past achievements. Many times their family and friends talk more about what happened in the past, than about future plans. If they can publicly present that we have been successful for many years, it helps to explain, even in difficult times, that we'll be prosperous in future."* (Croatia)

According to collected inputs, the company's performance is relevant, in order to show stability of its operations and enable employees to build long term relationships and plans. Certain previous studies have shown that the correlation between prestige and attractiveness of an organisation has positive influence on

employees. In this category, some differences have been observed among respondents:

- *“Tradition is important, but for employees it’s more about the future, history starts with their first day in the company.”* (UK)
- *“What was in the past is relevant before someone starts to work for the company and after that it’s more about future plans, growth and personal opportunities.”* (Italy)

#### **5.4. Social impact on the community**

Employee identification has been recognised by many organisations as one of the aspects that need to be managed if the organisation is to be competitive (Kim et al., 2010). Most participants in this investigation noted that corporate social responsibility (CSR) has a positive influence on employees’ perception of the organization. Although many different activities in various markets are given as an example of CSR, it seems that they provoke a favourable PEP. The prerequisite for a positive impact on PEP is that people are made aware of CSR activities within the organization. Participants confirmed that this impact is even stronger if the activities are initiated by members of the organization or if they can personally contribute to those activities. According to literature, CSR associations do not directly influence employees’ identification with a company, but rather influence their identification through PEP (Kim et al., 2010). Some scholars suggested that CSR performance can be an effective way for companies to maintain a positive relationship with their employees (Kim et al., 2010). Here are several examples, collected through the interviews:

- *“CSR is relevant because it engages employees around common theme and even increases their sense of social purpose. In the context of PEP, CSR is important as it includes helping others and therefore fosters a sense of belonging.”* (UK)
- *“Properly planned and executed CRS activities create a feeling of pride among employees. On one hand they receive positive feedback from their relatives and friends, and on the other hand they believe that the community highly evaluates these efforts.”* (Spain)
- *“When people believe that the company stands for its values and promoted behaviours and when they can participate in CSR activities that really contribute to patients and others who need support, they start to be ambassadors of the organization. If they can see this in the media or through other channels, they feel gratified with comments from friends, customers and other relevant people from their environment.”* (Italy)

- *“CSR programs can be relevant for employees if they sense that with those activities the company is contributing to their environment. If the organization is connected to its surroundings, it understands what’s going on, what’s needed and how it can contribute. Employees often raise the attention internally to some external needs and if they can solve some problem or provide relief, they feel important, proud and influential. This is additional motivation for their everyday activities.”* (Czech Republic).

The collected comments are in line with literature findings. The theory of stakeholders indicates that as stakeholders are essential in providing resources and returns, an organisation has to integrate stakeholders’ expectations into its business strategy. Furthermore, its survival depends on such successful integration (Donaldson and Preston 1995). Researchers have found that in this process of integration employees with their beliefs and actions act as mediators between societal and financial performance of a company (De Roeck and Delobbe, 2012). Previous studies also found that employees are affected directly, as well as indirectly, by corporate activities such as sponsorships. If employees are personally interested in such events, they would probably identify themselves with them and commit to the company even more. Employees are also indirectly influenced by interacting with other people, both from their work and social environment, who are aware of or interested in company’s CSR effort. Higher sense of commitment can be developed in social events, as employees are united with other stakeholders with similar interests (Hickman et al., 2005).

With highly evaluated CSR perceptions, employees who personally made CSR contributions are more likely to believe the company is doing better by doing something good. On the other hand, with low and badly evaluated CSR perceptions, it seems that employees regard the potential effect of CSR on organisational trust as less significant. They tend to interpret such activities as greenwashing (Kim et al., 2010).

### **5.5. Internal organizational climate**

Previous research indicated that positive perception about internal working environment and perceived internal support predicts strong workplace attitudes (Smidts et al., 2001, Carmeli and Freund, 2002, Bartels et al., 2007). All participants in this research confirmed the importance of organizational climate for employees’ well-being and the perception of the organization. In line with literature, feeling good at work has been identified in this study as one of the

most important elements in encouraging PEP. Such positive feeling assumes being treated fairly and with respect, as a precondition which cannot be replaced by other efforts. The results from previous studies show that in order to develop a solid prestige, organizations should concentrate on building a human system consisting of employees with strong affective commitment (Carmeli and Freund, 2002). Individual members create their own ideas of what a company represents, but in the context of organisational attachment, employees should assess organisational support together with its prestige (Dutton et al., 1994, Fuller et al., 2006). Although authors did devote some attention to this component of PEP, in most scales applied in the past this dimension was not analysed.

This component was introduced in the research conducted by Riordan, Gatewood and Bill (1997) with “I believe that organisation XXX is a good place to work in”, in Bartels (2006) with “organisation XXX is recognised as pleasant to work in”, and it appears in the works of other authors as well (Fuller et al., 2006, Fuller et al., 2009). The perceived organizational support is defined as individuals’ belief about the extent to which the organization cares about their well-being and to the extent it values their contributions (Eisenberger et al., 1986 according to Fuller et al., 2006). According to interviewees in this study, the perceived organizational support is substantial for the overall perception and attitudes of organizational members and cannot be substituted with other components of PEP. Even if the organization has very positive representation towards external stakeholders, without internal support employees will not assess the organization as a prestigious one. Several testimonials from this research support the importance of internal climate:

- *“If employees feel good in the workplace, they tend to think that everybody else outside the company feels the same. This effect has some rational background, too. Namely, a satisfied employee proudly shares his/her satisfaction with relatives and friends. So she/he regularly gets feedback such as “you are lucky to work for such a good company”. This effect could act certainly in an opposite way when somebody is unsatisfied and complains about the company. In this case, they would think that everybody else considers the company as a horrible employer.”* (Hungary)
- *“People should understand what this company stands for but they have to feel it in their everyday work to believe in the organizational story. The messages they receive from their managers and internal channels have to be consistent with their first-hand experience.”* (Czech Republic)

- *“The management should behave in accordance with the promoted values. A corporate story will not be convincing if employees feel they are not treated as they should be. As a consequence they are likely to feel insecure and much less committed.”* (Spain)
- *“It is very important to treat employees fairly, as company’s most valuable stakeholders. They are not afraid of change if it’s properly communicated.”* (Germany)
- *“People can feel connected to the company and committed to its goals only if they believe that they are treated as valuable and with appropriate attention to their needs and desires.”* (Italy)

Previous studies also confirmed that employees’ perception of the organizational climate was important for the perception of external organizational prestige. In line with literature, communication climate is more important for daily work than for organisational identification, whereas the opposite is true for PEP – it has more impact on organisational identification on the whole, than on department or group level identification (Smidts et al., 2001, Bartels et al., 2007b).

A strong PEP leads not only to more extrinsic satisfaction, but also enhances a more positive perception of employee’s own work role. In other words, it is possible that when outsiders perceive an organisation positively, this reflects positively on employees’ perception of an organisation itself (Herrbach and Mignonac, 2004). Job satisfaction can be increased through employees’ selective perception of certain favourable aspects of a job (Herrbach and Mignonac, 2004). This is probably independent from occupational status and more connected to general job satisfaction which arises from immediate environmental stimuli (Herrbach and Mignonac, 2004).

All interviewees in this study are confident that internal atmosphere and climate, as well as perceived internal organizational support, are *sine qua non* for PEP. They all reported that without being appreciated internally, employees will not be able to recognize the organization as positive, prosperous or promising for the future so most probably employees’ assessment of organizational reputation will not be high. What is more, if the gap between external and internal impression of the organisation is too wide, employees will feel deceived and will not believe the organisation’s internal communication.

According to the information gathered during the interviews with communication experts, it seems that PEP might be a multidimensional variable, although in most surveys in the past it was measured using one-

dimensional scales. However, multidimensionality is also relatively important and is derived from the fact that it is important for PEP to have a positive perception of the external reputation of the organisation, as well as internal respect and support.

In line with the findings, for better PEP management several components, which can be grouped into three main categories, should be taken into consideration:

- past track record of success and the position of the organisation on the market, encompassing comments related to business stability and tradition, industrial prestige, and the position of the organisation on a particular market,
- social impact of the organisation on the immediate surrounding it operates in, encompassing comments related to employees' engagement around a common goal, and recognising the true value of the organisation and the needs of the surrounding, and
- internal organisational climate and showing respect for employees, related to the comments on management behaviour, fairness and respect of employees, as well as their personal experience.

## **5.6. Source of information**

### *5.6.1. External sources*

Most participants in the research believe that external sources of information, particularly the media, have the broadest reach and, therefore, most significant impact on employees' perception. It has already been noted in literature that external communication can directly affect employees' perception of external prestige. Positively valued information about the organisation strengthens organisational identification as it increases external visibility. (Smidts et al., 2001, Carmeli, 2006).

This was especially true in the present research for those markets where there is significant external visibility of the company. One should be aware that due to various regulations and market conditions there are examples of companies without major coverage in the media. It seems that external visibility of the organization is extremely important for raising favourable PEP among employees, and external sources are used to validate internally received information. Participants who have developed media relations in the countries, where the media places interest in the organization, confirmed that the media has a very important position in PEP management. For the members of their

organisations, a significant piece of news may be communicated internally, but only after it is communicated through the media, both to employees and to the general public, it becomes a fact. Media reach affects many comments in their environment and they get key confirmation through the reflection of others:

- *“When people read something in the newspaper, it starts to be valid for them. External media have a powerful role in shaping employees’ perception. If some messages are placed only internally, employees may perceive them as promotion and advertising. However, if the message appears in the media, everybody believes it’s accurate, reliable and important. External media is so important that it can be sometimes used for promoting internal messages.”*(Germany)
- *“The media have important influence as employees’ friends and family members get them and start to comment. It’s not only about advertising in the media, it’s more about positive stories, impact on patients, customers. Our employees are proud when they see something about the company in the local media.”* (Czech Republic)
- *“Employees are proud to work for a company which enjoys regular coverage in the media – certainly with positive news.”* (Hungary)
- *“Regardless of the previously received internal information, employees start to be proud of company projects when they read about them in the newspapers. If the presentation in the media is positive, they receive external approval immediately. Significant people around them make positive comments about our company, and our employees enjoy this glory and favourable reflections.”* (Croatia)
- *“When employees spot our corporate movie in the media or any positive comment about our activities, they are pleased and delighted with other stakeholders’ reflections. If their family and friends perceive this, they feel appreciated and accepted in their environment.”* (Italy)

Local media are especially valuable for PEP, as they have the highest reach among recipients and interested parties on particular markets. According to respondents, sometimes it’s more important for the organization to be present in the social media, and sometimes in newspapers or TV. This mostly depends on receivers’ preferences and their habits. For non-desk employees, print media still have a higher impact, but younger generations tend to accept web and social media:

- *“Employees like to receive clear messages about our plans and activities from local newspapers.”* (Spain)
- *“The most valuable source of information is what is read in my community. If it’s not reachable for my colleagues and friends, it doesn’t impact my social status.”* (UK)

- *“People from marketing and sales departments like fast, short information and they enjoy reading it on the web. However, for our production employees it’s better if it’s presented in the newspapers so they can read after working hours.”* (Hungary)

As stated by interviewees, local media are more important than the global ones, especially the media targeting stakeholders selectively:

- *“Global media have impact on our employees only if the local media reports something from the global ones. Only if it’s relevant for their close community, it affects our employees’ perception.”* (Spain)
- *“Family members and friends are interested in local media only. If there is a relevant piece about our company in the global media, mostly in a different language, it appears distant and not relevant for the current situation on our market.”* (Croatia)
- *“As we sponsor sports clubs and local sports events, any text about our company in the sports city media has an impact on external perception. People will read more carefully about our general manager in a sports club magazine, than in a respected international magazine on economy. But if the local media brings a piece on how our general manager was represented in a global magazine, it starts to be relevant for our employees.”* (Germany)

The importance of local media was impressive having in mind that the research was conducted in an international organization and one could expect that international media would, therefore, have a significant impact.

In the context of a multinational company, it was believed that employees on managerial level identify more with the global level represented by corporate headquarters, but studies have found that identification is in most cases stronger with the local organisation on country level (Read, 2001, Vora and Kostova, 2007). Comparing the two levels, global and local, managers have demonstrated dual identification, although generally there is stronger identification with the local context (Read, 2001, Ashfort and Johnson, 2001). Unlike managers, employees find local media crucial, as they deliver information to their immediate surroundings. If there is a positive article in a foreign language in an expert magazine, it has practically no effect on their surroundings, family and friends. Such information becomes significant only if the local media reports on this particular piece of news. Having in mind that success in a particular market depends on conditions and the workforce on that market, it is understandable that local media have a substantial impact on organizational members regardless of their background and position.

All other external sources are influential, but the magnitude of their impact varies depending on employee roles, experience and social environment. For employees in marketing and sales, customer feedback and information received from competitors or colleagues who work for similar companies or in similar positions are more important:

- *“Colleagues in competing companies can be a valuable source for comparison in salaries and benefits, development opportunities and relationship with customers.”* (Netherlands)
- *“Positive comments from our vendors about organizational plans or current situation always have a beneficial impact on our employees. For colleagues in marketing and sales, competitors’ comments and feedback have the highest impact. If competitors speak positively about our organization, this is taken as crucial confirmation that we are doing something well.”* (Croatia)
- *“Employees in marketing focus more on customer feedback as an important indicator of company activities.”* (UK)

These findings are in line with previous studies that reported how external sources of information can affect employees’ feelings and perceptions about the organisation to a large extent. This is particularly true when important external stakeholders, such as customers, shareholders and general public, have a positive attitude toward the organisation (Smidts et al., 2000).

Employees with high PEP can contribute to the positive image in the public. For example, it was recorded that employees are critical for the creation of a positive word of mouth which can increase the overall reputation, organizational performance and consequently a favourable PEP (Gremler et al., 2000, Cravens and Oliver, 2006). Authors have found that the word-of-mouth communication between existing and potential customers can in many cases be the most influential method of developing business (Gremler et al., 2000). External feedback is also valuable for internal members as it, in a way, confirms organisational legitimacy controlled by outsiders (Cravens and Oliver, 2006). Company’s external visibility motivates the organisation to show, through actions and not just words, what it supports or believes in (Cheney et al., 2011). The participants in this research highly recommend devoting significant attention to media relations and to creating a positive organisational image which, in turn, significantly affects both the management and employees. Whenever possible, positive media coverage should be encouraged, as media reporting gives an organisation great significance, increases visibility and positive feedback of both immediate surrounding and the wider area.

### 5.6.2. *Family and friends*

According to literature, individuals who have strong, personal relationships with employees, e.g. family members, are likely to exert stronger influence on employees' perception than others (Riordan et al., 1997).

Interviewees reported that employees systematically shared their attitudes and comments with members of their household and their inner circle of friends. As they have a lot of information, friends and family perceive them as informed stakeholders and therefore can convey their message and have influence on other interested parties as well. Friends and family members are also interested in the data they receive about the organization from different sources, more informal than formal, and spontaneously give summarized feedback to organization's members. Inputs collected from the participants in this study confirm the findings from literature:

- *"When our commercial was on TV, I heard from my friends and even business partners how good a company XXX was, how it contributes to patients and Hungarian sports and culture. I'm so proud when I get such feedback."* (Hungary)
- *"The company presence in the media is highly important. Employees are proud when they are together with friends or at home with their family and our commercial is on TV."* (Czech Republic)
- *"In addition to the perception of our competitors, the greatest impact is exerted by friends and family members. If they speak positively about the company, our employees feel important and prominent. They can follow our activities on social media and in traditional media but their opinion is valuable to our members."* (Spain)
- *"Family members and friends pick up the news about our company from the local media and then discuss it with employees. If it's positive, people feel proud and honoured."* (Germany)

Furthermore, comments collected during the research show that this group usually shares a general outlook on life, as well as the preference for similar things. In addition, they are emotionally connected with the members of the organization, so their opinion is acknowledged with special care. They are perceived by organization members as organisation-independent sources, interested in the well-being of employees. For this reason, their opinion and feedback, although based mostly on employees' comments, are believed to be credible.

### 5.6.3. Internal sources

Employees play a key role in helping companies achieve their business results and favourable reputation. If employees do not trust their organization, they can openly voice their feelings and thoughts to everybody, hence brutally damaging reputation and invalidating organization's success (Young, 1996 according to Dortok, 2005). Although available literature shows that internal sources, primarily managers, are significant, so far no systematic analysis has been done of the internal sources, which might have greater significance for employees.

The internal source of information was found highly significant in this investigation. All interviewees confirmed that timely, honest and reliable communication towards employees is the main prerequisite for any successful organizational communication:

- *“In internal communication it is crucial to share success stories, information on the importance of the company’s CSR programs, company vision etc. with employees. The lack of information creates uncertainty and because of the projection effect, employees tend to think that everybody else out of the company has reservations, for example regarding the future of the company, its values etc.”* (Hungary)
- *“All managers in the company should effectively communicate with all employees. If the process is functional, people feel proud of the company as they trust the messages they receive.”* (Netherlands)

As all participants confirmed the importance of internal communication, they also highlighted the important differences that could be perceived in various internal channels. As confirmed in many previous papers, employees found face to face communication with their line managers the most valuable source of information:

- *“All employees will first go to their managers for any advice, explanation or comment. The attitude of managers strongly influences the behaviour and affections of employees.”* (Croatia)
- *“Managers are a prime source of internal communication and they have to be prepared and trained for effective communication. If their messages are not in accordance with other messages provided to the employees, they start to feel insecure and confused. In dissonant situation employees will start to rely on other sources more and feel not respected by the company.”* (Germany)

According to the inputs received in this study, managers are clearly the most important source of internal communication, but all messages should be aligned across various internal channels. In other words, if messages coming from different parts of the organisation differ, this creates confusion and insecurity among employees. They exchange experiences with colleagues in other organisational units and consider their direct superiors crucial. They get the information through various sources, such as colleagues or members of multidisciplinary project teams, etc. These findings are in congruence with authors who underlined the importance of internal communication and communication climate quality.

The importance of internal communication is even more emphasised today, in the digital and highly connected world in which information is shared extremely fast, competition is fierce, and products and services are increasingly alike (Dortok, 2005). For this reason, emotional factors take the lead before material ones. Internal communication climate can be viewed through the subjective members' feeling about the quality of internal organisational environment, including the perception of messages disseminated in the organisation (Dennis, 1974). Some studies have shown a positive correlation between communication climate and commitment to the organisation, even organisational identification, as it has recently been shown (Smidts et al., 2001). Managers are responsible for both dimensions of communication, making their influence the strongest of all. Research has shown that PEP may be a better means of influencing organisational identification, and that communication environment and the general feeling about communication, such as openness and trust, can sometimes be more important than the actual content of communication (Smidts et al., 2001, Carmeli and Freund, 2002, Carmeli 2002).

Dortok (2005) stated that, compared with the companies with weaker reputation, those with strong reputation place more importance on internal communication, have a well-functioning internal communication plan, undertake more frequent measurement (on an annual or a project basis), use communication tools for sharing business objectives with employees, and believe that corporate reputation has more contribution to business objectives and results.

Although it sometimes seems that organizational identity is self-explanatory and conceivable to all members, it is important to understand that organizational identity is not self-evident or pre-existent, but must be constantly constructed through unfolding narratives about what the organization is or aspires to be (Cheney et al., 2011). This fact is present in comments collected in

this research, as participants in this study stated that managers sometimes tend to forget about the importance of regular information sharing and repeating key messages, adapting organisational information to a specific group of employees. Messages must be clear to members with different experience, education and status, and managers are crucial in adapting those messages and making them relevant to different audiences. In order for corporate identity programs to have an internal impact – in terms of cohesion, motivation, loyalty and identification – they need to be communicated constantly and regularly in the organizational surroundings (Cheney et al., 2011). As managers have a decisive role in internal communication, they should comprehend the nature of the company's environment in order to understand which elements may generate favourable organizational images.

According to the respondents in this study, messages should be consistently repeated through various channels and the most important ones should be repeated many times. Comments collected in this research testify to the fact that managers often turn to new projects and challenges and fail to devote enough attention to the old ones, which were, for some reason, unavailable to employees. Recap is possible through different channels, or using the same media through a longer time period. Research of relevant internal sources revealed some interesting elements, which are similar to findings from external sources. In line with these elements, local channels have a slightly higher impact on employees in comparison to global internal sources:

- *“Local internal sources of information are connected to their everyday experience and therefore easier to understand.”* (Netherlands)
- *“Global content has to have local relevance to be shared and accepted on the local level. Employees need a reason for sharing, almost as if they want to see what their personal benefit is.”* (Croatia)
- *“People connect more easily with something that is more familiar to them, that they have experience with. They appreciate it if information is connected to activities around them, in their community, in their city and in the immediate environment.”* (Czech Republic)

Understanding their relevance for employees can explain why line managers and managers on local levels have higher impact on an average employee, according to the data collected in this survey. Similar to the findings from external sources, global information starts to be relevant locally if it is addressed by local managers in a way understandable to employees. It should be connected to other activities in their environment and interpreted with the data and examples from everyday experience.

Information collected in this research suggest that for the largest number of employees the most crucial source of information is the media, especially the local one, as well as friends and colleagues from other, competing organisations, and family members, who are most affected by the media. In terms of internal sources, managers exert greatest influence, and their messages need to be coordinated with other local sources of information.

## **6. CONCLUSION**

Interviewees in this study are unique in their considerations about PEP, which has been recognized as an important factor for employees' feelings about their organization. External organizational prestige helps them feel proud of their achievements but also explains their role in the society and among colleagues, friends and family members.

Although, in previous research, PEP was treated as a one-dimensional variable, results of this qualitative research point to the existence of multiple dimensions, which should all be taken into consideration. The multidimensional aspect of this construct is indicated in previous research, but according to the available information, it has not been verified. Most authors who studied PEP devoted more attention to the relation between this and other variables, and less to the variable itself and its structure. Although there are differences in the scales applied in measuring PEP, some of which relied on general impression of organizational prestige, and others on the reputation from the employees' point of view, most research is based on one-dimensional scales. In addition, most research used a quantitative approach. What the analysis in this research has shown is that PEP is a multidimensional construct. Therefore, there are more components that need to be considered. In other words, participants believe that even if there is a desirable impression of the organization in general public, if employees are not satisfied how they are treated internally, they will not develop a high opinion concerning organizational prestige. The most important dimensions that need to be considered, as they were obtained by this qualitative approach, is past success and the position of the organization (including visibility of the organization, industrial prestige and reputation among customers, vendors and other stakeholders, stability and tradition of the company), social impact of the organization on immediate surroundings in which it operates, internal organizational climate and respecting employees.

Industrial prestige, although hard to define and measure, has a significant impact (health industry has positive perception) together with organizational visibility. PEP is strongly related to identification and therefore the management

should consider, in order to stimulate favourable PEP, any positive enhancement of corporate reputation by all means of external communication. Corporate communication and good advertising can be used to increase visibility of an organisation, which will have positive effect on both external and internal stakeholders, i.e. on members' perception of their organisation and their sense of pride. At the same time, managers should pay more attention to internal dissemination of any positive information about the company. The company's market position and its size are definitely important, especially if it is about being number one on the market. However, what is understood as relevant for market position differs among countries represented in this paper.

Employees care about the history of their organisation and its tradition, which can be perceived as both evidence of good cooperation in the past, and a promise for the future. For employees, sustainability of a company indicates stability and opportunity for growth together with the company itself on one side, as well as for development of long-term relationships with different stakeholders, on the other. Social impact of the company is recognized mostly through corporate social responsibility activities but only if they are connected to the deep understanding of the local environment and if they address real needs in the community. If this is satisfied, employees feel proud to work for the organization that is embedded in the environment and connected to its surroundings.

All these elements will not have a favourable influence on PEP if employees do not feel appreciated and respected by their organization. They have to feel that the organization takes their opinion into account. It is important for PEP to have a strong affective commitment that cannot be achieved without respect and perception that employees are given organizational support. It should be highlighted that, although internal respect is a prerequisite for PEP, external prestige has an impact on internal perception as well.

As far as the most influential source of information regarding organizational prestige is concerned, this study showed that external media has the strongest impact, which is probably a result of their broadest reach among community members. Local media have been highlighted as more important than global media, and news in the global media starts to be relevant if it has been reported by the local media. Which kind of local media is more relevant to organizational members in terms of prestige perception clearly depends on the general visibility of the company in the local environment and particular habits of individuals who prefer to have social media over print or vice versa. Although external sources are highly significant for prestige perception, internal

sources, especially managers, are considered to be crucial. This can be explained by their important and highly influential role in presenting the company to external stakeholders. Furthermore, they also have a vital role in establishing respect towards employees, by conveying, among other things, reliable, trustworthy and consistent messages.

According to the inputs collected in this study, there are more similarities than differences observed among different countries. It seems that most differences can be attributed to market position in a particular country and traditional communication channels, and not to the difference in national cultures.

### **6.1. Limitations and suggestion for future research**

This paper is based on qualitative approach and literature review, in order to clarify PEP structure and important sources of information for employees about organizational prestige. As the available literature does not clearly indicate the structure of PEP, qualitative approach and interviews with experts provided more information that can serve as a basis for further investigation. Within qualitative approach, positions and practices that differ within the field are considered, and this is because individuals have different points of view and different social backgrounds, which in the end provides a broader perspective on a given subject matter. Qualitative approach is acceptable when the aim of the study is to include different perspectives, to develop new ones, and also to come up with empirically grounded theories (Flick, 2009).

Even though different control mechanisms are used for different methodologies, the fact is that social and cultural environment affects studies, so it can be expected in this research. It is therefore important to understand what the advantages and disadvantages of qualitative approach could be. Having that in mind, findings of this paper should be confirmed in the future with quantitative approach to improve credibility with triangulation in data collection.

Future quantitative research on this topic can give more insight into potential difference among national cultures that are not shown during this study. One potential reason for that can be the choice of interviewees that are all members of the same expert group and, although working in different communities, on some level share similar background, knowledge and company information.

In addition, this research was carried out on a sample of experts who all worked in the same organisation at the time of the interview, so there is a possibility that some similarities may be a result of the same organisational culture. For the purpose of further verification of results it would, therefore, be useful to include professionals working for other organisations.

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#### KLJUČNE ODREDNICE PERCIPIRANOG EKŠTERNOG PRESTIŽA (PEP) – KVALITATIVNI ISTRAŽIVAČKI PRISTUP

##### Sažetak

Percipirani eksterni prestiž (PEP) je dobro poznati pristup, orijentiran prema opisu načina na koji članovi određene organizacije interpretiraju i procjenjuju reputaciju svoje organizacije. Ova percepcija može značajno djelovati na identifikaciju zaposlenika i lojalnost organizaciji, kao i na njihovo zadovoljstvo poslom te radni učinak. U skladu s teorijom društvene identifikacije, ljudi definiraju svoju i tuđu osobnost, na temelju pripadanja određenoj grupi, odnosno organizaciji, uz osobnu potrebu za samopoštovanjem i osjećajem ponosa, kao ključnim motivima. Percepcija zaposlenika

da pripadaju značajnoj i uvaženoj organizaciji povećava samopoštovanje, a čime se povećavaju i pojedinačna društvena vrijednost te status. U skladu s literaturom, može se identificirati samo nekoliko zamjerki konceptu PEP, uglavnom povezane sa strukturom i upravljanjem konceptom. Iako postoji sve veća količina literature o PEP-u, još uvijek nije jasno radi li se o jednodimenzionalnom, ili o multidimenzionalnom konstrukt. Ukoliko je PEP multidimenzionalni konstrukt, važno je utvrditi njegove ključne komponente, kako bi se unaprijedilo upravljanje organizacijskim prestižem u realnoj radnoj okolini. Cilj ovog rada je utvrditi strukturu PEP-a, kao i značajne izvore informacija, na temelju kojih zaposlenici vrednuju prestiž svoje organizacije. Provedeno je kvalitativno istraživanje, zasnovano na devet polustrukturiranih intervjua s ekspertima za komunikaciju, zaposlenim u multinacionalnoj organizaciji, aktivnoj u nekoliko europskih država. Njegovi rezultati ukazuju da je PEP multidimenzionalan konstrukt, s nekoliko komponenti, značajnih za stvaranje i upravljanje ovim konceptom. Komponente se mogu grupirati u tri temeljne kategorije: povijest tržišne uspješnosti i pozicije, društveni utjecaj organizacije na najbližu okolinu i interna organizacijska klima. Nadalje se raspravlja o razlikama u izvorima informacija, koje značajno doprinose percepciji organizacijskog prestiža. U skladu s izjavama sudionika intervjua, najvažniji izvori informacija za zaposlenike su menadžeri i mediji.

**Ključne riječi:** Percipirani eksterni prestiž, analiza konstrukta, kvalitativni pristup