# Role of Perceived External Prestige and Organizational Justice in Organizational Identification

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**Abstract**

The present study explores the impact of perceived external prestige and organizational justice (dimensions include: distributive justice, procedural justice and interactional justice) on organizational identification of employees' in the Home Appliances Industry of Pakistan. Survey questionnaire technique was used to collect the data from employees of three well-known and big home appliances companies of Pakistan and the total response rate was 87%. Correlation and multiple regression analyses were applied to find the relationships' strength. According to the results, significant relationship was found between perceived external prestige and organizational identification. Moreover, organizational justice is another contributing factor towards organizational identification. The study stated the significant contribution of perceived external prestige in organizational identification and describes how important it is to focus on the fulfillment of organizational justice and ultimately developing a psychological bond between a company and its employees in the shape of increased organizational identification.

**Keywords:** perceived external prestige, organizational justice, distributive justice, procedural justice, interactional justice, organizational identification, social identity theory, organizational behavior, home appliances industry

### Introduction

"Organizational identification" was broadly researched during the 60's (March & Simon, 1958; Kelman, 1961). Before the term Organizational Identification was introduced, Simon (1945) viewed the concept and explained it as a way of company's influence that impinges on the process of decision making. According to Simon, as a result of identification employees' establish psychological attachment with their organization and thus focuses on the companies' goals in all the decision making situations.

After twenty years, Burke (1969) defined the term identification as "involving shared substances or consubstantiality between A and B" and this takes place when there is coexistence in the same substance and we can say in organizational context that two entities share common ideas, values, interests and aims. But it does not deny distinction between them rather identification is thus asserted as there is "division" and if two entities were completely and truly of one thing then there will be no need to declare identification.

Following Burke's work, other researchers then applied the term "identification" to their studies of organizational communication. (Tompkins et al., 1975) was the first who carried out the experimental study on organizational identification in a purely organizational environment, said about identification as not only a means for achieving an end but it is an end in itself. Cheney and Tompkins (1987) referred the terms as "perceptions of similarity." Identifications process shows the

constant development of an employee's or a group's similarity. Briefly, it can be said that identity is a co-production of collective interests among the employees who are part of an institute.

Generally speaking, a person's identity is not only comprised of his or her personal attributes, but his membership to a specific organization or any group also determines his identity (Tajfel & Turner, 1979). In subsequent study, Mael and Ashforth (1992, p. 103) gave a name to this concept as "Organizational Identification" and defined as "perceived oneness with an organization and the experience of the organization's success or failures as one's own". The extent to which employees feel themselves as a member of organization where they are employed is a significant contributor towards the success of the company (Bartels et al., 2007). With the passage of time, a number of researches in this field showed the importance of the employee organizational identification level (Kreiner & Ashforth, 2004). One reason for the interest in Organizational Identification is surely the effect on various factors as employee performance, organizational citizenship behavior and turnover which has been shown in various studies.

Organizational identification has also been found to help increase in employees a sense of significance, belongingness, and authority at their job (Ashforth, 2001). Keeping in view the effects at organizational and individual level, scholars usually consider organizational identification as an affection established by employees with their organizations.

### Antecedents of the Organizational Identification

Other than focusing on the importance of organizational identification to companies, understanding the contributing factors of organizational identification is a significant issue. Therefore much focus has been given to the factors that influence the level of employees' organizational identification (Bartels et al., 2007). According to the past researches, factors that influence organizational identification may include "perceived external prestige" (Smidts et al., 2001), "perceived organizational support" (Edwards & Peccei, 2010, p. 17), "perceived distinguishing ability of the organization" (Mael & Ashforth, 1992), "the degree of contact between employee and organization" (Hall, et al., 1970; Mael & Ashforth, 1992), "perceived distinctiveness of the organization's values and practices relative to those of comparable groups" (Oakes and Turner. 1986), "the degree of overlap between organizational identity and personal identity in the employees' perception" (Bergami & Bagozzi, 2000; Elsbach & Bhattacharya, 2001), "employee communication (content of employee communication and communication climate)" (Smidts et., al (2001), "individual difference" (Hall et al., 1970), "organizational justice" (Tyler & Blader, 2000, 2003).

Among all the antecedents of the organizational identification, the focus of this research is the role that perceived external prestige and another factor which is organizational justice play in contributing towards the employee's organizational identity level. According to the past research on private sector of Pakistan, it has been concluded that organizational justice has been overlooked as a factor contributing to organizational identification. Moreover the significance of perceived external prestige needs to be emphasized keeping in view the high turnover in home appliances industry. Therefore because of the scarcity of research on this issue, especially in the context of Pakistan, there is a need to explore and emphasize the contribution of organizational justice as well as perceived external in increasing the Organizational Identification at the same time.

### Organizational Identification: Relationship with Perceived External Prestige and Organizational Justice

Perceived external prestige basically describes the employee's perception about how the external entities view his organization. A number of researchers have put emphasis on the significance of perceived external prestige in organizational context and have suggested it as one significant way to improve a company's overall performance (Dutton & Dukerich, 1991; Dutton et

al., 1994). Various researches have shown that there exists a correlation between two factors perceived external prestige and organizational identification (Bergami & Bagozzi, 2000; Smidts et al., 2001; Carmeli & Freund, 2002; Carmeli, 2005). Each of the study specifies that "the more positively employees think that the status and prestige of their organization is viewed by the outside world, the more positive they are towards their organization and the stronger they identify with it" (Bartels, et al., 2007).

Past research also reveal that the employee organizational identification level is having an intimate relationship to the perception of employee about the fairness provided in his or her organization (Naigowit et al., 2008).As per the context of group engagement model proposed by Tyler and Blader, ,justice perceptions must have an impact on organizational identification known the positive social-identity-related information which the justice factor communicates to an organization's individuals. Specifically, fairness and equality communicates to employees a feeling of being valued and proud within their organizational environment. Moreover, having its relationship to the perceptions of dignity, pride and honor, it must be further linked to increased organizational identification (Tyler & Blader, 2000, 2003). Thus, it seems reasonable to conclude that organizational justice perceptions must be positively associated with organizational identification (Olkkonen & Lipponen, 2006).

### Literature Review

As per the significance of organizational identification presented by past studies, there is a need to examine the effect of perceived external prestige and organizational justice on employee organizational identification in the context of private sector of Pakistan. The most important contributions of both researches have been taken out in this section of research.

#### *Organizational Identification*

Tajfel (1972, p. 31) defined social identity as an individual's perception which is formed as a result of his or her belongingness to a social group. Likewise organizational identification can be vaguely understood in simple words as explicit form of identification with a (formal) group, often the company, organization or institute for which one works. A common definition of organizational identification is that of Mael and Ashforth (1992, p. 104), "The perception of oneness with or belongingness to an organization, where the individual defines him or herself in terms of the organization(s) in which he or she is a member".

Organizational identification has been pointed out as a significant factor that fosters a sense of meaning, belonging, and control at work (Ashforth, 2001). Keeping in view these effects for organizations and individuals' alike, organizational identification is generally viewed by researchers and practitioners as a desirable association made by persons to their employing organizations. It is likely that the employees who identify intensely with their organizations are viewed showing more supportive attitude toward their organization (Ashforth & Mael, 1989) and put forward their decisions in favor of organizational objectives (Simon, 1997: 284).

A contemporary study has emphasized the benefits of identification in the workplace. According to Riketta's meta-analysis, organizational identification has been found having correlation with beneficial outcomes. More significantly, he found that identification was principally correlated with identity-relevant factors such as intent to leave and organizational prestige. Scholars have also directed considerable efforts towards the implications of employees' attachment to a wide range of behaviors at work such as organizational citizenship behaviors (Carmeli, 2005; Dukerich et al., 2002; Dutton et al., 1994) and cooperative behaviors (Dukerich et al., 2002).

Other researchers have also proposed the negative influence of organizational identification (Elsbach, 1999; Michel & Jehn, 2003). This perception deals with all the possible negative effects of organizational identification on both employees and organizations. For example, "an 'over-

identified' individual can become completely consumed by work and there by lose a sense of individual identity, or might be less able to see faults of the organization or less willing to point them out".

Past studies suggest that social identification in organizational contexts is a persuasive idea to explain employee's performance at work, wellness and turnover intentions (Van Dick, 2004). The most well-known theory presented in the study of organizational identification has been the *Social Identity Theory (SIT)*. According to the basics of social identity theory, organizational identification is a form of social identification, because of which an employee perceive him/herself as an associate of a particular social entity.

Contrary Turner (1985) claims that as an employees' increasingly identify with a company, the individual self-perceptions of the employees be likely to turn into depersonalized such as the employees perceive themselves as interchangeable representatives/members of the social category that is the "company" (e.g., Turner, 1985).It is Ashforth and Mael (1989) that familiarize the concept of SIT in the study of organizational identification. In a vast number of cited articles, they refine the notion of identification, distinguishing among its cognitive, behavioral and emotional features, and differentiate between identification itself and its antecedents or consequences.

### Perceived External Prestige

The perception of an organization's uniqueness and individuality from the outside can be taken by the idea of organizational image that is, the symbols and interpretations made about the company by outsiders (Whetten & Mackey, 2002). Organizational image has turn out to be of great significance for many companies as their overall work and existence today is dependent upon their repute in the eyes of various stakeholders (Roberts & Dowling, 2002). And according to March and Simon, the visibility of the organization is one of the three signs of success.

Although external in nature, organizational image affects even though employees indirectly as they receive various signals from a number of different external sources and as a result of these signals they tend to develop their mind that how people outside the organization perceive it (Smidts et al. 2001). This is taken as "interpreted reputation" or "construed external image" in literature (Dutton et al., 1994). The related term of which is Perceived External Prestige meaning how an employee of an organization assumes external people view their organization and a number of authors have highlighted the significance of perceived external prestige to the organizations (Dutton & Dukerich, 1991; Dutton et al., 1994). As has been usually experienced, an organization or a company has deep concern in displaying a positive image of itself in order to increase motivation of investors to provide credit (Shane and Cable, 2002), make the clients agree to buy its goods and services (e.g. Yoon et al., 1993; Standifird, 2001), and influence other institutions to support it their legal issues (e.g. Kapelus, 2002).

Two terms namely "organizational image" and "reputation" are considered to be abstractly close to the term perceived external prestige and are also interrelated. However they remain different regardless of the fact that they are used interchangeably in many studies (Williams and Barrett, 2000). Organizational image and reputation can be considered as reciprocal ideas between the organization and people outside the organization (Whetten and Mackey, 2002). The organizational images comprised of messages conveyed by management of the company for example by using different advertising and marketing methods – to present the organization to people outside in a lucid and positive manner. Similarly, the reputation of a company contains all the messages which are transmitted back to the company by stakeholders outside the company with respect to what they perceive as being its important and distinguished factors (Fombrun and Shanley, 1990).

March and Simon (1958) proposed that employees develop a sense of attachment to organizations that in their belief is given a high level of respect by individuals outside the

organization. So far only recently has a stream of empirical study on this proposition emerged. As it is based on the evaluation of the individual of his or her employer's position, researchers consider perceived external prestige be an individual-level variable (Smidts et al., 2001). This leads to the fact that even among members within the same organization, the level of perceived external image may differ because each member have the different knowledge about the organizational outsiders and each has a different level of information about those features of the organization that serve as indications of prestige and esteem to organizational outsiders (March & Simon).

### Perceived External Prestige and Organizational Identification

Organizational attachment is most generally analyzed through the theoretical framework of social-exchange theory, which shows that people make relationships to acquire valuable resources they are in need of which not only consist of material goods, such as salary and fringe benefits, however also social goods, such as approval, faith, respect, and prestige (Blau, 1964). A number of authors have projected that the value of an organization in the eyes of outside world that is Perceived External Prestige affects organizational identification (e.g., Mael & Ashforth, 1992; Pratt, 1998). Perceived external prestige is imperative for developing a sort of team work environment and unity among employees. If members of an organization have the notion that people outside their organization talks of it positively, this will provide a definite level of pride. Employees are then too keen to work in line with the mission and vision of the organization. Sharing an organizations success stories and the positive words by the people outside it will surely increase the employees' organizational identification level. (J. Bartels et al., 2006)

In addition, and as SIT, if employees have the perception that people which are not part of their organization and are outsider, view it as a reputable institute, it leads to the possibility that organizational identification will occur since it could enhance an individual's self-esteem (Dutton et al., 1994).The more the prestige of any organization, the more employees will be expected to identify with it (Smidts et al., 2001). Therefore organizations are supposed to engender a feeling of belongingness and identification in their personnel in order to get maximum facilitation in their functioning (Cheney, 1983; Pratt, 1998).

In the same way Tyler, 1999, proposed that employees typically tend to get a sense of recognition by associating with organizations which are taken as prestigious because connection with such reputable organization augments self-respect and thus provide a source of self-enhancement. Various studies have given the evidence of correlation at significant level between Perceived external prestige and organizational identification (Iyver et al., 1997; Fuller et al., 2006).

In the light of above literature, we propose our first hypothesis as:

$H_1$: *There exists a significant and positive relationship between perceived external prestige and organizational identification.*

### Organizational Justice

Justice or Fairness has been studied as a matter of philosophical interest that is even rooted back as much ago as Plato and Socrates (Ryan, 1993). In line with that past study, the term justice is used to indicate "oughtness" or "righteousness." According to the field of ethics, an act can be taken as just by comparing it with a prevailing or in practice philosophical system. Similarly the study of justice perceptions is a significant matter of research in the field of organizational behavior because of its relationship to relevant individual and organizational factors (Cohen-Charash and Spector, 2001).

The term Organizational justice may be defined as "the study of fairness at work" (Byrne and Cropanzano, 2001). As per Greenberg (1990), the term organizational justice indicates that practice and implementation of fairness is being considered in the organization. Similarly, Organizational justice can be termed as awards and penalties, rules & regulations, working process,

communication& coordination and interaction has been applied equally or not (Polat, 2007). According to the studies in the organizational sciences, "justice is considered to be socially constructed". That is, an act is defined to be just as if most of the people being influenced perceive it to be so, on the basis of empirical research (Cropanzano & Greenberg, 1997). Therefore, "what is fair" is taken from the previous research connecting the objective factors of decision making to the subjective perceptions of fairness.

Concerns and issues related to fairness in an organization are reflected in a number of facets of employees' working lives. Example can be; employees are concerned whether there exist fairness in resource distribution such as pay, rewards, promotions and the outcome of dispute resolutions (Colquitt et al., 2005). Employees are also concerned about the fairness of the decision-making procedures that actually lead to those outcomes, making them understand how and why they came about (Leventhal, 1980; Colquitt et al., 2005). Lastly, members of an organization are also concerned with the nature of the interpersonal treatment received from others, particularly key organizational authorities. (Greenberg, 1987; Colquitt et al., 2005). Efforts to study the influence of justice on effective organizational working have come under the title of organizational justice research (Greenberg, 1987, 1990b). Greenberg (1990b) explained the organizational justice as a literature "grown around attempts to describe and explain the role of fairness as a consideration in the workplace"

According to the past research work, when employees of any organization believe that they are being treated unfairly by the organization or by their supervising authorities, it is likely that they will believe that their social exchange with the organization has been violated. If these employees perceive that the price of remaining in the association outweighs the benefits, it is likely that they will withdraw from the association. This withdrawal can appear in the form of decrease in performance (Cowherd and Levine, 1992), increase in absenteeism and turnover (Hulin, 1991) and deviant behaviors (Skarlicki et al., 1999).

For example a study carried out among the health care sector employees shows that, perceptions of organizational justice are vital for two reasons i-e they are directly related to the well-being, attitudes, and performance of employees and that they seem to act as a buffer for the negative impact of a number of detrimental factors. (Heponiemi et al., 2013). Therefor justice must be made a part of an organization's culture (Lambert et al., 2005)

### Organizational Justice and Organizational Identification

According to the past study, Justice is a well-known management tool for enhancing identification and the employees' perceptions of the fairness of the organization or company where they work is closely related to organizational identification level (Naigowit, et al., 2008).As per the context of the group engagement model formulated by Tyler and Blader (2000, 2003), it can be argued that perception of justice must have an influence on organizational identification known the positive social-identity-related information that justice communicate to employees. Particularly, fairness clearly communicates to individuals that they are valued members within their team or group, and that they can be proud of their group membership. In addition, through its association to these thoughts of respect, pride and esteem, it ought to be further associated to increased identification with the group (Tyler & Blader, 2000, 2003). Consequently, it seems reasonable to say that perceptions of organizational justice should be positively linked to organizational identification (Olkkonen & Lipponen, 2006). An evidence of an association between justice perceptions and organizational identification has been given by a number of researchers studying the field of Organizational behavior (Tyler et al., 1996; Lipponen et al., 2004).

Organizational justice is commonly divided into three types of Justice that includes Procedural Justice, Distributive Justice and Interactional Justice. *Procedural  justice* concerns with

the processes by which organizational outcomes are determined, *Interactional justice* comprise of the interpersonal treatment towards the employees, especially from the managers and the *Distributive justice* is the way resources are distributed among the employees. Together, distributive, procedural and interactional justice is taken to be forms of Organizational Justice, "a term first used by Greenberg (1987) to refer to people's perceptions of fairness in organizations (Colquittet al., 2005)".

**Distributive justice and Organizational Identification:** Fairness of resource distributions, such as salary, rewards, promotions, incentives and the outcome of dispute resolutions are also the concerns of employees of an organization (Colquitt et al., 2005).According to Olkkonen & Lipponen it is suggested that distributive justice could also be related to organizational identification. Certainly, just as organizations establish general decision making procedures, they often lay down general guidelines for the allocation of rewards and resources, which may also be beyond the control of a single supervisor. Therefore, it is reasonable to assume that perceptions of distributive justice are organization- rather than supervisor- based and, as a consequence, they should relate to organizational identification.

**Procedural justice and Organizational Identification:** Employees attend to the fairness of the decision-making procedures that result in outcomes attempting to understand how and why they came about. This is termed as procedural justice (Leventhal, 1980; Colquitt et al., 2005). Procedural justice has been found to predict the level of employees' commitment at work (Korsgaard et al., 1995; Folger & Konovsky, 1989). As per the past researches it can be certainly expected that procedural justice at organizational level is related to organizational identification. (Olkkonen & Lipponen, 2006).

**Interactional justice and Organizational Identification:** Studies carried out in the past indicate that, in any organization, employees are influenced and are also apprehensive by the way they are treated by other employees, particularly by the members in the upper management and have shown the significance of interactional justice as an aspect of interpersonal treatment. For example, Williams et al., (2002) revealed that interactional justice affected an employee's intention to work beyond job duties and creates a feeling called "organizational citizenship behavior". As per the past research on organizational justice and organizational identification, interactional justice when taken individually also contributed towards the increase in organizational identification.
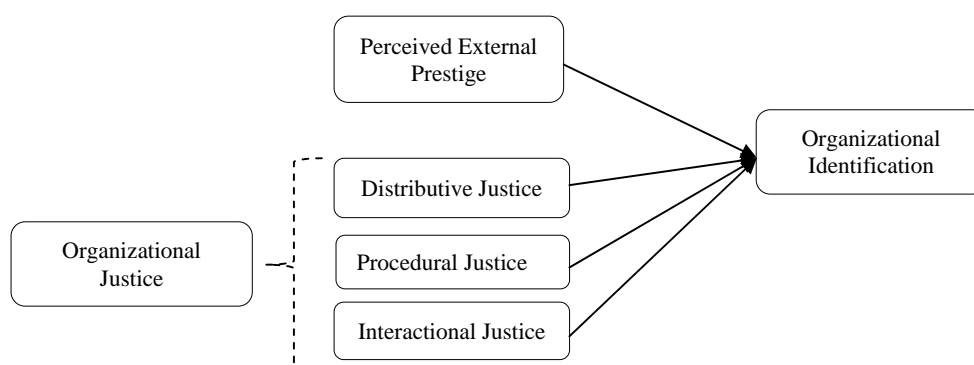


**Figure 1: Theoretical Framework (Impact of Perceived External Prestige and Organizational Justice dimensions (procedural, distributive and interactional) on Organizational Identification)**

A significant study in the field of organizational justice suggests that "organization-focused justice perceptions are relevant for organization-focused identity constructs". So if a company aims to achieve high organizational identification level in their employees, it needs to focus on the dimensions of organizational justice individually. The second hypothesis is developed as:

*H₂: There exists a significant and positive relationship between organizational justice (Distributive, Procedural and Interactional) and organizational identification.*

### Research Methodology
#### *Measurement of Variables*
All the measures used had five point Likert scales that range from "strongly disagree" (1) to "strongly agree" (5). Perceived external prestige was measured using Mael and Ashforth's (1992) organizational prestige scale and had four (4) items. Organizational identification was measured using six (6) item scale based on Mael's (unpublished, 1988; Mael & Ashforth, 1992). Organizational justice was measured using elements of distributive, procedural and interactional justice. Distributive justice was measured by four (4) items, procedural justice had three (3) items, and interactional justice was measured using four (4) items taken from Neihoff and Moorman (1993) organizational justice scale.

#### *Research Design*
All the managerial employees working in the Home Appliances Industry of Pakistan are considered as the population of the present research. Taking into account the number of managerial employees working in the selected companies a sample size of 280 was calculated. The data was collected by using self-administered questionnaire which was given in person to all employees. Statistical significance level (alpha) was set at 5%. Of 261 returned questionnaires, eighteen (18) were rejected and 243 questionnaires were then used for analysis.

### Analysis and Results
### Table.1: Characteristics of the Sample (N=243 employees)

| Demographics | Frequency | Percentage |
|---|---|---|
| Age: | | |
| Under 25 | 32 | 13.2 |
| 25 to 34 | 146 | 60.1 |
| 35 to 44 | 62 | 25.5 |
| 45 to 54 | 3 | 1.2 |
| Gender: | | |
| Male | 203 | 83.5 |
| Female | 40 | 16.5 |
| Educational Level: | | |
| Intermediate/ Technical diploma | 9 | 3.7 |
| Graduation | 77 | 31.7 |
| Masters | 157 | 64.6 |
| Length of Service with the | | |
| Less than 1 year | 36 | 14.8 |
| 1 to 5 years | 134 | 55.1 |
| 6 to 10 years | 69 | 28.4 |
| 10 years & more | 4 | 1.6 |

For testing the proposed hypotheses, the multiple regression was applied. However, supporting tests including correlation analysis and descriptive statistics were also applied.

### Characteristics of the Respondents

In terms of age group of respondents, (13.2%) of them are less than (25) years, whereas (60.1%) fell into the (25-34) age group, (25.5%) fell into the (35-44) age group and only (1.2%) are above this group. In terms of demographic findings, (83.5%) of respondents were males, and the remaining (16.5%) were females. As for the educational levels of these employees, the majority (64.6%) were Master's degree holders, and (31.7%) of the respondents were Bachelor's degree holder, and (3.7%) were Intermediate/Technical diploma holders. And for length of service tenure, majority of the employees (55.1%) had 1 to 5 years tenure with the organization (Table.1)

Table.2 shows descriptive statistics off all the independent.

**Table.2: Descriptive Statistics of the Variable (N=243 Employees)**

| Variable Scales | Min | Max | M | SD |
|---|---|---|---|---|
| Perceived External Prestige (PEP) | 1.00 | 5.00 | 3.72 | 0.64 |
| Distributive Justice | 1.00 | 5.00 | 3.29 | 0.89 |
| Procedural Justice | 1.00 | 5.00 | 3.40 | 0.84 |
| Interactional Justice | 1.00 | 5.00 | 3.58 | 0.76 |
| Organizational Identification | 2.00 | 5.00 | 3.95 | 0.67 |

### Reliability Analysis

Reliability of all the instruments used in this research has proven as it results >0.7 for all the scales (Table 3).

**Table.3: Reliability (Cronbach's α) (N=243 Employees)**

| Variable Scales | No. of Items | Alpha Coefficients |
|---|---|---|
| Perceived External Prestige (PEP) | 4 | .721 |
| Distributive Justice | 4 | .835 |
| Procedural Justice | 3 | .810 |
| Interactional Justice | 4 | .849 |
| Organizational Identification | 6 | .809 |

### Correlation Analysis

Results of the Pearson-product moment correlation analyses are presented Table 5. According to the results, organizational identification is found to be positively and significantly (p<.001) related to perceived external prestige and all the dimensions of organizational justice. The strongest relationship exists between perceived external prestige and organizational identification (r=0.550, n=243, p<.001). Among organizational justice dimensions, interactional justice (r=0.548, n=243, p<.001) has strong relationship with organizational identification as compared to distributive justice (r=0.511, n=243, p<.001) and procedural justice (r=0.446, n=243, p<.001). Therefore it is concluded that perceived external prestige as well as the dimensions of organizational justice all have a strong and positive relationship with the dependent variable which is organizational identification in the home appliances industry.

**Table.5: Correlation Coefficients for the Variables of the Study (N=243 Employees)**

| Sr. No | Scale | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| | Perceived External Prestige | - | | | |
| | Distributive Justice | .537** | - | | |
| | Procedural Justice | .421** | .573** | - | |
| | Interactional Justice | .530** | .533* | .737** | - |
| | Organizational Identification | .550** | .511** | .446** | .548** |

**. Correlation is significant at the 0.01 level (2-tailed)

### Regression Analysis

Standard Multiple regression analysis was applied keeping the dimensions of organizational justice (distributive justice, procedural justice, interactional justice) and perceived external prestige as independent variables and organizational identification as dependent variable for assessing how well the independent variables predicted the model's dependent variable. Assumptions including normality, linearity, homoscedasticity and multicollinearity, were examined for applying standard multiple regression analysis. The tests of variance inflation factor (VIF) and tolerance level were performed in order to check the multicollinearity issue. Commonly used cut-off points for determining the presence of multicollinearity are tolerance value of less than .10, or a VIF value of above 10. The results of regression (Table 6) show that the tolerance value for each independent variable is greater than 0.1 therefore multicollinearity assumptions are not violated. In addition, VIF values in the result are all well below the cut-off of 10.So we can say that our data is free of multicollinearity.

**Table 6: Multiple Regression Analysis for Variables (N=243 Employees)**

| Model | | | | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Correlations | | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | R | R Square | F | Sig. | B | Std. Error | β | | | Partial | Part | Tolerance | VIF |
| 1 | .648ª | 0.420 | 43.035 | .000ª | | | | | | | | | |
| Constant | | | | | 1.42 | .207 | | 6.852 | .000 | | | | |
| PEP | | | | | .301 | .065 | .289 | 4.624 | .000 | .287 | .228 | .626 | 1.597 |
| DJ | | | | | .154 | .049 | .205 | 3.118 | .002 | .198 | .154 | .563 | 1.776 |
| PJ | | | | | .103 | .04 | .141 | 2.573 | 0.01 | 0.16 | 0.1 | .501 | 2 |
| IJ | | | | | .258 | .069 | .291 | 3.708 | .000 | .234 | .183 | .397 | 2.520 |

a. Predictors: (Constant), perceived external prestige (PEP), distributive justice (DJ), procedural justice (PJ), interactional justice (IJ)

b. Dependent Variable: organizational identification

In order to assess the normality of the data, residuals scatter plot and normal probability plot of the regression standardized residuals (histogram) were requested as part of the analysis. In the normal probability plot generated all the points were stretched out in a reasonably straight diagonal line suggesting no major deviations from normality. There was no homoscedasticity found as the data was evenly scattered around the line. Table 6 represents the results of multiple regressions model of independent variables, i.e. perceived external prestige and organizational justice dimensions (distributive, procedural and interactional justice) and dependent variable i.e. organizational identification. According to the results the regression model was significant with F=

43.035and p < .0005 (i.e., the regression model is a good fit of the data). The model reaches statistical significance (Sig = .000, this really means p<.0005).

In the Regression table, the value of R Square is 0.420, which shows the percentage change in organizational identification due to perceived external prestige and dimensions of organizational justice or we can say that according to the results perceived external prestige and organizational justice both of these factors mutually describes more than 42% of variance in organizational Identification. Perceived external prestige reported values of β=.289 at p<0.01. Distributive justice reported values of β=.205 at p<0.05, procedural justice produced value of β=.141 at p<0.05 and interactional justice reported values of β=.291 at p<0.01.

Consequently it is inferred that the regression results are quite reasonable for accepting the hypotheses (H$_1$& H$_2$) thus "perceived external prestige and organizational justice dimensions (distributive, procedural and interactional) have significant and positive impact on employees' organizational identification." Given the individual contribution of the independent variables, among all the dimensions of organizational justice, interactional justice is strongest in its unique contribution in predicting organizational identification. The contribution of Perceived external prestige in explaining organizational identification is also reported to be a strong one while procedural justice was the weakest one in exploring organizational identification.

### Discussion and Conclusion

In this study, we studied the role that perceived external prestige and organizational justice play in increasing organizational identification, which was the primary objective of this research. A significant positive impact of perceived external prestige was found which clearly validate the findings of the past researchers (Mael & Ashforth, 1992; Fisher and Wakefield, 1998). These results suggest the implication of self enhancement and we can say that employees tend to identify themselves by associating with the companies that are held in high reputations by outsiders. Thus the results provided by analysis go in line with the first hypothesis that is "there exists a significant relationship between perceived external prestige and employees' organizational identification". Our result is consistent with the study found by Smidts, Pruyn, & Van Riel (2001). Thus we can say that in the huge Home Appliances Industry of Pakistan, if the level of employees' perceived external prestige is increased, there will surely be an increase in their organizational identification level assuming that it will produce positive results in the overall performance of the employees.

Furthermore it was hypothesized that organizational justice dimensions that specifically include distributive, procedural and interactional have significant influence on organizational identification of employees. According to the results we can say that increase in justice perceptions leads to increase in organizational identification. This conclusion is exactly consistent with a significant study of Lipponen and Olkkonen in 2006 which states that establishing decision making procedures that are actually fair in nature at the organizational level is an efficient way of fostering organizational identification.

### Managerial Implications

If employee organizational identification affects business performance, organizational justice can significantly play a role in contributing towards the success of an organization on long term basis. Managers should therefore pay serious attention to all the dimensions of organizational justice by implying fair procedures and policies, providing them opportunities to challenge the decisions, ensuring the transparency of their decision making procedures and implications and creating for employees an environment for friendly interaction.

Apart from attending the general quality of organizational justice, it can be inferred from this study that organizations should focus efforts to improve the level of employees' perceived external prestige as it provides another tool for enhancing organizational identification. And how companies can improve the perceived external prestige of their organization is by getting involved in such activities like corporate social responsibility, healthy marketing, environment friendly operations etc.

### Limitations and Future Research Suggestion

Like any other, there are few limitations attached with the undergoing study. First of all, the data was gathered by using self-administered questionnaire as a result of this, biasness may have been added and that it may have augmented the relationship between the variables. Secondly, when asking the employees regarding the fairness in justice measures, they respond in a way as they themselves are being treated fairly or not rather our aim is to find out whether something is generally fair in an organization. Another issue with the study was that the data were specifically obtained from the employees of the home appliances industry. This issue might have affected the results and thus cannot be generalized on large scale because the proposed model may come with different strength of relationship when applied on other industries. Another matter of limitation is that the survey used in the study has questions regarding the salary, benefits, schedule of the employees therefore it can be said that the employees may have felt reluctant to answer them candidly due job insecurity and confidentiality issue and this all may have affected the results of our study.

As per future studies required, comparison of the private and public sector companies is suggested. As there are significant variations in the reputation of private sector companies and the public sector companies, so that will most probably show different results. Also because there exists differences in the benefits, procedures, rules and regulations in both of the sectors so we can assume that the comparison will illustrate drastic disparities in organizational identification level of both sector employees.

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