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The Relationship Between Manager-, Employee-, and Customer-Company Identification: Implications for Retail Store Financial Performance

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Abstract

There have been increasing numbers of calls for research that investigates antecedents of retail store financial performance. In this study, the authors investigate the relationship between the organizational (retailer) identification of store managers, their store employees, store customers, and the resulting influence on store financial performance. Specifically, using matched samples of respondents for 306 stores within a single retail chain, and employing numerous control variables to account for third-variable explanations, results show that the level of store managers' identification with the employing retailer is positively related to the identification of their store employees, and that this relationship is stronger for: (1) higher levels of personality match between store manager and store employee, and (2) higher levels of manager tenure relative to employee tenure with the company. Results also show that higher levels of employee identification relate to higher levels of customer identification with the retailer, which in turn, relates to higher levels of store financial performance. Implications of these findings are discussed.

The Relationship Between Manager-, Employee-, and Customer-Company Identification: Implications for Retail Store Financial Performance

Retailers face increasing pressure from stakeholders to show improved performance across an array of financial metrics linked to store performance. Both common sense and conventional wisdom indicate that store employees play an important role in influencing these outcomes. For example, ceteris paribus, more knowledgeable employees, or those that "go the extra mile" to satisfy customers, are thought to generate higher levels of sales. Hence, managers commonly attempt to hire employees they believe to possess these attributes. However, there may also be more subtle variables at play. In recent years, there has been particular interest in the notion of internal branding, suggesting that firms can enjoy better performance when employees *identify* with the organization and buy into the strategy.

Organization identification is commonly conceptualized as the degree of overlap between the individual's self-concept and perceptions that s/he holds regarding the target organization. For example, Dutton, Dukerich, and Harquail (1994, p. 239) define organization identification as the cognitive connection present . . . "when a person's self-concept contains the same attributes as those in the perceived organizational identity." Mael and Ashforth (1992, p.104) define organization identification as "the perception of oneness with or belongingness to an organization, where the individual defines him or herself in terms of the organization." Elsbach and Bhattarcharya (2001, p.393) state that organizational identification occurs when a person's "social identity has significant overlap with the identity of the organization." Consistent with these conceptualizations, operationalizations of organization identification commonly assess the degree of overlap in perceptions of self and perceptions of the target organization, with higher levels of overlap representing higher levels of identification (Bergami and Bagozzi 2000).

To date, most organization identification research has been conducted within the context of employee-employer relationships or member-non-profit relationships, e.g., museums and universities (Elsbach 1998;Bhattacharya, Rao, and Glenn 1995), with more recent research also focusing on organization identification within the context of customer-company relationships (e.g., Ahearne, Bhattacharya, and Gruen 2005; Bhattacharya and Sen 2003; Lichtenstein, Drumwright, and Braig 2004). Generally stated, findings from this research show that employee organizational identification is positively related to long-term commitment, public praise, and support for the organization, and customer identification with an organization is positively related to enhanced customer perceptions and word-of-mouth, and increased patronage behavior.

Regardless of the study context however, research voids exists in at least two areas. First, to date there has been no research linking either employee or customer identification to organization-level performance (e.g., company financial performance). Rather, outcome variables have been limited to those assessed at the individual respondent level (e.g., employee commitment, customer purchase intent).[1] A typical study in the employee-employer domain might entail the effect of *employee* perceptions of organizational attractiveness on *employee* job commitment as mediated by *employee* organization identification, while those in the consumer-company domain might entail the effect of *customer* perceptions of corporate social responsibility on *customer* purchase intent as mediated by *customer* organization identification. Second, as indicated by these examples, all organization identification studies have been characterized by "single sample" inquiries where study relationships have been investigated for single groups of people (e.g., employees *or* customers). There have been no investigations of the ability of one person's identification (e.g., an employee) to influence that of another (e.g., a customer). The purpose of the research is to address these two voids by investigating the interrelationships between the organization (i.e., company) identification of store managers, their store employees, their store customers, and their store's financial performance.

Given the pyramid-shaped organizational charts with multiple employee layers (e.g., CEO, district manager, store manager, store employee) that characterize most companies today, it seems plausible that there may be between-group influence with respect to organization identification. Further, if interpersonal influence exists with respect to organization identification between differing layers of employees within a company, it seems plausible that it may also exist between employees and store customers. Bhattacharya and Sen (2003) posit that company employees may influence customer organization identification by serving as key communicators of a company's identity. We extend this thinking by hypothesizing that organization identification may be one factor that motivates employees to communicate the company identity to customers in a more favorable manner, thereby positively affecting customer organization identification.

As customer organization identification reflects "the primary psychological substrate for the kind of deep, committed, and meaningful relationships that marketers are increasingly seeking to build with their customers" (Bhattacharya and Sen 2003, p. 76), the significance of having a highly-identified customer base cannot be overstated. Indeed, there is mounting empirical evidence that customer organization identification is an antecedent of important outcomes such as positive word-of-mouth, favorable attitudes toward the company, company loyalty, purchase intent, and purchase behavior from the company (Ahearne et al. 2005; Bhattacharya and Sen 2003; Lichtenstein et al. 2004), variables generally recognized as antecedents to the corporate bottom line. For this reason, highly-identified consumers have been recognized as "champions of the companies with whom they identify" (Bhattacharya and Sen

2003, p. 77). Thus, if there is interpersonal influence with respect to organizational identification such that manager and employee organizational identification are related to customer organizational identification, then there is reason to expect that organizational identification at all three levels may have implications for retail store financial performance. By using store-level matched samples of managers, employees, and customers, and relating them to each other and to store financial performance, our study provides for an assessment of this possibility.

Model Overview

The hypothesized relationships we investigate are shown by the solid lines in Figure 1 (please ignore broken lines for the moment). To overview, as shown by path A, we hypothesize that a store manager's organization identification with the employing company is positively related to the organization identification of their direct-report employees. Path B hypothesizes an interaction between manager organizational identification and the duration by which manager tenure exceeds employee tenure. That is, we expect that influence will be greatest when managers/employees are more/less experienced.[2] Path C hypothesizes an interaction between manager organization identification and the personality overlap between managers and employees. More specifically, based on principles from social influence theory, we hypothesize that the path A relationship will be stronger to the degree there is overlap in personality traits between manager and employee. As shown by path D, we hypothesize that employee organization identification will be positively related to customer identification with the target company. Finally, we hypothesize that customer organization identification is positively related to a measure of store financial performance (path E).

INSERT FIGURE 1 ABOUT HERE

It should be noted that the flow of influence depicted in Figure 1 is highly consistent with prevailing theory (e.g. Schneider, et al. 2005), practitioner-based literature and findings (Heskett, Sasser, and Schlesinger 1994), and empirical evidence from academic research (Pugh 2001; Sy, Cote, and Saaverda 2005). That recognized, given the correlational nature of our study design, it is always possible that observed relationships between variables may be spurious and due to some unmeasured variable(s). Moreover, even if hypothesized relationships are not spurious, the flow of influence may be other than that shown in Figure 1. However, to the extent evidence can be provided to address both issues, the hypothesized relationships can be interpreted as more consistent with a causal flow. Thus, to address both possibilities, and after providing evidence in support of hypothesized relationships, we provide (1) additional theory and past research evidence that provides further support that the observed relationships are due to the hypothesized constructs as opposed to unmeasured variables, and (2) supplementary analyses that provide support for the hypothesized ordering over alternative possible orderings. Importantly, it should also be noted that evidence in support of the hypothesized interactions represented in paths B and C not only helps rule out alternative third variable explanations for observed relationship in that any third variable explanation must also account for these interactions, but also allows for these supplementary analyses of construct order – providing further support for hypothesized relationships in Figure 1. Prior to discussing the rationale for those relationships, we provide a review of the alternative routes by which organization identification may be influenced.

Alternative Influence Routes to Organization Identification

Pratt (1998) provides a description of two basic routes to organization identification. The first route involves modification of perceptions of self-identity to more closely match perceptions of the organization, while the second involves no modification of perception of self-identity.

Within the first route, two motivational mechanisms have been suggested. The first mechanism is through emulation and relates to a match between one's perception of the company's identity and one's *idealized* sense of self. It occurs when individuals encounter an attractive target organization and for reasons of self-enhancement, they are motivated to modify their self-concept to be more similar to their perception of that target. In describing organizational identification that may occur by this route, Glynn (1998, p. 242) states that "employees who view their organizations as enjoying high performance or positive accolades might be pulled to identify themselves with these favorable attributes."

With respect to the second motivational mechanism, Fiol and O'Conner (2005) contend that modification of one's self-identity to more closely match that of an organization may be motivated by the desire to reduce uncertainty and make sense out of what would otherwise be ambiguous. That is, given the need to belong, individuals looking to reduce environmental uncertainty may be motivated to check their perceptions of self against perceptions of others in the organization. For example, a company employee might be motivated to perceive his own identity to be similar to that of his manager as a means of reducing the uncertainty surrounding job success requirements. In fact, Fiol and O'Connor note that something as simple as one person (e.g., a manager) nodding or smiling at another (an employee) can reduce environmental uncertainty for the recipient of these actions by increasing perceptions of one-to-oneness with the acting person. And, to the degree the acting person (a manager) is perceived to be "a company person," by transitivity, identification with the acting person is positively related to identification with the company. Identification by this means "represents a means of creating that experienced similarity, thereby reducing uncertainty" (Fiol and O'Connor 2005, p. 22).

The second basic route to organization identification identified by Pratt (1998) occurs when individuals perceive the target organization to be similar to them based on *a priori* perceptions of self. Within this route, there are three possible means whereby an individual may become highly identified. First, as individuals learn more about an organization, they may modify their perceptions of the organization to be more consistent with their perceptions of self. For example, a person who perceives herself to be very socially-conscious and chooses to work for a particular company may learn from her supervisor that the company is more socially conscious than she previously realized, hence, organization identification increases. Second, if people are motivated to reduce uncertainty and do so by modifying perceptions of the organization to be more consistent with perceptions of self, organizational identification increases (Fiol and O'Connor 2005). The third means within this route by which organizational identification increases relates to no modification of either perceptions of self or organization, but rather, occurs due to reasons of self-selection. For example, some companies may be able to recruit highly-identified employees because there is an overlap in their *a priori* perceptions of company identity and perceptions of self, e.g., "Ben and Jerry's is socially responsible, I am socially responsible, I would like to work for such a company."

As the model depicted in Figure 1 is premised on the notion of changes in organization identification due to interpersonal influence, here we concern ourselves to situations where manager and employee identification serve to influence employee and customer identification, respectively. As a self-selection dynamic is not consistent with interpersonal influence, our approach is to provide evidence that between-group organization identification relationships persist when control variables consistent with a self-selection dynamic (as well as other third-variable explanations) are taken into account.

Hypotheses

Manager and Employee Organization Identification (Paths A,B, and C)

Bartel (2001) contends that individuals who identify with their work organization see their own self-interest intertwined with the organization's interests. As such, they work to maintain high standards, perceive a sense of group trust and reciprocity, and work persistently to ensure organizational success. Supportive of these contentions, Bartel found that employees that identify with the organization more strongly engage in more instrumental and interpersonal cooperative behaviors with their fellow employees. Consistent with this, Sy et al. (2005) showed that a leader transmitting a positive mood (a correlate of identification) led to subordinate group members showing a more positive affective tone and greater group member cooperation. Given these manifestations/correlates of organization identification, we contend that to the extent manager identification is high, it is reasonable to expect that they are more likely to serve as a positive role model for their employees who have self-selected to work for the company. Moreover, we also contend that such manifestations of organization identification, when performed by a manager, also inherently serve as the manager's endorsement of the organization's identity as perceived by employees, thereby affecting the perceived attractiveness of the organization identity to employees. Thus, we hypothesize a positive relationship between managers and employees with respect to company identification.

The literature on role models appears to provide additional support for this prediction. Gibson (2003) states findings in social learning theory and role model construal theories provide support that role models play an important role in socializing individuals to new careers by helping them acquire new organizational skills, attitudes, and norms for behavior to achieve desired work goals. With specific respect to identification processes, this research shows that role models serve a particularly vital function in early career socialization by helping individuals create, experiment with, and define their self-concept. Individuals pay attention to the role model's style, traits, and skills, in developing their own. "Individuals seek to become 'like' their positive role models because these exemplars can help individuals define who they are as professionals and as people" (Gibson 2003, p. 598).[3]

Supportive of this, Gibson (2003) found that respondents (from two professional organizations, an investment bank and a management consulting firm) construed their role models as having attributes they wanted to pay attention to and possibly emulate. And importantly for the thesis of the current study, proximal managers were cited as among the most frequent targets for subordinate employee role model construal:

> "the majority of respondents, and particularly those in the early career stages, readily identified role models who they observed for insights on a variety of issues, including skills they wanted to learn, the professional image they were expected to portray, and aspects of the person they would like to 'be' as they gained experience in the organization (p. 596)……in the early career stage, respondents' construals were aimed at *acquiring* as much information as possible on both personal and professional issues; they sought a breadth of role model attributes to evaluate themselves and create a viable self-concept and professional identity…. Respondents in the early career stage wanted to learn two primary things from their role models: How to perform tasks competently and professionally, and how to fit into their professional role both by matching the characteristics of the organizational culture and by earning the respect of their colleagues… (Positive role models chosen by respondents tended to be) relatively close to the respondent in terms of proximity and frequency of interaction, and hierarchically superior…respondents observed their role models for a range of skills ('people skills,' 'process skills'), personality traits ('energetic, hard working), and organizational norms ('treating people with respect'). In most cases, respondents in these firms identified two to three people – typically supervisors or more experienced members of their work teams – as positive, global role models" (p. 601).

Fiol (2002) provides a complementary perspective for how managers may influence employee identification. She suggests that skilled managers can encourage broad experimentation as a way to make it relatively safe for employees to enact new and different understandings of self. The felt safety occurs, in part, because the employee is able to identify with specific experimental projects of the organization, as opposed to having to immediately "buy into" the organization as a whole. In a sense, the manager is able to "bring the employee along" toward stronger identification by allowing the employee to "sample" alternative perceptions of self for fit with the corporate identity. Fiol also proposes that managers can increase employee organizational identification by using more abstract referents in relation to organizational values. For example, in the high-technology firm studied, she notes that managers started referring to the corporate mission using terminology such as "customer focus," "industry leadership," and "provider of solutions" rather than terms such as "data storage" and "high-capacity tape drives." She argues that using more abstract referents allows employees to perceive that they can align with the organization's core ideology, thus building a "we are all in this together" attitude among employees. We contend that a manager's motivation to engage in such behavior is premised on the perceived importance of increased employee identification, which should be more common in those managers that are more highly identified themselves.

Finally, there appears to be instrumental and non-instrumental reasons to suggest that highly identified managers relay new information to employees in a manner that enhances their organizational identification. Regarding instrumental reasons, managers want their employees to perform at their highest levels, and the more that an employee perceives a company to "be like me," the stronger their performance toward the organization will be (Glynn 1998). Regarding non-instrumental reasons, as highly-identified managers are "true believers," they can be expected to get some utility from positive word-of-mouth behavior about the company, thereby positioning the company as a more attractive target for employee identification. While positive word-of-mouth behavior has been found to be an outcome of customer organization identification

(Ahearne et al. 2005), there is no reason to believe that managers may not also get utility from speaking in favorable terms about a corporation with which they identify. Based on the totality of the above rationale, we offer the following hypothesis:

> H1: The relationship between a manager’s organization identification with their employing company and that of their employees is positive.

Beyond providing support for the notion that manager organizational identification will be positively related to that of their employees (H1), social learning theory and role model construal theory also suggests that the degree of this influence should be moderated by the organizational experience of the manager relative to that of the employee (Gibson 2003). Specifically, Gibson states that early career individuals are motivated to seek out role models who are more experienced and can illustrate desired behaviors in them. As such, they are more likely to select those hierarchically superior (see H1), and those with more experience, to serve as role models. Thus, we offer the following hypothesis:

> H2: The relationship between a manager’s organization identification and that of their employees is stronger for larger differences where manager tenure with the organization exceeds that of her/his employees.

Based on Social Influence (Cialdini 2001) and Balance Theories (Heider 1958), we further hypothesize that the influence of the manager’s organization identification on their employees’ organization identification will be stronger the more similar the manager’s personality is to that of their employees. Balance Theory suggests that a perceiver (employee) is in cognitive balance when s/he perceives the triad of links between (1) her/himself, (2) a referent other (manager), and (3) a target of evaluation (e.g., the company), to all be either positive, or two negatives and one positive. Considering that for a highly-identified manager, the manager-company link is positive, the employee will maintain cognitive consistency to the degree s/he perceives both the manager and company in positive or negative terms. Even holding constant the issue that the employee, choosing to work at the company may experience cognitive inconsistency by perceiving the company in negative terms, to the extent the employee is similar to the manager, the employee-manager link is likely to be positive, exerting influence on the employee-company link to be positive.

This prediction is consistent with the perspective held by others. For example, Reagans (2005) notes that it is a consensus belief among researchers that the sharing of common attributes (personality traits) among individuals (homophily) produces a baseline level of interpersonal attraction, leading to the tendency for these people to communicate with each other more frequently and to have more emotionally-involved interactions, which in turn, leads to an increased probability for social influence to occur. Gibson (2003) states that, inherent in identification theory is the notion that individuals may feel an emotional and cognitive connection with role models they perceive to be similar, and that….. "social comparison theory also suggests that individuals seek similar others as referents because they are informative for making accurate self-assessments and inspirational for achieving self-improvement… perceived similarity between an individual and a role model – and a desire to increase that similarity is also the essential quality of the identification process between individuals" (597). Consequently, to the extent managers and employees have similar personality profiles, we predict that the influence of the manager's organization identification on that of their employees will be stronger.

> H3: The relationship between a manager's organization identification and that of their employees is stronger for employees that share similar personality traits with the manager.

Employee and Customer Organization Identification

Several theoretical perspectives and empirical findings argue for a positive relationship between employee organization identification and customer organization identification. For instance, Bhattacharya and Sen (2003) advance a theoretical model of customer organization identification that encompasses those "constituents of a company's identity" that are most likely to engender identification with consumers, those being company core values (i.e., its operating principles, organizational mission, and leadership) and its demographics (i.e., its industry/product category, size, age, life cycle, competitive position, country of origin, location, and prototypical employee). However, as consumers may not have direct access to all these identity constituents, they are communicated to consumers through what Sen and Bhattacharya (2003) refer to as "communicators of a company's identity," one of which is company employees. As the attractiveness of the organization's identity is widely recognized as a key antecedent to organization identification (Glynn 1998; Pratt 1998), and on the premise that the level of employee organization identification is positively related to the attractiveness with which employees present the company's identity to customers, there is rationale to expect that employee organization identification is positively related to customer organization identification.

Consistent with this, Ahearne et al. (2005, p. 577) contend that a company's salespeople can "signal the quality and character of their company through a variety of means, including personality, dress and other tangibles, responsiveness, empathy, knowledge, assurance, and reliability." Through these means, they contend that when a salesperson is viewed more favorably, it is more likely that the customer is going to consider the company as a target for social identity fulfillment. Supportive of this, Ahearne et al. found that customer perceptions of salesperson positive personality characteristics were positively related to customer identification with the company. Based on these results, Ahearne et al. suggest that salespeople that resonate with customers make it easier for customers to define themselves as part of the company in-group and hence socially categorize themselves in terms of the company.

Following Sen and Bhattacharya (2003) and Ahearne et al. (2005), we posit that highly identified employees present themselves and communicate to customers the company identity in a manner that is likely to address the self-definitional needs of its customers. Additionally, beyond serving in the role as “communicator” of corporate identity, the store employee also personifies the company by serving as an exemplar or model of the “prototypical employee” (Liao and Chuang 2004). Thus, store employees not only exert influence on customer identification as a communicator of company identity (e.g., the employee communicates that the company is “innovative”), but also as a model (the company’s employees are “innovative”), thereby making the company an attractive target for customer identification.

Finally, there is rationale to suggest that the higher the level of employee organization identification, the more likely it is that the employee will represent information about the company to customers in a manner that results in customers altering their corporate perceptions to more closely align with their existing self-perceptions. Again, this may occur for both instrumental and non-instrumental reasons. Regarding the former, company employees (store floor employees in this case) desire to sell company products to consumers and as such, employees have a vested interest in representing the company’s image and its products as a fit with consumer self-perceptions. For example, a highly-identified salesperson may be motivated to pick up on customers’ self-image (e.g., “very socially responsible”) and provide information to the customer to show how the company and its products fit that image (e.g., “Our company manufactures clothes under fair labor conditions.”) As a result, the customer may be more prone to view the company as more socially responsible than they previously did, and with respect to organization identification, more as they see themselves. Regarding non-instrumental reasons, and consistent with the findings of Ahearne et al. (2005), as highly-identified employees are “true believers," they too can be expected to get some utility from positive word-of-mouth behavior about the company. Thus, more highly-identified employees are expected to speak more favorably about the company to customers, and in so doing, influence customer perceptions of company to more closely align with their perceptions of self. We offer the following hypothesis.

> H4: The relationship between employees' organization identification with their employing company and the organization identification of customers with whom they interact is positive.

<u>Customer Identification and Store Financial Performance</u>

It is recognized that marketers attempt to engender consumer identification with their company because it leads to an array of company-supportive behaviors (Bhattacharya and Sen 2003; Lichtenstein et al. 2004). Ahearne et al. (2005) posit that from a social identity perspective, once a customer identifies with a company, they are more likely to engage in both an array of company supportive in-role (e.g., purchase behavior) and extra-role (e.g., favorable word-of-mouth) behaviors because doing so becomes an act of self-expression of one's identification with the company. Consistent with this, they find support for the hypothesis that customer organization identification is positively related to both brand choice and favorable word-of-mouth behavior. Lichtenstein et al. (2004) found that customer organization identification was positively related to patronage behavior from the target corporation. Based on this rationale, we hypothesize that customer organization identification is positively related to what manager's view as the most important metric of success – store level financial performance.

> H5: There is a positive relationship between customers' level of identification with a corporation and the financial performance of the corporate store where they shop.

Method

Data Collection Procedures and Measures

Procedures. We gathered data from 57,656 customers 1,615 retail floor sales employees, and 306 retail store managers representing 306 retail stores of an 800-store national chain retailer that sells women's apparel. The data collection process entailed use of a stratified random sample based on geographic region and store revenue to select the sample of 306 stores.

Manager Data. We sent an online survey, along with an executive cover letter, to the 306 lead managers (i.e., one per store) representing the stores in our study. After one week, a reminder email was sent to the managers that emphasized the importance of their responses. Of the 306 surveys sent, all were returned with complete responses across all study variables, yielding a 100% manager response rate. All managers were full-time employees with an average of 57 months' experience in their current position (sd = 29 months) and an average income of $49,092 (sd = $7,157). Additionally, 73% were female and 58% held college degrees.

Managerial variables referenced in H1-H3 were included in the survey. We assessed organization identification using a single-item scale patterned after the identity overlap measure of Bergami and Bagozzi (2000). Such a measure has been used as a valid assessment of organization identification in numerous organizational behavior and marketing studies (Ahearne et al. 2005; Bartel 2001; Sen and Bhattacharya 2001). Specifically, managers responded to the following: "Now, we would like to know the degree to which you feel your personal identity overlaps with the identity projected by (store name). Please select the option that best describes the level of overlap or similarity you see between your identity and (store name's) identity," followed by seven scale positions labeled as "Far Apart," "Close Together but Separate," "Small Overlap," "Moderate Overlap," "Large Overlap," "Very Large Overlap," "Complete Overlap."

For manager-employee personality overlap, we used a Euclidean distance measure between manager self-ratings and employee self-ratings (employee survey described below) along each of 10 individual personality items encompassing 3 personality traits. The traits were:1) conscientiousness, with the items of precise, organized, and orderly; 2) openness to experience, with the items of frequently feels highly creative, imaginative, finds novel solutions to problems, and more original than others; and 3) and agreeableness, with the items of tender hearted with others, sympathetic, and kind to others. These 10 items have been shown to reliably measure their three traits (Goldberg 1992), and these three traits have been consistently associated with positive personal and organizational outcomes across numerous studies and meta-analyses (Frei and McDaniel 1998; Hurtz and Donovan 2000; Liao and Chang 2004).[4]

To illustrate the scoring procedure for the manager-employee personality overlap, we took the difference between the store manager's self-rating on an item and each individual store employee's self-rating on the same item for each employee that a manager supervised. Then, this value was squared. This procedure was followed for the remaining items for each employee individually and their respective manager. These 10 squared differences were then summed, the square root was taken, and the value was recoded so that higher numbers reflect higher levels of personality overlap between managers and employees. This resulted in a unique Euclidean distance score across all ten personality items for each employee within the store. Then, we took the mean Euclidean distance across store employees in each store as the manager-employee personality overlap. Using such aggregated and average ratings of individuals to represent a group-level construct and then applying the same average to individuals within the group is common in matched-sample studies (Wang et al. 2005), and is common for examining personality as a collective (across individuals in a group) variable (Hofmann and Jones 2005).[5]

Manager-Employee tenure difference was calculated as the store manager's tenure minus the average tenure of the store employees each store manager supervised.

Employee Data. We sent online surveys to the 1,956 employees that represented the 306 stores in our sample. After one week, the employees were sent a reminder email asking them to complete the survey at their earliest convenience. The cover letter emphasized that managers would not have access to their responses. After one month 1,615 employees had submitted their surveys, yielding an 83% employee response rate. Across the 306 stores, an average of 5.28 employees per store participated in the study (ranging from 2 to 8 employees per store). The employee responses were matched to the manager and store data using the store number as a linking variable. Our employee participants had an average tenure of 20 months in their current position (sd= 10 months) and an average income of $18,718 (sd = $5,303). Additionally, 56% were full-time employees, 99% were female, and 38% held two- or four-year college degrees. The survey included the same organization identification and personality measures as included in the management survey described above.

Customer Data. Our retail partner in this study programmed its retail systems at the participating 306 stores to randomly offer customers in the frequent shopper program an invitation to complete an online survey upon checking out. The retail systems printed a brief statement on randomly-chosen customer receipts at the time of checkout. The statement invited customers to visit a research-specific website and complete a survey in exchange for a 20% discount on their next purchase. The participating customers then visited the website and completed the survey. After submitting the survey online, the customers received a printable coupon with a barcode discount number that enabled them to receive the discount.

We employed a proportional stratified random sample such that the stores with higher store traffic were sampled more heavily. We initially sent 61,200 customer invitations (an overall average of 200 per store) but then sequentially sent additional invitations each week depending on response rates in an attempt to yield a proportional sample. In sum, we sent 186,744 survey invitations and received 57,656 completed customer responses, yielding an average of 188 completed customer responses per store (sample sizes across stores ranged from 88 to 231). The response rates across the 306 stores ranged from 21% to 63%, resulting in a 31% overall customer response rate. The 57,656 customer surveys were matched to the employee, manager, and store data using the store number where they made their purchase as the linking variable. Within the customer survey, we again measured organization identification using the same measure of organization identification as noted above. The customers were an average of 48 years old (sd = 15.66 years, range = 19 - 79 years); 78% were female; 69% held college degrees; and median income was in the $100,000 - $150,000 range.

Store Data. We gathered a measure of store financial performance from the retailer's database at two different points in time (once prior to the survey data collection, and once afterwards). Specifically, given the survey data collection was in October 2004, we assessed average customer yearly spending for the pre-survey year October 2003 through September 2004. (As all customers in the survey were members of the frequent shopper program, it was possible to track sales on a customer level basis for purposes of calculating this measure.) The post-survey assessment entailed measurement for same variable for the time period of October 2004 through September 2005. We converted average customer yearly spending variable to percentage change terms by subtracting the pre-survey value from the post-survey value, then dividing by the pre-survey value – in essence treating the post-survey measure as the dependent variable, while controlling for pre-survey store performance. In essence, this holds constant all "third variables" that exert equal influence on both the pre-survey store performance measure and the post-survey measure. Table 1 shows descriptive statistics and correlations among study variables.[6]

INSERT TABLE 1 ABOUT HERE

Control Variable Measures. In order to address the presence of "other" variable effects, we gathered several control variables (covariates) to include in our model (the dotted lines in Figure 1). From customers we gathered the following demographic measures: gender, age, education, income, and length of time the customer had patronized the retailer (customer tenure). We used these customer demographics as control variables for the prediction of customer identification. Additionally, the retail chain provided us with the store characteristics of store site location (i.e., metropolitan street-front, strip center, mall, standalone, and factory outlet), geographic location (northwest, northeast, midwest, mid-atlantic southwest, southeast), and average daily store traffic (i.e., average number of people going into each store per day). These store characteristics and the averaged customer demographic variables were used as control variables in the prediction of the store performance measure.[7]

Analyses, Model Estimation, and Results

Overview of Analyses

Given the nature of our data, we used hierarchical linear modeling (HLM) (Raudenbush and Bryk 2002) to test our hypotheses. HLM considers data that are "nested" at different levels when deriving parameter estimates, and thus HLM seemed the most appropriate correlational technique for the prediction of employee organization identification, customer organization identification, and the store performance variables shown in Figure 1.

Employee organization identification was gathered at the employee level (n=1,615); whereas store manager organization identification was gathered at the store level (n=306). To test the effect of the manager organization identification*manager-employee personality overlap interaction on employee organization identification, manager-employee personality overlap had to be calculated at the store level. To test the effect of manager organization identification* manager-employee tenure difference interaction, the manager-employee tenure difference also had be calculated at the store level. Thus, to allow for any variance in the prediction of employee organization identification due to these differing levels of data, HLM was used. For the prediction of customer organization identification, it was gathered at the customer level (n=57,656), along with the customer demographic control variables. Here, though, the focal predictor of employee organization identification had to be averaged and aggregated at the store level as well (n = 306). Thus, the coefficients of all predictors reflect the nested nature of the data for the prediction of customer organization identification at the customer level. Finally, to examine the relations among the store performance measure, customer organization identification, and all store and customer control variables, all data involved had to be averaged/aggregated at the store level. In this case, HLM holds little advantage over other correlational techniques. But to maintain consistency with analyses at the other individual data levels, HLM is used for the relationships among customer organization identification, the percentage increase in average yearly customer spending, and the control variables.[8]

Model Estimation and Results

Employee Organization Identification as the Outcome Variable. We estimated a model that predicted main and interaction effects of manager tenure difference, and the manager organization identification* manager-employee personality overlap on employee organization identification via HLM6 (Raudenbush and Bryk 2002). These focal predictors were assessed at the store level (n=306), and employee organizational identification was assessed at the employee level (n=1,615). Thus, the model we estimate is an unconditional two-level model – with no level one predictors - that accounts for the nested nature of employee organization identification at level one, and the predictor variables at level two. All focal predictor and control variables were mean-centered, and mean-centered manager organization identification, manager-employee personality overlap, manager-employee tenure difference were used to create a mean-centered product terms for their predicted interaction effects (Snijders and Bosker 1999).

The top portion of Table 2 shows the results for the prediction of employee organization identification. As expected, H1, H2, and H3 were supported. Manager organization identification (β= .30, t = 10.35, $p < .01$), the manager organization identification*manager–employee tenure difference interaction (β = .01, t = 1.96, $p < .05$), and the manager organization identification* manager-employee personality overlap (β = .11, t = 7.58, $p < .01$), were significantly related to employee organization identification. These hypothesized predictors explained 34% of the variance in employee organization identification.

INSERT TABLE 2 ABOUT HERE

Customer Organization Identification as the Outcome Variable. For customer organization identification, we estimated a two-level model. Customer organization identification and the mean-centered customer demographic variables were assessed at level one (n = 56,575) and mean-centered employee organization identification (focal predictor) at level two–the store level (n = 306). As shown in the bottom portion of Table 2, employee organization identification (β = .25, t = 14.55, $p < .01$) was significantly related to customer organization identification (H4), while controlling for the effects of customer demographics. This entire set of predictors explained 38% of the variance in customer organization identification.

Percentage Increase in Average Yearly Customer Spending. The store performance variable was gathered at the store level (n = 306), as were the control variables of site location, geographic location, and day traffic. Customer organization identification and the customer demographic variables, however, were gathered at the customer level (n = 57,656). To estimate HLM models for the prediction of the store performance variable, average scores on all customer variables had to be created at the store level and matched to the store performance variables at the store level. Thus, our HLM model is an unconditional level-one model with aggregated percentage increase in average yearly customer spending, customer organization identification, and all control variables at the store. (All predictor variables were mean-centered.) As Table 3 shows, customer organizational identification was significantly related to percentage increase in average yearly customer spending ($\beta = 10.61$, $t = 9.42$, $p < .01$). The model explained 47% of the variance in the percentage increase in average yearly customer spending, supporting H5.[9]

INSERT TABLE 3 ABOUT HERE

Alternative Sequences

We recognize that support for the sequence of influence in Figure 1 does not necessarily preclude an alternative sequence. For example, one of the most noted antecedents of organizational identification is the attractiveness of organization's identity. However, as noted by Fiol (2002), at times organizational identification may in turn enhance the perceived attractiveness of the organization's identity. Similarly, though Schneider et al. (2005) posit a organization manager leadership behavior→organization service climate→organization customer-focused citizenship behaviors performed by employees →customer satisfaction→sales flow of influence, they also recognize that there may be reciprocal relationships among sales and manager leadership, and among customer satisfaction and service climate. Thus, we acknowledge that alternative sequences are plausible, but feel that the sequence posited in Figure 1 is the most likely. We start with the right-hand side of Figure 1 and trace backwards in offering further support for our proposed model.

Customer OI→Financial Performance Link.

Consistent with previous conceptualizations and empirical findings there is evidence that the causal flow runs from customer organization identification to store performance (Lichtenstein et al. 2004; Sen and Bhattacharya 2001). Moreover, this attitude-behavior sequence is consistent with the long-standing conceptualization that attitudes are most often conceptualized as an antecedent of behavior.

Employee OI→Customer OI Link.

With respect to the employee-customer sequence, it appears more plausible that employee organization identification would influence that of customers, rather than customers serving as a communication conduit of a company's identity to its own employees. Additionally, in customer service contexts, theory and empirical evidence suggests that contagion flows from customer-contact employees to customers. Homburg and Stock (2004) show that a salesperson's level of job satisfaction (a correlate of organizational identification) is directly related to the satisfaction of the customers with whom the salesperson interacts. Pugh (2001) showed that the positive emotions and affect (also correlates of organizational identification) displayed by bank service employees were related to positive levels of customer affect and higher ratings of overall bank service quality from customers. Masterson (2001) has shown that employee levels of organizational justice are indirectly related (trickle-down) to customer perceptions of the justice they receive from employees. Practitioner-based studies also suggest that employee satisfaction may trickle-down to affect customer satisfaction (Heskett et al. 1994; Rucci, et al. 1998).

Manager OI→Employee OI Link.

With respect to the manager-employee link, though it is possible that employee attitudes influence management attitudes, several factors argue against this. First, theory suggests that contagion in an organizational behavior context flows from leaders to subordinates (Hatfield, Cacioppo, and Rapson 1994; Lewis 2000). Consistent with this, and as noted by Simons, Friedman, Liu, and Parks (2007), the trickle-down effect has roots in social learning theory (Bandura 1977) in which subordinates emulate or model the affect and behavior of their superiors. Second, in a customer service context, Schneider et al. (2005) found support for a mediational model of a flow of effects from unit manager behavior to unit service climate to unit customer-focused organization citizenship behaviors performed by employees (and then to customer satisfaction and sales).

Third, with respect to the particular situation at hand, the average tenure for managers in the sample was 57 months (sd = 29), compared to an average of 20 months (sd = 10) for employees, and in 268 (87.6%) of the 306 stores, managers had longer employment than their respective subordinates (mdiff = 43.19 months, sd = 25.41 months). In 38 stores (12.4%), employees had slightly longer employment tenure than their respective managers (mdiff = 7.84 months, sd = 4.69 months). This difference in tenure has implications for construct sequence. As noted by Gibson (2003), influence is most likely to flow from the more to the less experienced, supporting manager to employee directionality. Consistent with this, Elsbach and Bhattacharya (2001) note that research findings suggests that experience and organization tenure is one of the primary antecedents of organizational identification, and this is thought to be due to a strengthening of the individual's cognitive links with the organization as s/he spends more time with the organization (Dutton, Dukerich, and Harquail 1994). Given the difference in tenure for managers and employees, for the effect to go from employee to manager would necessitate an explanation where it is more common for managers to hire employees that then identify with the company and this organization identification then influences the manager's level of organization identification, than vice-versa. We do not see this as likely.

Fourth, managers are older (manager age: $m = 48.24$, $sd = 6.71$; employee age: $m = 41.05$, $sd = 10.15$; $t = 15.48$; $p < .01$), more educated (58% of managers hold college degrees; 38% of employees hold college degrees; $t = 6.44$; $p < .01$), and higher paid (manager income: m = \$49,092.24, sd = \$7,156.56; employee income: m = \$18,718.08, sd = \$5,303.49; $t = 71.73$; $p < .01$) than employees. Thus, managers would seemingly not be as receptive to influence from employees as employees would be to influence from them.

Finally, the presence of the interactions predicted in H2 and H3 allows for post-hoc analyses that provide empirical support for the sequence shown in Figure 1. Regarding H2, if as hypothesized, it is indeed the case that manager identification influences employee identification, if employee identification were to be deleted from the model, we would expect that the manager organization identification*manager-employee tenure difference interaction that would otherwise affect employee organization identification would carry through to affect customer organization identification. This did occur ($\beta = 0.01$; $t = 2.32$, $p < .05$). However, if it is the case that employee organization identification influences manager organization identification, then we would expect to see that if manager organization identification was dropped from the second position in this sequential model, the influence of the employee organization identification* manager-employee tenure difference interaction that would otherwise affect manager organization identification would carry through to affect customer organization identification. This did not occur ($\beta= 0.00$; $t = .95$, $p > .10$).

Similarly regarding H3, if employee identification were to be deleted from the model, we would expect that the manager organization identification*manager-employee personality overlap interaction that would otherwise affect employee organization identification would carry through to affect customer organization identification. This occurred ($\beta= 0.02$; $t = 1.71$, $p < .05$). However, if it is the case that that employee organization identification influences manager organization identification, then we would expect to see that if manager organization identification was dropped from the second position in this sequential model, the influence of the employee organization identification*manager-employee personality overlap interaction that would otherwise affect manager organization identification would carry through to affect customer organization identification. This did not occur ($\beta= -.01$; $t = 1.40$, $p > .10$). Also, and we believe very importantly, the significant hypothesized interactions in H2 and H3 strengthen the interpretation that the manager-employee organization identification relationship is not due to some third variable as such a possibility would necessitate an alternative explanation that could also account for these interactions. Thus, we take the totality of theory and evidence as providing support for the hypothesized model provided in Figure 1.

Discussion

The present study was designed to assess organizational identification influence from store managers to store employees to store customers, and ultimately, the resulting effect on store performance. While we find evidence consistent with the hypothesized model in Figure 1, our results must be interpreted in light of the limitations inherent with the use of a correlational study design. The nature of our study precluded use of an experimental design -- the ability to randomly assign managers, employees, and customers to stores simply did not exist. Thus, following the research tradition used in studies where it is necessary to match respondents across multiple samples (e.g., Schneider et al. 2005; Voss et al. 2006), we employed matched samples of respondents. We should note that one particular correlational design that has been suggested for increasing confidence with respect to variable time-order-of-occurrence is the cross-lagged panel design (Rosenthal and Rosnow 1991). However, this design requires measurement of study variables at two points in time. As the store performance data we used are archival, obtaining a second measurement for average customer expenditures was not burdensome for the company. However, given the extensiveness of the survey data collection, collecting observations from managers, employees, and customers at a second point in time would have been problematic. Moreover, even with a cross-lagged design, there is no manipulation, no random assignment, hence the study design in still correlational in nature.

While we claim no direct evidence of causality, we do believe we provide a compelling theoretical account and supportive empirical evidence that suggest that our data are consistent with a directional flow of influence. Regarding the theoretical account, like attitudes, that "organizational identification is contagious" is very simple, straight-forward, and has much face validity – and is consistent with contagion theory. While it seems plausible that at times, influence may go from employee to manager, the general notion that the predominant amount of influence flows from those with more to less formal power seems logical, as well as supported in the literature (Liden and Maslyn 1998; Schneider et al. 2005; Wang et al. 2005). That employee organization identification can affect customer organization identification also seems very face valid and consistent with both theory (Bhattacharya and Sen 2003) and empirical findings

(Ahearne et al. 2005). Finally, that a favorable customer organization identification results in purchase behavior, which translates into improved store performance, is also supported in the literature (Lichtenstein et al. 2004). Thus, we believe our theoretical model is compelling by its sheer simplicity, and that there is both a theoretical and empirical basis for interpreting results of our study as consistent with the model shown in Figure 1. As such, we view results has having implications for both theory and practice.

Regarding the former, while top-down organizational influence is widely recognized, and it is known that companies attempt to engender identification with their work-force, to our knowledge this is the first empirical evidence to show a top-down flow of influence within a company, as well as an inside-to-outside flow of influence with respect to employees and customers, with respect to organizational identification. Regarding the latter, though the results presented in Tables 2-3 support the theoretically-based relations among the organization identification constructs, from a managerial perspective, getting an idea of what maximizes a desirable outcome is of interest. For example, managers in retail settings typically want to know how strongly customer beliefs (i.e., customer organization identification) are potentially affected by employee beliefs and how strongly store financial outcomes are potentially affected by customer beliefs (e.g., Reinartz, Thomas, and Kumar 2005). As noted by Rust, Lemon, and Zeithaml (2004), connecting “drivers” such as employee perceptions to customer perceptions and financial performance is essential to quantify their effects for managerial actions.

Similar to the work of Reinartz et al. (2005), we conducted some simple simulations for the main effect of manager organization identification on employee identification, for the main effect of employee identification on customer organization identification, and for the main effects of customer identification on store performance. HLM unstandardized coefficients are interpreted in the same manner as unstandardized regression coefficients - the change in the dependent variable associated with a unit change in an independent variable, holding the effects of the other independent variables constant at their mean levels. Thus, we used the HLM coefficients of Tables 2-3 to assess how strongly each outcome variable was influenced.

For employee organization identification, raising manager organization identification by a value of "1" on its 7-point scale, from 3.51 to 4.51 (holding all other predictors constant at their mean levels) increases average employee organization identification from 4.20 to 4.50. For customer organization identification, raising employee organization identification by a value of "1" on its 7-point scale, from 4.20 to 5.20 (holding all other predictors constant at their mean levels) increases average employee organization identification from 4.01 to 4.26. Finally, and most managerially interesting, are the results pertaining to the store performance variable. A 1-point increase on customer organization identification on its 7-point scale (raising it from 4.01 to 5.01) is associated with a 10.61% increase in average yearly customer spending, holding all other predictors constant at their mean levels. In dollar terms, this implies that a 1-point increase in customer organization identification is associated with customers spending about $71.00 more per year at the retailer (see footnote 6). This latter result emphasizes the importance of enhancing customer organization identification, and one potential means of enhancing customer organization identification is by enhancing employee and manger organization identification.

These relationships highlight potentially important managerial implications between the organization identification constructs and the store performance measure. First, research to date has recognized workforce organization identification as important because of its positive relationship to outcomes such as higher employee morale and lower turnover and absenteeism and other such sample-specific, organization behavior-related outcomes. Our study findings suggest that workforce organization identification may not only be important for these outcomes, but because it may serve as an antecedent to the organization identification of others, there may be a "multiplier effect" in terms of its outcomes, outcomes that include customer behavior and corporate financial consequences. Consequently, while we count ourselves among those who recognize the importance of a highly-identified workforce (Dutton et al. 1994; Glynn 1998; Pratt 1998), results of our study suggest that the positive outcomes are broader than previously considered. It follows that, if this is indeed the case, increased attempts to engender manager and employee organization identification may be in order.

Another finding with interesting implications relates to the moderating role that both personality overlap and manager-employee tenure difference has on the strength of the manager organization identification-employee organization identification relationship. For example, employee applications frequently ask for personality self-assessments. While employers may attempt to select employees possessing traits based on historical correlations with desired behaviors, our results suggest that an exclusive focus on these main effects may be short-sighted. In our study, the employee's personality match with the manager moderated the strength of the manager-employee organization identification relationship. Thus, perhaps in addition to hiring certain personality types because of "main effect" relationships with desired outcomes, hiring and assignment criteria may also consider personality matches with supervising managers. Additionally, our results support the perspectives of Gibson (2003) that influence between manager and employee will be accentuated when employees are newer and they look to more experienced managers for appropriate organizational norms. Thus, manager-employee tenure differences may also be an appropriate criterion to consider in assignments.

In offering these observations, and those in this discussion section more generally, we recognize that they do hinge on our belief that the hypothesized relationships are not spurious. We have addressed the issues associated with using experimental designs with naturally-occurring matched samples. Seemingly, insights into relationships such as those in this study will not be gained as the result of any single study, but rather, will only be gained over time as a result of multiple correlational studies. Thus, our hope is that this study serves as an impetus to others to investigate similar relationships under varying contexts. To the extent that such studies return consistent results, we can put increased confidence in these relationships.

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Footnotes

1. Voss, Cable, and Voss (2006) previously noted this same void with respect to the relationship between managerial perceptions of organization identity (an antecedent of organizational identification) and organization-level performance. Voss et al. addressed this void by assessing the relationship between intra-organizational managerial agreement with respect to the organization's identity and the organization's financial performance.

2. Please ignore the main effects of the constructs entitled "Manager-Employee Tenure Difference" and "Manager-Employee Personality Overlap." As we hypothesize these variables to be involved in interactions (Paths B and C), we include the main effect in the model in order to test for the interaction.

3. Much of the rationale provided for this influence is based on managers having more company experience than the employees whom they are hypothesized to influence. We believe that as a generalization, managers will typically have more experience than most employees, and evidence provided subsequently will show that is the case in the present investigation.

4. In actuality, nineteen items measuring each of the "big five" personality dimensions were assessed (conscientiousness, openness to experience, agreeableness, extraversion, and neuroticism). Results are virtually identical regardless if the personality overlap is assessed across three or five dimensions.

5. It is important to note that our hypothesis encompasses the similarity of personality between manager and employee rather than manager and/or employee personality per se; thus we combined the items across the three personality traits to form one overall measure of manager-employee personality overlap. Still, we conducted two other data checks to see if averaging and then aggregation was empirically justified. First, we used the procedures developed by James, Demaree, and Wolf (1984) and advocated by others for aggregating data across levels (e.g., Schneider, White, and Paul 1998). We calculated the rwg(j) coefficient (James et al. 1984, p. 88) for each personality measure at both the store manager and employee levels. This coefficient, ranging from 0 to 1, reflects a measure of inter-rater reliability for each retail store and compares the amount of variance in observed responses with that which would be obtained if responses were random. Higher values represent stronger agreement among stores, and the higher the value, the more data aggregation is justified. The values for all personality measures, whether used as individual 3-, 4-, and 3-item scales for conscientiousness, openness to experience, and agreeableness or a combined 10-item measure ranged from .87 to .91 – values that are typically above those reported in the literature to justify aggregation Second, the 10-item manager-employee personality overlap measure produced a reliable scale (α = .87) and a factor analysis of this measure could only extract one factor (eigenvalue = 4.63, variance extracted = 46%); the 10 personality items for the managers produced a reliable scale (α = .94) and only one factor could be extracted for these items (eigenvalue = 6.78, variance extracted = 68%); and the 10 personality items for the employees produced a reliable scale (α = .98) and only one factor could be extracted for these items (eigenvalue = 9.05, variance extracted = 90%). In sum, our manager-employee personality overlap measure seems empirically sound.

6. The actual mean dollar levels for average yearly customer spending for 2003-2004 and 2004-2005 were \$571.30 (sd = \$101.02) and \$667.63 (sd=\$152.77), respectively.

7. The store site and geographic location variables were coded as 0,1 dummy variables for the prediction of store performance. ANOVAs showed that the means for the store performance measures did not vary by site (p =.41) or geographic location (p = .79), nor were these two variables significantly related to any other variable in any model we estimated. The dummy code for site location was: 0 = metropolitan street-front and mall; and 1 = stand-alone and factory outlet for site location. The dummy code for geographic location was: 0 = northwest, northeast and midwest; and 1 = midatlantic, southwest and southeast for geographic location.

8. A few notes about HLM are in order. First, nested data may produce similarity of responses within levels, but variation across levels. In such a case, the independence of observations assumption of regression models may be violated, which can produce underestimated standard errors. Second, HLM produces an intra-class correlation coefficient (ICC) that measures heterogeneity assessing the amount of variation in an outcome variable due to the store as opposed to another data level. For employee organization identification, the ICC was .14 ($p < .01$). For customer organization identification, the ICC was .05 ($p < .01$). Thus, significant amounts of variance in employee and customer organization identification are due to between data levels, thus making HLM the most appropriate correlational technique for our study. Still, the coefficients we report in Tables 2-3 were highly similar to coefficients of aggregating all data at the store level and estimating OLS regression models.

9. Our Figure 1 implies that the effects of employee organization identification on the store performance variable are fully mediated by customer organization identification. Our Figure 1 also implies that the effect of manager organization identification on customer organization identification is fully mediated by employee organization identification, and that the effects of manager organization identification on the store performance variable are fully mediated by customer organization identification and/or employee organization identification. Consistent with the procedures of Baron and Kenny (1986), Shrout and Bolger (2002), and Sobel (1982) (for assessing partial mediation), we tested for such mediation. The findings are summarized as follows. The effects of employee organization identification on the store performance variable were fully mediated by customer organization identification. However, the effect of manager organization identification on customer organization identification was only partially mediated by employee organization identification. That is, manager organization identification showed a significant (albeit reduced) effect on customer organization identification after controlling for the effect of employee organization identification on customer organization identification and employee organization identification was still a significant predictor of customer organization identification when manager organization identification was included. The effect of manager organization identification on the store performance variables was only partially mediated by customer organization identification or employee organization identification. That is, manager organization identification still showed significant (albeit a reduced) effect on the store performance variable after controlling for the effects of customer organization identification and employee organization identification on the store performance variable. (Customer organization identification remained a significant predictor of the store performance variable when manager organization identification was included as a predictor). The specifics of these results are available upon request.

Table 1

Means (M), Standard Deviations (SD), and Correlations among Focal Constructs

	M	SD	1	2	3	4	5	6	7
1) Manager Organization Identification	3.51	1.91	1.00						
2) Manager-Employee Personality Overlap	- 4.74	1.78	.24	1.00					
3) Manager Organization Identification* Manager-Employee Personality Overlap Interaction	.81	3.45	-.08	-.24	1.00				
4) Manager Organization Identification* Manager-Employee Tenure Difference	-5.33	54.91	.02	-.04	-.07	1.00			
5) Employee Organization Identification	4.20	2.07	.46	.01	.29	.08	1.00		
6) Customer Organization Identification	4.01	2.04	.70	.23	.03	.09	.61	1.00	
7) % Increase in Average Yearly Customer Spending	16.16	10.27	.73	.24	-.13	-.03	.38	.62	1.00

Notes: Correlations among all variables are based on n = 306 (store level). All correlations above .10 in absolute value are significant at the .05 level or better.

Table 2

Employee Organization Identification and Customer Organization Identification

Employee Organization Identification as the Outcome Variable - Employee Level (n = 1,615)		
Predictor	Unstandardized Coeff.	t-ratio
H1: Manager Organization Identification	.30	10.35**
Manager-Employee Tenure Difference	.00	.87
H2: Manager Organization Identification* Manager-Employee Tenure Difference	.01	1.96*
Manager-Employee Personality Overlap	-.02	.56
H3: Manager Organization Identification* Manager-Employee Personality Overlap	.11	7.58**

Customer Organization Identification as the Outcome Variable - Customer Level (n = 57,656)		
Predictor	Unstandardized Coeff.	t-ratio
H4: Employee Organization Identification	.25	14.55**
Control Variables		
Customer Gender	.02	1.09
Customer Age	-.01	1.98*
Customer Education	.02	.89
Customer Income	-.01	.06
Customer Tenure	.00	.86

* $p < .05$

** p < .01

Table 3

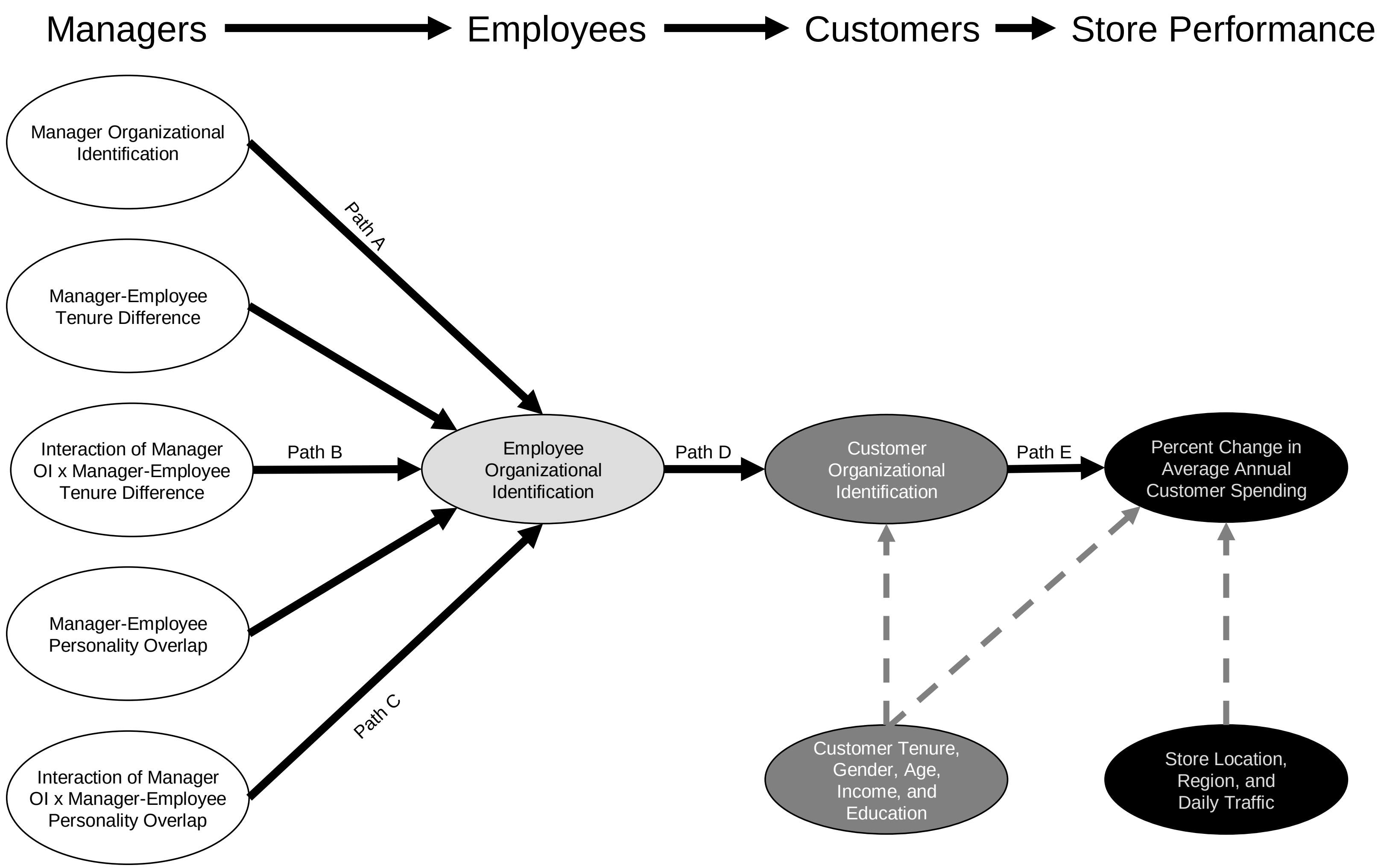
Percentage Increase in Annual Yearly Customer Spending -- Store Level (n=306)

Predictor	Unstandardized Coeff.	t-ratio
H5: Customer Organization Identification	10.61	9.42**
Control Variables		
Customer Gender	-2.26	.13
Customer Age	.07	.18
Customer Education	.54	.05
Customer Income	2.48	.53
Customer Tenure	.07	.61
Store Site Location	-1.05	1.09
Store Geographic Region	.49	.58
Store Day Traffic	.13	6.63**

* $p < .05$

** $p < .01$

Figure 1
Hypothesized Study Model



Note: The constructs in the white ovals were rated by managers. The constructs in the light gray ovals were rated by employees. The constructs in the dark gray ovals were rated by customers. The constructs in the black ovals were extracted from the firm's customer database. The lettered paths with black solid arrows indicate hypothesized relationships. The gray dashed arrows indicate covariate paths.