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# The Relationship between Policy instruments and Organizational Exits in a pandemic situation-The mediating roles of trust and leadership

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**Abstract:** Ensuring employees' physical safety is crucial for fostering a better work environment and preventing the decision to leave the organization, especially in disaster situations. However, how the safety response made to the pandemic by organizations mitigates the intention of employees' leaving largely remains unanswered. This study examined the impact of the organizational response to the COVID-19 pandemic on employees' decisions to leave their organization. To this end, we utilized a 2021 Federal Employee Viewpoint (FEV) survey and analyzed the data via structural equation modeling using SPSS and AMOS. The SEM analytic results revealed that the level of active adoption of a safety response to the pandemic by the organization has a negative impact on the employee's intention to leave the organization. As mediating effects, leadership and trust in the organization relieved the employee's decision to exit the organization. These findings imply that actively responding to or being more prepared for disasters is critical to alleviating employees' exit from the organization by increasing effective leadership and trust building in the organization. Furthermore, as is widely accepted, leadership and trust are critical elements to manage in order to reduce employees' intentions to leave.

**Keywords:** COVID-19 pandemic, organizational response, supervisor leadership, trust in organization, voluntary turnover intention

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## I. Rising Issues

"Is the government's policy response truly effective? In general, situations where members of an organization defect can increase transaction costs within the organization and result in members giving up the social relationships they built during the socialization process, which can be a serious problem for both the organization and its members (Seo & Kim, 2007: 104). Particularly in disaster situations, the safe environment provided by the organization can accelerate member defection. This highlights the importance of ensuring the physical safety of organizational members as a crucial mechanism for creating a better work environment and preventing member defection. However, research on the relationship between public organizational safety response during pandemic periods, such as COVID-19, and member defection is still lacking.

In this context, the policy response of the government regarding the safety of public organizations is still a 'black box' in terms of its effectiveness. The greatest issue related to safety and disasters was undoubtedly COVID-19. During this period, various policy responses were implemented by the government to ensure the operation of organizations, and the most prominent approach was the widespread adoption of remote work.

In addition to being effective in preventing the spread of infectious diseases by reducing interpersonal contact, remote work can also increase job satisfaction among members, reduce turnover intentions, decrease member defection, and enhance organizational productivity (Baruch, 2000; Seo, 2021; Ha & Oh, 2021: 1). Therefore, government policy responses can be a crucial factor in controlling member defection during disease outbreaks and other disaster crises.

Furthermore, apart from government responses in disaster situations, it is necessary to consider important mechanisms for preventing member defection. Recognizing that member defection is a key concept related to stable operation and performance of an organization, it is important to contemplate organizational variables that can influence member defection. Many studies on organizational performance have emphasized the significance of organizational culture, organizational justice, trust, and leadership as key factors. However, there are some differences in the perspectives on organizational culture and organizational justice compared to trust and leadership. Particularly, regarding organizational culture, this study did not analyze it as an aggregate variable but rather focused on individual-level variables. Recently, some studies have suggested categorizing organizational culture types based on the characteristics of the organization, rather than measuring organizational culture through individual perception (Chatterjee, Pereira & Bates, 2018: 20). Chatterjee et al. (2018: 20) differentiated organizational culture types into Clan (openness/internal orientation), Adhocracy (openness/external orientation), Hierarchy (stability/internal orientation), and Market (stability/external orientation) based on the axes of internal/external and openness/stability.

Organizational justice, on the other hand, represents long-standing norms or implicit rules possessed by the organization, and organizational justice resulting from it is considered as a cognitive outcome. In contrast, trust and leadership are changeable factors that can influence organizational performance within a short period. In a disaster situation, urgent measures are required, emphasizing the importance of rapid changes and responses. In such situations, trust and leadership may be more important factors than organizational culture and organizational justice. There is a significant lack of research on how the government's policy responses affect trust and leadership within the organization, and the resulting consequences when linked to member defection. Especially in pandemic situations like COVID-19, the causal relationship is still an unknown area that has not been fully explored. Above all, organizational leadership and trust are factors that can increase the cohesion and adaptability of an organization (Lee, 2023: 81). If it is confirmed that they can actively contribute to disaster response and preparation, as well as mitigate member defection, they can provide insights into institutional directions during disaster situations.

Based on these concerns, the purpose of this study is as follows: First, to review the theoretical relationships between the meaning of member defection and related variables. Through this process, we can determine the attributes of government policy responses, organizational trust, and leadership. Second, to propose research hypotheses based on the identified relationships from the theoretical review and attempt analysis using structural equation modeling. Third, to validate the research hypotheses and examine the effects of direct and indirect hypotheses. Fourth, to provide policy implications based on the analysis results and suggest future research directions through the limitations of the study."

## 2. Theoretical and institutional review

### 2.1. *The Meaning of OE(Organization Exits)*

"Organizational exit, as defined by its literal meaning, refers to the act of departing or severing ties from a pre-existing external environment. In English, it is defined as 'to leave something such as a job, an organization, a competition.' Taking into account both dictionary definitions, organizational exit can be defined as a phenomenon where individuals disengage from an existing external environment or relationships. The subject of the exit is crucial, as it can refer to individuals leaving an organization or a specific job, or it can be viewed from the perspective of the organization as its members disengaging from internal departments or responsibilities.

From this perspective, organizational exit is regarded as an organizational phenomenon within the realm of management when determining the timing at which organizational members leave. In other words, organizational exit can be seen as a vital aspect of personnel management when members voluntarily or involuntarily disengage from the organization. Organizational members can leave the organization based on their voluntary intentions and behaviors, or they may have to exit the organization regardless of their personal intentions under the management strategies of the organization. Organizational exit under the management strategies of the organization does not exhibit the voluntary nature of organizational members, as it involves the organization's directives determining their external movement. The problem lies in voluntary organizational exit, as it can significantly impact organizational operations. Organizational exit encompasses both voluntary and involuntary forms, which are influenced by managerial attributes of the organization as well as the voluntary actions of organizational members.

For example, involuntary organizational exit can result in termination or downsizing through performance evaluations, serving as a mechanism to regulate surplus manpower. From this perspective, involuntary organizational exit can be considered as functional organizational exit, which leads to a more efficient or effective organization. On the other hand, voluntary organizational exit can be viewed as non-functional organizational exit, resulting in a decrease in organizational resources and capabilities.

### 2.2. *Institutionalization of public organization disaster response as a policy tool in a pandemic situation*

Generally, policy is regarded as the most important choice (Lasswell, 1951: 5) and is a plan that allocates values and means of governance (Lasswell, 1971). It can be viewed as the configuration of goals and practical alternatives (Wildavsky & Pressman, 1979) or discussed as the establishment of policy goals and alternatives by government agencies to achieve a desirable society (Jeong et al., 2022). In the context of a pandemic, the public organizational policy response can be seen as the "policy goals" and "policy alternatives" to enhance the disaster response of public organizations. In particular, various measures in response to environmental crises serve as policy instruments to accomplish these policy goals. However, while policy goals may be abstract, policy instruments are concrete. Policy instruments gain specificity as they need to be applied in practical settings (Choi, 2015: 62-63).

The concept of "policy instruments" is inherently technical and practical (Vedung, 1998; Howlett, 2005), serving as micro-level solutions to policy issues (Bardach, 1977; Salamon, 1981). In both domestic and international literature, policy instruments are defined as the means utilized by governments to achieve policy objectives (Jeon, 2007; Kim

& Kang, 2016), tangible means or devices available for government policy implementation (Ha & Moon, 2007), everything used by policy actors to achieve specific purposes (Doern & Phidd, 1992), elements of policy design with the intention of changing the behavior of policy target groups to address public problems (Schneider & Ingram, 1997), a series of techniques through which government agencies exercise power to safeguard social welfare, influence or prevent social change (Vedung, 2007), and discernible methods through which collective action is structured to address public problems (Salamon, 2002). Due to the inherent practicality of this theory, discussions on policy instruments were marginalized among scholars in the past (Halpern et al., 2008). However, in-depth discussions and reflections on policy instruments and instruments theories have continued through the works of Salamon (2002), Halpern et al. (2014), LeGales (2016), ultimately leading to the sophistication of theories on policy instruments (Lee & Seo, 2019). In South Korea, theoretical discussions on policy instruments have also been conducted by Jeon (2007a; 2007b), Kwon (2009), Jeon & Lee (2010) (Seo et al., 2021: 275-276).

There are various perspectives among scholars regarding the essence and definition of policy instruments (Lee, 2020). Howlett (2005) defines policy instruments as governance technologies that include the authority and deliberate limits of the state. However, from a functional perspective, the term "policy instrument" can be interpreted as a means to achieve specific outcomes (Feiock, Jung & Kim, 2003). From a functionalist perspective, since public policy is highly practical in achieving problem-solving, there is a need to choose instruments as means to solve problems (Lascoumes & Le Gales, 2007). From their perspective, government projects are means to achieve project goals after policy decisions have been made. Whether it is an abstract strategy or a plan, government projects are carried out as means to achieve policy goals, which are "outputs" and policy instruments (Kwon, 2018). In this functional perspective, the adoption of remote work and other untact (contactless) systems by public organizations during the pandemic can be understood as typical policy instruments.

The above discussions ultimately concern the creation of a remote work environment or the flexibility of work within public organizations. Work flexibility refers to the flexible application of predetermined working hours, and flexible work systems reflect this concept. It is assumed that the level of institutionalization and operationalization of such systems during the pandemic disaster situation can influence the performance of organizational operations.

### 3. Theoretical and institutional review

#### 3.1. Path analysis discussion

**Table 1.** The results of mediating effects via phantom variables

Indirect Paths		Drection	Estimate	P-value
Path1	Policy Instrument→Senior Leadership→Organizational Exit	(-)	-0.022	***
Path 2	Policy Instrument→Organizational Trust→Organizational Exit	(-)	-0.093	***
Path 3	Policy Instrument→Supervisory Leadership→Organizational Trust→Organizational Exit	(-)	-0.039	***

\*: p<0.05, \*\*: p<0.01, \*\*\*:p<0.001

**Table 2.** The hypothesis verification of research model

Type	H	Independent	Mediating	Dependent	Drection	whether to reject
Direct	H1	Policy Instrument	-	OE	(-)	Not rejected
Indirect	H2	Policy Instrument	Superior leadership	OE	(-)	Not rejected
	H3	Policy Instrument	Organization trusts	OE	(-)	Not rejected
	H4	Policy Instrument	Superior leadership, Organization trusts	OE	(-)	Not rejected

#### 4. Conclusions and Policy Implications

This study draws attention to the lack of research on the relationship between public organizational safety response during pandemic periods, such as COVID-19, and member attrition. It aims to verify the causal effect of government's disaster safety-related policy response on member attrition, considering that organizational safety indifference during a disaster situation can accelerate member attrition. Specifically, it focuses on the government's prominent policy response of remote work and COVID-19 prevention and investigates whether it has a causal relationship with member attrition. Organizational trust and leadership are considered changeable factors that can influence organizational performance within a short period, so they are incorporated as mediating factors in the causal structure analyzed using structural equation modeling.

The analysis results revealed several implications. First, policy instruments were found to have a statistically significant effect on member attrition ( $***p < 0.001$ ), confirming their role as mechanisms to control voluntary attrition in public organizations. This provides empirical evidence that swift policy responses and actions by the government can shine in disaster crises like the COVID-19 pandemic. It strengthens the argument for the effectiveness of government intervention and policies, which has been a subject of debate. Second, the study confirms that policy instruments can exert indirect effects by mediating through factors such as supervisor leadership and organizational trust. These factors have long been identified as enhancers of organizational performance. However, the originality of this study lies in demonstrating that they are also variables that can be enhanced by policy instruments. The hypotheses in this study consider the indirect paths through supervisor leadership and organizational trust. The analysis results also confirm that disaster response policy instruments reduce member attrition by way of supervisor leadership and organizational trust regarding the disaster. Importantly, it is worth noting that policy instruments serve as factors that increase leadership, and organizational trust also exhibited a causal (+) relationship through policy instruments. Major disaster crises like the COVID-19 pandemic demonstrate that swift government response can elevate essential factors within organizations together. In other words, through government policy instruments, it is possible to improve not only the organization's rapid adaptability and responsiveness but also the cohesion and resilience of the organization, including leadership and trust. This is the significance of this study.

#### References

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