

## The Effect of the External Prestige of the Organization on the Desire to Leave the Service of Employees with Emphasis on the Role of Mediator and Moderator of Leader-Member Exchange and Moral Atmosphere of the Organization

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### Abstract

The external prestige of the organization is an indicator of the quality of the organization and guides the behavior of the employees, which can lead to the occurrence of positive organizational behaviors and reduce deviant behaviors. The aim of the current research is to investigate the effect of the external prestige of the organization on the desire to leave the service of employees and the mediating role of leader-member exchange and moderating the ethical atmosphere of the organization. The present research is among applied research and based on the method of data collection, it is descriptive-survey. Employees of Iranian airlines are the statistical population of the research. Based on stratified random sampling, 306 correct questionnaires were returned and the research data were analyzed using SPSS and AMOS software. To measure the variables of the research, the organization's external prestige and ethical climate questionnaire, Leyden leader-member exchange and willingness to leave the service have been used. The external prestige of the organization has a direct and significant effect on the willingness of employees to leave the service, and indirectly through the mediation of the leader-member exchange and the moral atmosphere of the organization, it has a significant effect on the willingness of employees to leave the service. The results of the present research strengthen the promotion of external prestige in organizations and help the managers of organizations to understand the impact of the perception of the external prestige of the organization on the desire to leave the service of employees, by mediating the exchange of leader-members and moderating the moral climate. The organization should provide ways to reduce deviant behaviors and the desire to leave the service of employees.

### Key words

External prestige of the organization, Desire to leave the service, Ethical atmosphere of the organization, Leader-member exchange

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### Introduction

Every organization is known through the employees who work in it. Therefore, an organization that attracts competent, potential and competent human resources and improves their skills has prepared the necessary ground for effectiveness (1). Today's organizations are facing increasing concern in the field of attracting and

retaining skilled and talented employees (2). Therefore, in this regard, attracting and hiring competent employees, developing and training employees, changing and improving the skills and knowledge of employees to discover talent and planning for the promotion of employees, brings heavy costs for the organization (3). Human resource managers are reluctant to invest in



the development of employees because employees may take advantage of the existing facilities and after acquiring new skills, leave the organization and use the new skills acquired in other organizations. (4). Tendency to leave service is a natural part of organizational activism and extensive leave is unpleasant for any organization (5). Tendency to leave service refers to the voluntary departure of human resources from their place of service, which causes disruption in the organization's operations (6). In this regard, there are several factors that can reduce the desire to leave the service of employees, such as: increasing salaries and benefits compared to competing organizations; creating facilities; It is to promote effective relationships and improve the external image and reputation of the organization (7). Organizational prestige basically describes employees' perception of how foreign institutions look at their organization (8 and 9). According to March and Simon, organizational representation is one of the three signs of success. If employees indirectly receive different signals from different external sources, they tend to develop their minds about how to perceive people outside the organization (10). A company has a deep concern in presenting a positive image of itself in order to increase the motivation of investors to provide credit, attract more customers and influence numerous institutions to support its legal issues. Organizational image and reputation can be considered mutual ideas between the organization and people outside the organization (11). In this regard, in order to maintain the social image as well as the prestige of the organization, the managers and employees of the organizations may enter into non-standard and personalized agreements so that the employees have a high motivation to work and can enjoy more benefits. (12). Therefore, by creating a positive image of the organization, managers can attract employees and competent people to the organization. People tend to join organizations that have valuable social features (13). People get a positive image of themselves from belonging to authentic groups, which increases the perception of their abilities and qualifications (14). Also, the external prestige of the organization leads to facilitate the relations between employees and managers. The principle of leader-member exchange states that leaders do not treat their subordinates equally. The attitudes and behaviors of the

followers towards the job depend a lot on the interactions and behaviors of their leaders (15), when the leader-member exchanges are good, the employees will have a comprehensive and positive understanding of the organization and the credibility of the organization, and due to the increase of this understanding, the employees' desire to Leaving the organization will decrease. But in this regard, what has been neglected by researchers is the role of moral atmosphere (16). The ethical atmosphere of the organization refers to the common perceptions of the people of an organization about what is morally correct and correct and how to react to the ethical and value issues of an organization (17). Ethical climate is one of the important and fundamental factors in the tendency or non-tendency of employees to different behaviors. Maintaining professional honor and ethics requires that people show their commitment to the organization's professional values, and such an atmosphere is conducive to dealing with ethical problems and leads to correct behaviors in employees (18). Organizations that are value-oriented have a stronger moral atmosphere, which leads to employees not wanting to leave the organization (19). Morale can lead to facilitating the effect of the external prestige of the organization on reducing the desire to leave the service of employees (14). In this regard, airline organizations have foreign prestige due to providing high-quality and innovative services and creating suitable conditions for work, which lead to the attraction and retention of expert employees in these organizations. Due to having numerous and powerful stakeholders, airline companies are always facing challenges in the field of providing new services, which by having positive exchanges between managers and employees and creating an ethical atmosphere can improve the external prestige of the organization and attract funds. To become empowered people who, while providing new services, are committed to the organization and managers and have no desire to leave the organization. Creating an ethical atmosphere in the organization leads the employees to act according to the prevailing values in the organization and not to disobey the ruling laws and regulations. Airline companies have an acceptable reputation in the society due to the type of services they provide. Such a reputation requires special

management requirements so that in addition to maintaining the image of the company, it is also beneficial in improving the image of the company as much as possible. Therefore, the actions of managers and employees and creating an ethical atmosphere are always determined in the direction of maintaining prestige and achieving goals. Considering that external prestige is one of the most necessary and unavoidable issues in the progress of organizations and the foundation stone of their development and progress, and like chemistry, it completely transforms the organization's activities, it is very important to pay attention to its impact on people's behaviors and actions. Regarding the innovation of the present research, in addition to the fact that appreciable research has not investigated the effects of external prestige in the target society, the need to know the effects of external prestige on leader-member exchange and the desire to leave the service of employees will be very beneficial for managers and organizational decision makers. It should also be noted that in this research, employees' perception of each of the research variables has been taken into consideration. According to the mentioned contents, the present study deals with the effect of external prestige of the organization on the willingness of employees to leave the service, emphasizing the role of mediator and moderator of leader-member exchange and moral climate in airline organizations.

## **Research Methodology**

The purpose of the current research is applied and descriptive-survey in terms of method. The main tool for collecting information is the questionnaire; The statistical population of the current research consists of all employees of four Iranian airlines, including Meraj Airlines, Iran Air (Homa), Kish Air, Aseman Airlines, and stratified random sampling was used. The number of employees of the studied airline companies is 1400 people, using the Cochran formula, 301 people were estimated as the sample size, and 330 questionnaires were distributed to comply with the principle of reversibility, and finally 306 questionnaires were collected. 26.47% of employees are in the age range of 20-30 years, 41.17% are in the age range of 30-40 years, and 32.35% are in the age range of over 40 years. Also, 10% of employees have an associate's degree, 48%

have a bachelor's degree, and 42% have a master's degree or higher. 24.83% of employees have a work experience of 1-10 years, 48.36% have a work experience of 10-20 years, and 26.81% have a work experience of more than 20 years. SPSS software was used in the descriptive section. Also, Amos software was used in the inferential part to model structural equations and test hypotheses. In this regard, the external prestige questionnaire of the organization was used from 1-12, the moral atmosphere from 22-13, the member-leader exchange from 23-28, and the intention to leave the service from 29-33. The Cronbach's alpha test was used to determine the validity of the research and the composite reliability coefficient was used to determine the reliability, which Cronbach's alpha was the external prestige of the organization (0.82), the moral atmosphere of the organization (0.80), leader-follower exchange (0.75) and intention to leave the service. employees (0.78), which indicates the validity of the research, and the combined reliability coefficient (CR) of the organization's external prestige variable (0.85), organization's moral atmosphere (0.81), leader-follower exchange (0.77) and intention to leave served (0.83), which shows the reliability of the research.

## **Findings**

Before testing the research hypotheses, the normality or non-normality of the data distribution should be determined first. The results of the Kolmogorov-Smirnov test are the external prestige of the organization (0.125), the moral atmosphere of the organization (0.112), the leader-follower exchange (0.123) and the intention to leave the service (0.128). The significance level of all research variables is above 0.05, which indicates that the data are normal, so the null hypothesis is confirmed. Considering that the amount of factor loadings in both non-standard and standard modes is above 0.4, it indicates that the indicators can measure the research variables well. By using confirmatory factor analysis, the divergent validity of the questionnaire can be confirmed. The average value of the extracted variance (AVE) for measuring the convergent validity is at the level of the index, which is the average value of the total square power of the loadings of the indicators corresponding to each construct, if it is equal to 0.5 or higher, it shows that On average, the structure explains

more than half of the variance of the corresponding indicators (Hair et al., 2017). AVE is the external prestige variable of the organization (0.516), moral climate of the organization (0.511), leader-follower exchange (0.520) and intention to leave the service (0.514), so

this value is higher than 0.5, which It indicates the confirmation of the convergent validity of the questionnaire. Now the causal relationships between the variables are investigated by structural equation method with the help of AMOS.

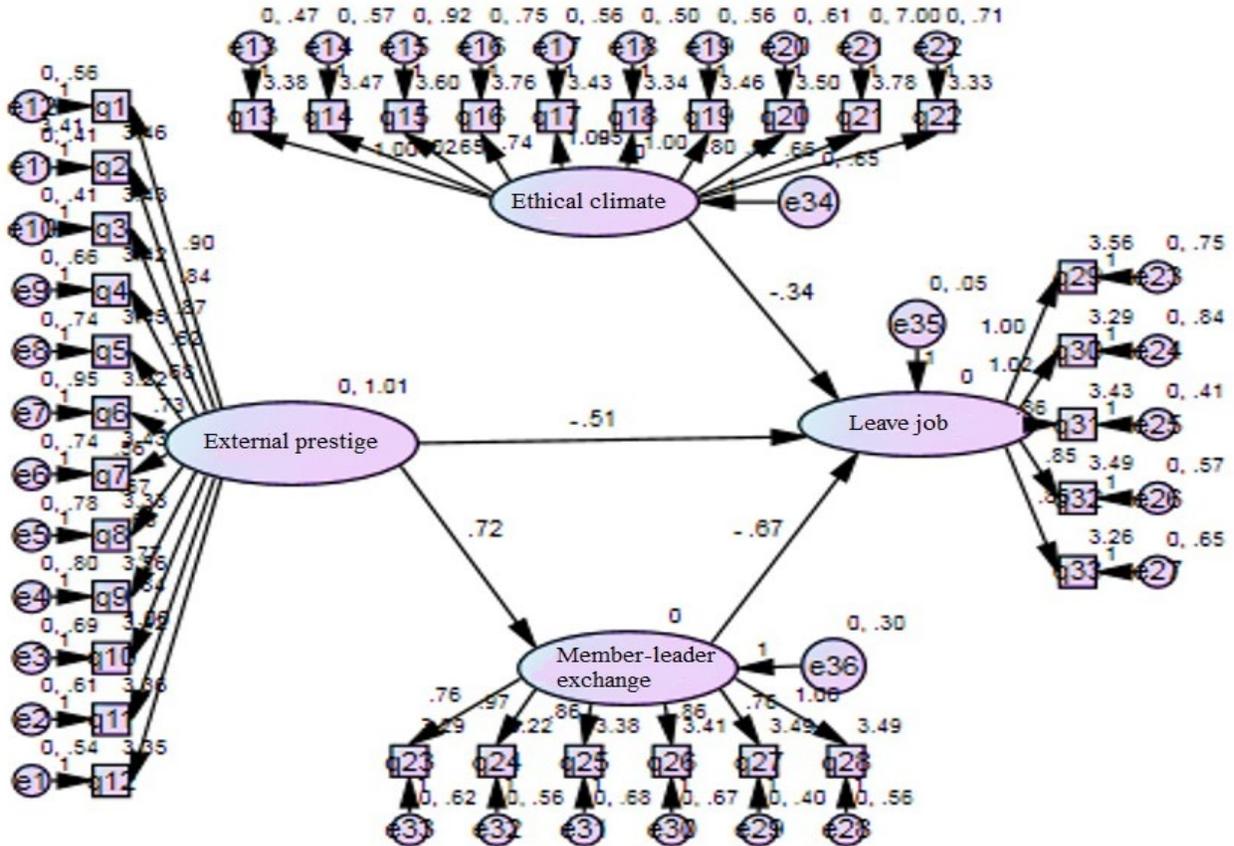


Figure1: Structural equation model (standard)

In this regard, goodness of fit indices is examined, and if they are in the acceptable range, it can be said that the model has a good fit, and according to the table

below, it can be said that the above model has a good fit.

Table 1: Goodness of fit indices

Indices	CMIN/DF	GFI	AGFI	TLI	NFI	CFI	IFI	PNFI	PCFI	RMSEA
Value	2.509	0.978	0.943	0.959	0.965	0.901	0.810	0.621	0.714	0.079

After the stated model has been confirmed, two indices CR and P are used to test the hypotheses, which according to the significance level of 5%, the value of the

critical point should be greater than +1.96 and less than -1.96. Regression weights with zero value show 0.95 confidence level.

Table 2: Summary of structural equation model results for hypotheses without a mediating role

Hypothesis	Path direction	Path	SE	CR	Sig.	Result
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		coefficient				
H1	External prestige of the organization - intention to leave the service	-0.51	0.081	-4.985	0.000	Accepted
H2	External prestige of the organization - member-leader exchange	0.72	0.092	7.839	0.000	Accepted
H3	Member Leader Exchange - Intention to leave service	-0.67	0.073	-5.843	0.000	Accepted

To measure the significance of the mediating effect of the leader-follower exchange variable on the relationship between the two variables of the external prestige of the organization and the intention to leave the service, the Sobel test and the VAF test were used. In the Sobel test, the following formula is used to calculate the Z-Value, which can confirm the significance of the mediating effect of a variable by including a value higher than 1.96 at the 95% confidence level.

In relation to the above hypothesis, it can be stated that Z-Value is equal to -4.92, and considering that it is higher than 1.96, it can be stated that member-leader exchange as a mediating variable can have a 95% confidence level in the relationship between Foreign prestige and the desire to leave the service mediate the employees, so it is meaningful. To calculate the ratio of the indirect effect on the total effect, the VAF statistic can be used, which is obtained from the following formula:

$$VAF = \frac{a \times b}{(a \times b) + c} = 0.486$$

Approximately more than 48% of the total effect of the external prestige of the organization on the desire to leave the service of employees is indirectly explained by the mediating variable of leader-follower exchange. According to the final hypothesis of the research, which examines the moderating role of ethical climate in the relationship between the external prestige of the organization and the desire to leave the service of employees, the moderating variable moderates (more or less) the direction or intensity of the relationship between the independent and dependent variables. As it is clear in Figure 2, the path coefficient related to the moral climate variable is equal to -0.34, which with a standard error of 0.060 and a CR value of 3.409 - at a 95% confidence level can indicate the influence of foreign prestige. The organization adjusts the willingness of employees to leave the service. Therefore, the fifth hypothesis of the research was also confirmed.

## Discussion

The present study was conducted with the aim of the effect of the external prestige of the organization on the desire to leave the service, emphasizing the role of mediator of leader-follower exchange and the moderating role of ethical climate in Iranian airlines. The first hypothesis of the research is based on the fact that the external prestige of the organization has a significant effect on the desire to leave the service of employees in airline companies. This hypothesis was confirmed according to the path coefficient -0.51 and the CR statistic -4.985. When the employees believe that the organization has displayed a positive image of itself and has a positive external reputation, this reflection of the image leads to the pride of the employees towards the organization, but when the organization's external image is interpreted negatively, the employees engage in negative and discouraging behaviors. They appear by themselves. This perception may lead to adverse consequences, while the reflected image of positive external credit leads to a reduction in deviant behaviors and stress, job tension, and finally the tendency of employees to leave the service. The results of this hypothesis are consistent with the findings of (14-17). The second hypothesis of the research is based on the fact that the external prestige of the organization has a positive and significant effect on the leader-member exchange in Iranian airlines. This hypothesis was confirmed according to the path coefficient of 0.72 and the CR statistic of 7.839. The credibility and prestige of the organization provides the motivation and willingness of the employees to create flexible and beneficial conditions, and due to the positive prestige of the organization, the employees understand their important responsibilities and act with more motivation in this direction. The organization and positive external credit leads employees and managers to establish effective communication with each other and exchange information and

knowledge, and managers provide the necessary background for sharing knowledge and increasing interactions between employees. The results of this hypothesis are consistent with the findings of (15-19). The test of the third hypothesis of the research is based on the fact that the leader-member exchange has a significant effect on the willingness of employees to leave the service in Iran Airlines. This hypothesis was confirmed according to the path coefficient of -0.67 and the CR statistic of -5.843. Facilitating the relations between managers and employees and existing effective interactions will lead employees to show positive organizational behaviors and reduce their tendency to deviant behaviors such as leaving the service. This hypothesis is consistent with the research results (16, 18). The fourth hypothesis of the research states that the external prestige of the organization through the exchange of member leaders has a significant effect on the desire to leave the service of employees of Iran Airlines. This hypothesis was confirmed according to the path coefficient of 0.486 and the CR statistic at -4.92. The positive external credit facilitates the communication between the members of the organization and leads to more unity of the members for more efforts and provides solidarity and integration. Employees have a high motivation for new innovations and have adapted to new developments and are trying to achieve organizational goals. In this regard, they show positive behaviors due to the positive view they have of the organization and other members. And they avoid negative behaviors such as leaving the service because they consider the organization as a flexible and suitable environment for the development of their talents and abilities, and they try to work in such organizations with positive external prestige. This hypothesis is consistent with the results of hypotheses (13 and 18). The fifth hypothesis of the research states that the moral climate moderates the effect of the external prestige of the organization on the desire to leave the service of employees of Iranian airlines. This hypothesis was confirmed according to the path coefficient of -0.34 and CR statistic of -3.409. The moral climate of the organization shows the values and norms that the organization and the members of the organization behave based on these values, so the moral climate of

the organization can lead to an increase in the positive external prestige of the organization and thus encourage positive behaviors. and prevent the occurrence of negative behaviors such as leaving the service, which imposes an exorbitant cost on the organization. This hypothesis is consistent with the results of the following research hypotheses (14-17).

Suggestions for future research:

- Examining the role of the external prestige of the organization in the effect of personal agreements on the intention to leave the service of employees
- Examining the role of external prestige of the organization on organizational commitment and organizational citizenship behavior
- Investigating the moderating influence of forward-looking personality on the impact of the organization's external prestige on organizational productivity

Also, considering that this research was conducted in Iranian airlines, it is suggested that more researches be conducted in the field of research variables in other companies, which leads to an increase in the generalizability of the findings and can help identify other variables around these relationships. The use of qualitative and mixed research in the field of research variables can also provide new perspectives to future researchers. Considering that the statistical population of this research is the employees of Iranian airlines, it is necessary to pay attention to the structural and environmental differences. Generalizing the research results to other companies is accompanied by some considerations. In addition, the main tool for collecting research data was a questionnaire, the nature of the employees' self-expression may have created a tendency to pretend in response to the questions and affected the results of the research.

## **Conclusion**

The external prestige of the organization affects the existence and future of the organization and leads to different behaviors in order to retain employees and achieve a competitive advantage. Managers and employees work in line with the positive image they have created of the organization and organizational actions in the eyes of stakeholders and shareholders. The

credibility and positive image of the organization leads to the attraction and retention of expert and competent employees in the organization and strengthens the relationship between managers and employees and prevents the occurrence of deviant behaviors and the desire to leave the service. Also, the moral atmosphere that governs the organization itself is one of the factors that leads to a positive view of the employees and stakeholders towards the managers and the organization, which are value-oriented, so the employees become more committed to the organization and their jobs and do not want to leave the organization.

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