
The Dark Side of Paternalistic Leadership: Employee Discrimination and Nepotism

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Abstract:

Purpose: Paternalistic leadership is a prevailing leadership style in environments characterized by high power distance, collectivism, and uncertainty avoidance and is a general aspect of family businesses. With this in mind, the purpose of this study is to investigate paternalistic leadership in Turkish business environment and test the relationship between paternalistic leadership and employee discrimination and nepotism.

Design/Methodology/Approach: Data were collected by a questionnaire from 183 employees working in family owned companies located in Turkey. Convenience sampling was used.

Findings: Findings indicate that benevolent and moral paternalistic leadership is negatively related to perceived discrimination in human resources practices like recruitment, hiring, promotion, assignments, delegation, evaluation, payment, rewards, training and working conditions. Finding of the study shows that when the leader behaves in an authoritarian way, employees specifically perceive nepotism in the hiring process.

Practical Implications: This study sheds light on leadership literature by focusing on a leadership style that is viewed negatively in Western societies, but is found to be a socio-cultural characteristic of India, Pakistan, China and Turkey. It provides an important insight about Turkish culture and a prevailing leadership style which is paternalistic leadership.

Originality/Value: The study is a unique one that combines paternalistic leadership, discrimination and nepotism in a research model.

Keywords: Employee discrimination, nepotism, paternalistic leadership, Turkey.

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1. Introduction

Leaders are those who have the ability and characteristics to get others committed in the same direction by affecting their thoughts and behaviors to get mutual purposes achieved (Mills, 2005). Its key role in organizational success makes leadership a vital managerial function. Among many different leadership types, paternalistic leadership (PL) has been viewed as a valuable management practice, especially in South America, the Middle East and Asia because of the dominant cultural characteristics of high-power distance and collectivism (Aycan, 2006; Pellegrini & Scandura 2006).

Paternalism is characterized as a hierarchical relationship in which a leader guides professional and personal lives of subordinates in a manner resembling a parent and in exchange expects loyalty and deference (Gelfand, Erez & Aycan, 2007). In the related literature, the paternalist leader is commonly portrayed as a beneficent father model who backs them and worries about his/her followers' well-being both on and off the job. Correspondingly, followers are assumed to respond with voluntary compliance and dedication to his/her undisputed authority. Paternalistic leaders aim to develop a family atmosphere in the work setting. They treat employees like a family member and create a relationship as it is between the father and a son or a brother (Cheng & Wang, 2015). To this end, they exhibit benevolent and fatherly approaches towards their subordinates.

According to Aycan, Kanungo, Mendonca, Yu, Deller, Stahl and Kursid (2000), Turkey is a country where paternalism is observed the most. Based on the same study results, it was found that employees in Turkey expect their managers demonstrate paternalistic leadership behaviors. Due to the cultural characteristics of Turkish culture such as collectivism, high power distance and uncertainty avoidance (Hofstede, 2001), it is reasonable to expect a fit between paternalistic style and Turkish cultural assumptions. Moreover, a study conducted by Kabasakal and Bodur, (2003) showed that the most dominant and prevalent manager typology in Turkey is respectively; authoritarian (53%), paternalist (25%), consultant (13,5%) and democratic (8,5%).

The relationship between paternalistic leadership and the follower is characterized as the relationship between the parent and the child. Parents are assumed to place a strong value on equality when interacting with their children. They are expected to act equally to their children in their treatment, decisions and support. However, when it comes to interacting with employees, leaders may not act as equally as parents do. The leader may not dispense his/her authority or benevolence to all subordinates evenly (Redding, 1990). In such a case, he/she is deemed as being deliberate in extending of an unjust favor to someone. Therefore, any differential treatment is likely to transform this father-like leadership style into a form of workplace discrimination (Aycan, 2006; Börekçi, 2009).

Paternalistic leadership has been frequently stated as a general aspect of family businesses (Dyer, 1986) in which the leader/follower-bond widely mirrors the parent/child-bond (Sheer, 2012). On the other hand, nepotism is also very common in family owned companies, too. Nepotism is defined as hiring and promoting unqualified or underqualified relatives simply by the virtue of their relationship with an employer, officer or shareholder (Wong & Kleiner, 1994). According to Finelli (2011) nepotism is an essential condition for the survival of family businesses because the owners of these companies mostly trust their relatives to secure continuity of family inheritance. However, it has the potential to create feelings of discrimination within the work environment among other employees.

Discriminatory treatment may appear in a variety of shapes and on numerous grounds (Pavalko, Mossakowski & Hamilton, 2003). A number of factors both inside and outside the organization give rise to that. While there is an abundant research on discrimination underlying factors triggering discrimination did not draw too much attention in the literature. Similarly, nepotism has been an inadequately surveyed and is not a very well understood topic in the management literature, too (Vinton, 1998). Thus, perceived discrimination and nepotism deserves more attention by management researchers.

As highlighted by Pellegrini and Scandura (2008) even though paternalistic leadership has increasingly drawn the attention of researchers for the last two decades, still more studies are required on the consequences of it. When the related literature is analyzed, it is seen that the majority of the research findings come from Chinese culture (Cheng, Chou, Wu, Huang & Farh, 2004; Chee, Ying, Lung & Ying, 2007; Wu, Huang & Chan, 2012; Cheng & Wang, 2015). However, paternalistic leadership is a prevalent leadership style in Turkish companies as well due to the cultural characteristics of Turkish culture. Without a doubt, more research on paternalistic leadership focusing on Turkish culture will add a lot to the literature.

The majority of the existing research has studied paternalistic leadership with a greater emphasis on its positive outcomes such as improved team cohesiveness (Chen, 2013), job satisfaction (Chou, 2012), organizational commitment (Erben & Güneşer, 2008), and in-role and extra-role performance (Chen, Eberly, Chiang, Farh & Cheng, 2014). However, the dark side of paternalistic leadership has somehow remained in the shadow. Thus, this study intended to draw attention to paternalistic leadership in Turkish culture and to its potential negative outcomes such as perceived employment discrimination and nepotism.

This study concentrates on the relationship between paternalistic leadership and employee discrimination and nepotism because it is thought that because of the autocratic style of paternalistic leadership, the leader will discriminate between his followers. Due to the absolute authority and control the leaders has over his subordinates and the expectation of unquestionable obedience from subordinates, those who do not conform with the authority and demands of the leader will be

treated differently. Employees' disobedience might simply trigger the leader to discriminate between the subordinates. Secondly, nepotism, which refers to giving special privileges to relatives, is commonly observed in family owned companies. To some extent that is understandable because families try to have continuity of business among generations to secure growth of their inheritance. Moreover, paternalistic leadership behaviors are very common in family owned companies, too. The leader, generally a family member, retains all power and authority and makes all the key decisions, distrusting outsiders. Due to this connection, it is thought that paternalistic leadership will be related to nepotism.

There exists a substantial literature examining each concept. However, to date, no empirical study exploring the relationship between these variables has been carried out. Therefore, this research is expected to enrich the literature by further exploring the influence of paternalistic leadership on organizational outcomes and subordinates' perceptions.

2. Literature Review

2.1. Paternalistic Leadership

Paternalism was depicted as a father-like leadership style in which strong authority is combined with concern and considerateness (Westwood & Chan, 1992 in Pellegrini & Scandura, 2008). It is also defined as the practice of excessively caring for others so as to interfere with their decisions and autonomy (Pellegrini & Scandura, 2008). This interference is generally justified by the protection and improvement of interests of those being intervened with. Paternalistic relationship involves the leader's provision of direction, attention and backing for the subordinates who, in turn, respond to this with genuine devotion, esteem and submission (Aycan *et al.*, 2000; Pellegrini & Scandura, 2006).

Within the organizational framework, paternalistic leader treats his employees in a fatherly manner and gives the message that employees are the members of one big family (Aycan, 2006). Fleming (2005) calls this managerial paternalism and implies that this type of employment relationship along the lines of a parent/child configuration of authority is an instrument of managerial control. This indicates that paternalism creates a bilateral and hierarchical bond between the leader and the employees (Aycan *et al.*, 2000; Aycan, 2006).

Paternalistic leadership is modeled as a construct with three contradicting aspects: authoritarianism, benevolence and morality. Authoritarianism is inherent in indigenous values within China's patriarchal family system, Confucian ethic of respect for vertical order and long history of imperial rule (Farh *et al.*, 2006). Authoritarian leadership indicates behaviors that assert absolute authority and control over subordinates and demands unquestionable obedience from them (Farh & Cheng, 2000). Benevolent leadership implies leading by individualized care,

understanding and forgiving (Cheng *et al.*, 2004). The origin of this dimension lies in the Confucian principle of the generous and gentle senior (Farh, Cheng, Chou & Chu, 2006). Benevolent leadership includes individualized, holistic concern for subordinates' personal and family well-being (Farh & Cheng, 2000). Moral leadership is generally characterized as demonstrating superior personal virtues, self-discipline and unselfishness (Cheng *et al.*, 2004). The leader treats followers equitably, fulfills their promises, never misuses authority or plays upon employees for his own good and abstains from retaliation against a person for the sake of society (Cheng *et al.*, 2004; Pellegrini & Scandura, 2008; Niu, Wang & Cheng, 2009). In return for these behaviors, employees admire and internalize the superior's honesty and attempt to imitate his merits (Farh *et al.*, 2006).

According to Wu, Huang, Li and Liu (2011), the three opposite components of paternalistic leader actually exert different effects on employees' perceptions and outcomes, and at the same time they coexist, interact, and form paternalistic leadership as a whole. In line with this argument, empirical research has found that moral leadership and benevolent leadership are positively related to job performance and OCB (Cheng *et al.*, 2004, Farh *et al.*, 2006), job satisfaction and psychological health (Chao & Kao, 2005), whereas authoritarian leadership style is negatively related to job performance and OCB (Aryee, Chen, Sun & Debrah, 2007; Liang, Ling & Hsieh, 2007), job satisfaction and psychological well-being (Chao & Kao, 2005). Based on the argument related to the different effects of the three components of paternalistic leadership, we also propose that there will be different relationships between the three components of paternalistic leadership and employee discrimination and nepotism.

In 2000, Aycan and her associates conducted a study on paternalism in ten countries and found different national scores as a result of their analyses. India, Pakistan, China and Turkey were rated topmost on paternalistic values, whereas Israel and Germany were rated undermost with Romania, Russia, Canada and the USA in the center (Aycan *et al.*, 2000). Furthermore, the same research confirmed collectivism and power distance as the shared cultural features of those highly paternalistic nations. According to Hofstede's cultural framework, Turkey is categorized as high on power distance, collectivism and uncertainty avoidance (Paşa, Kabasakal & Bodur, 2001; Hofstede & Hofstede, 2005). High power distance indicates that employees generally prefer their superiors to make decisions rather than being part of the decision making process (Pellegrini & Scandura, 2006). Subordinates are expected to call superiors as Bey (Mr.) or Hanım (Mrs.) after their first name.

Communication as well as feedback are indirect, seniors are generally inaccessible and the ideal boss is a father figure (Hofstede & Hofstede, 2005). The society is not tolerant of ambiguity and feels pressured by unknown circumstances. This anxiety and the need to feel secured is lowered by way of taking authority and high power differences for granted (Pellegrini & Scandura, 2006). Because of these dominant cultural characteristics, superiors generally engage in paternalistic practices and

exhibit parental concern for the welfare of their followers. Other factors such as intensive family orientation, centralized state structure of the Ottoman Empire, the leading role of the Turkish Army in shaping national security policies, instabilities on economic growth and inadequate social security benefits have made paternalistic leadership a convenient management style for Turkish society (Pellegrini & Scandura, 2006; Ersoy, Born, Deros & Molen, 2012).

Clearly, the related literature reports paternalistic leadership as an effective leadership style in collectivistic societies (Uhl-Bien, Tierney, Graen & Wakabayashi, 1990; Aycan *et al.*, 2000; Martinez, 2003; Farh *et al.*, 2006; Pellegrini & Scandura, 2006) and it is positively connected to employment outcomes like organizational commitment, job satisfaction, compliance, employee reactivity and obligation, goal setting, LMX and trust in supervisor (Uhl-Bien *et al.*, 1990; Aycan, Kanungo & Sinha, 1999; Cheng *et al.*, 2004; Farh *et al.*, 2006; Chou, 2012; Wu *et al.*, 2012; Rehman & Afsar, 2012). However, the concern of this study is to understand the possible drawbacks of paternalistic leadership. Based on the literature review, it is assumed that perceived discrimination and nepotism may be the possible, but unpleasant work outcomes of paternalistic leadership. In fact, the leader may not be fair or impartial in his/her dispersion of authority or benevolence to subordinates (Redding, 1990) or may give priority to familial ties. Such differential managerial attitudes are likely to create feelings of discrimination within the work environment. Thus, both perceived employment discrimination and nepotism are in the scope of this study to investigate their relationship with paternalistic leadership.

2.2. Employee Discrimination

In general, discrimination refers to the unfair behavior or unequal treatment accorded others on the basis of their group membership or possession of some arbitrary trait (Dion, 2001). Discrimination is generally grounded on prejudice, which is a judgement or bias towards an individual merely on the basis of that person's social identity, sex, race, ethnicity or any other characteristic. While discrimination indicates an actual action, prejudice just implies an unjustified, rigid and illogical attitude. On the other hand, prejudice rests on stereotypes, which encompass generalizations regarding the regular traits of a group (Borsato, 2008). Although these three concepts are highly interconnected, having prejudice or stereotypes does not certainly lead to discriminatory action (Goldman Gutek, Stein & Lewis, 2006).

Employment constitutes the most prevalent domain of discrimination (Kessler, Mickelson & Williams, 1999 in Pavalco, Mossakowski & Hamilton, 2003). Becker (1971) describes employment discrimination as giving different pay for equally productive individuals due to a membership in a certain group (in Pasternak 2011). As stated by Bayer (1987), any employment condition or criterion compelling individuals because of their sex, race or ethnicity, either to alter behavior or lose an

employment opportunity, suffer an employment penalty or forfeit an employment benefit raises question of discrimination.

Employment discrimination has been studied extensively in the field of Industrial/Organizational (I/O) Psychology (Harris, Lievens & Hoye, 2004). Thus, there is an outstanding literature reporting the existence and measurement of employment discrimination. Review of the related literature provides substantial proof that actual discrimination is highly prevalent in the workplace. However, this study measures perceived employee discrimination because prior to making a claim, an individual must perceive discrimination has taken place. In measuring employee discrimination, it is important to note whether or not an individual perceives discrimination against him/herself in the workplace (Harris *et al.*, 2004). Perceptions of unequal treatment do not appear in the minds of its targets because there probably exists a number of environmental and organizational factors bringing on such perceptions. One of these organizational factors might be the leadership style of the superior, leading to the perceptions of discrimination because the leader is the point of contact with whom employees interact frequently in the work place. The leader also represents the organization and might be responsible for rewarding, disciplining and allocating resources. Thus, any special treatment or different application with respect to the leader's behaviors and attitudes might easily lead to perceived employee discrimination.

As stated by Cheng and Wang (2015), a paternalist manager tries to set up a family atmosphere in the work place. For this purpose, he/she attempts to establish direct and intimate relationships with the subordinates. Being acquainted with every employee requires frequent and quality contacts both on and off the job. Generally, this approach has favorable influences on workers' behaviors in collectivistic communities (Gelfand, Erez & Aycan, 2007). The concern, backing and safeguarding donated by the leader satisfy workers' demands for sincere and constant individual relationships (Pellegrini & Scandura, 2008; Hofstede, 2001). On the other hand, paternalistic leadership - follower bond exactly mirrors the parent – child bond (Sheer, 2010). A father mostly deals with his children equally in the family, but an employer may exhibit favored treatment towards some employees in the work place. He/she may refrain from developing frequent personal contacts with every worker and may prefer to play on favorites. Upon such preferential approach, those being disregarded may perceive themselves being discriminated against.

Similarly, Aycan (2001) suggests that paternalistic managers may be partial or in favor of some employees who they think are more loyal (in Köksal, 2011) and show unquestioned obedience to themselves. They may be reluctant to satisfy needs of each subordinate equally. In fact, According to Aycan (2006) the prevalence of a preferential paternalistic approach has resulted in the lack of institutionalization, leading to favoritism in most developing societies. Consequently, such managerial attitudes are likely to promote feelings of discrimination among employees.

Sinha (1995) clearly explains the paternal leaders' tendency to preferential treatment as follows (in Aycan 2006): "*The differential love and care of the paternal boss are generally reciprocated by similar feelings and acts. The loved and cared ones get increasingly close to the father [the paternal figure] while others are distanced. The leader starts to believe that so-and-so is really bright and dynamic and therefore, in good faith, tends to extend favors to him*". As stated also by Redding (1990), due to the tendency to allow personal factors to be included in decision-making, the leader's authoritarianism and benevolence may not be extended to all subordinates uniformly but to different subordinates in varying degrees. Colella and Garcia (2004) characterize paternalistic leadership as a potential source of workplace discrimination and state that paternalistic leadership is likely to be an unfavourable management style for employees due to its acceptance of power inequalities within employment relationship (in Pellegrini, Scandura & Jayaraman, 2010).

In the light of these arguments, it is thought that paternalistic leaders are very likely to discriminate between their subordinates. However, moral and benevolent dimensions of paternalistic leadership might be negatively related to perceived employment discrimination. It is important to remember that moral paternalistic leadership treats followers equitably, fulfills their promises, and never misuses authority (Pellegrini & Scandura, 2008; Niu, Wang & Cheng, 2009). Benevolent leadership shows individualized concern for subordinates' personal and family well-being (Farh & Cheng, 2000). These kind of positive behaviors are less likely to trigger perceived employee discrimination. Based on this, the following hypotheses were developed:

H1: There is a significant relationship between paternalistic leadership and employee discrimination.

H1a: There is a positive relation between authoritarian dimension of paternalistic leadership and employee discrimination.

H1b: There is a negative relation between benevolent dimension of paternalistic leadership and employee discrimination.

H1c: There is a negative relation between moral dimension of paternalistic leadership and employee discrimination.

Another purpose of this study is to investigate the relationship between paternalistic leadership and nepotism. The reason is nepotism is a kind of management illness observed primarily in family owned companies. The owner or the manager of the company recruits family members without taking their skills, knowledge and experience into consideration and the main reason is trust is more important than their expertise. This unfair application of a manager creates serious problems in organizations. The role of the leader or the manager is quite critical in this treatment. Therefore, it is thought that paternalistic leadership will be related to nepotism and paternalistic leadership will show special treatment towards his/her relatives.

2.3. Nepotism

The expression of nepotism refers to the narrowly applied type of favoritism, which means the provision of special privilege to friends, colleagues and acquaintances in the areas of employment, career and personnel decisions (Araslı & Tumer, 2008). While favoritism indicates special treatment of an individual or a group over others, nepotism indicates special treatment of relatives only. Nepotism describes the cases where privileges are accorded to some people just on the basis of their familial connections (Mulder, 2008).

According to Lansberg (1983) nepotism appears when the family is given rewards and privileges in the company to which they are not entitled based on their merit and competence. Nepotism is widespread around the world and its practices are highly visible in developing societies as well (Abdalla, Maghrabi & Raggad, 1998). According to Araslı, Bavik and Ekiz (2006), favoring relatives mostly appear in small societies whose sociocultural, economic, educational and political structures force people to support their close relatives or friends. The current literature mostly associates nepotism with small organizations (Wexler, 1982; Ford & McLaughlin, 1986) whose leaders were observed as unwilling to display accusatory and preventive approach against nepotistic practices (Ewing, 1965 in Dickson, Nieminen & Hanson, 2012).

Family-run companies constitute the most prevailing type of businesses in the world (Colli, 2003; Westhead & Howorth, 2007; Schulze, Lubatkin, Dino & Buchholtz, 2001). They have a considerable share in the building of national wealth (Shanker & Astrachan, 1996). Research shows that nepotistic actions most widely occur in family businesses (Kets de Vries, 1993; Araslı, Bavik & Ekiz, 2006; Asunakutlu & Avcı, 2010; Keleş, Özkan & Bezirci, 2011; Jaskiewicz, Uhlenbruck, Balkin & Reay, 2013). It is obvious that families strive for continuity of business among generations basically to secure growth of their inheritance. Moreover, family member employees expect to be favored by the owners due to their “in-group status” (Spranger, Colarelli, Dimotakis, Jacob & Arvey, 2012). As frequently indicated by the literature, family companies are supposed to surpass the performance of equivalent non-family companies due to their high familial assets and low agency costs (Dyer, 2006). Hence, their success was interpreted by Slack (2001 in Padgett & Morris, 2005) as an indirect approval of nepotism as a recruitment practice.

It is clearly stated by the literature that Eastern organizations have been generally structured on the family business model where paternalism and nepotism are widely practiced (Kets de Vries, 1993; Farh *et al.*, 2006; Johannisson & Huse, 2000; Dyer, 1986; Schroeder, 2011). Redding (1990) expresses those businesses’ management ideology with the concept of patrimonialism implying topics like paternalism, hierarchy, familialism, mutual obligation, personalism and connections (in Dorfman, Howell, Hibino, Tate & Bautista, 1997). Several studies have underlined that authority and supervision over subordinates are frequently secured through paternalism and nepotism (Redding, 1990; Farh *et al.*, 2006; Yeung, 2000). Dorfman and his associates (1997) also cite that in Chinese businesses control is gained by

means of conformity, nepotism and obligation networks (guanxi), not via any penalties or prizes conditional on performance (Redding & Wong, 1986).

According to a model of paternalistic headship developed by Westwood (1997), paternalistic leadership is manifested in a context characterized by centralization, low formalization, harmony building, and personalism via some elements which one of them is “patronage and nepotism”. Accordingly, leaders have an ethical responsibility to secure their relatives’ welfare. With this purpose, they commonly hire their relatives for the most important positions. They consider this as a strategic measure because the degree of trust in relatives is higher and family ties constitute a stronger guarantee of managerial control. As Kabasakal and Bodur (2003) assert, paternal managers are likely to extend organizational resources or opportunities preferably to devoted subordinates while denying the rest (in Erben & Güneşer, 2008). They suggest that paternalistic leadership has the potential to evolve into nepotism.

In light of these theoretical reasons, the present study assumes that nepotism might be promoted at the workplace by paternalistic leaders. It is thought that moral and benevolent dimensions of paternalistic leadership will be likely to correlate negatively to nepotism due to the ethical virtue of the leader and individualized concern shown for all employees’ well-being. These dimensions will less likely trigger nepotism in the organization. Based on these arguments, the following hypotheses were developed:

H2: There is a significant relation between paternalistic leadership and nepotism.

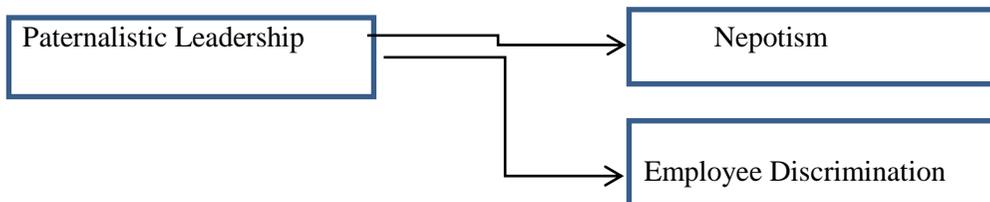
H2a: There is a positive relation between authoritarian dimension of paternalistic leadership and nepotism.

H2b: There is a negative relation between benevolent dimension of paternalistic leadership and nepotism.

H2c: There is a negative relation between moral dimension of paternalistic leadership and nepotism.

In the light of the theoretical framework drawn above, Figure 1 depicts the research model of the study.

Figure 1. Research Model of the Study



3. Methodology

i) Sample:

The data for this study were collected from some private sector family owned organizations located in Istanbul, Gaziantep and Mersin. These organizations are in the industries of fuel, textile, construction and beverage distribution. The reason why family owned companies were selected is that paternalism was found to be a common aspect of organizational culture in family companies (Chirico, Ireland & Sirmon, 2011). According a study conducted by PwC, family owned companies have an important role in Turkish culture and constitute the 95% of Turkish economy. Due to the low level of probability of institutionalization and management system in family owned companies, perceptions among employees regarding nepotism might be higher.

The data were collected by convenience sampling. 210 employees were asked to complete the questionnaire. Out of 210, 183 questionnaires were usable in order to test the developed hypotheses. The sample consisted of 103 males and 80 females. The sample included a wide range of ages (subject ages were between 18-56 years). 58 % of the sample have a bachelor's degree, 31 % have a high school degree, 8 % have a postgraduate degree and 3 % have an elementary school degree. Total work experience of the respondents varies between 1 and 35 years. 73 % of the respondents had been working for 1-5 years in their organization. The details of the descriptive statistics of the sample are shown in Table 1.

Table 1. Descriptive Statistics of the Sample

Variable	N	Percentage	Mean	Standard Deviation
Range				
Gender				
Male	103.	56		
Female	80	44		
Age	183		32.3	7.7
18-56				
Marital Status				
Married	93	51		
Single	90	49		
Education Level				
Elementary School	6	3		
High School	56	31		
University	107	58		
Post Graduate	14	8		
Total Experience	183		11.8	8.45
1-35 years				
Tenure	183		4.4	4.45
1-25 years				

ii) Measurement Instruments:

Paternalistic Leadership was measured by the 26-item scale developed by Cheng *et al.* (2004). The scale measures three dimensions of paternalistic leadership: benevolent, authoritarian and moral. Some sample items are: “My supervisor is like a family member when he/she gets along with us,” “My supervisor doesn’t take credit for my achievements and contributions for himself/herself,” “My supervisor asks me to obey his/her instructions completely”. A six-point Likert scale was used ranging from strongly disagree (1) to strongly agree (6).

Employee Discrimination was measured by the 24-item scale by Menişa (2006). The scale measures employees’ perceptions of discrimination with regard to two factors. The first factor is discrimination due to personal characteristics. It consists of 12 items related to the grounds of discrimination like: age, gender, marital status or status as a parent, pregnancy, ancestry, religious, philosophical or political belief, sexual orientation, physical disability, physical appearance, social- economic status, educational level and favoritism. The second factor is discrimination in human resources applications. It consists of 12 items related to the domains of discrimination in HR applications like: recruitment, hiring, promotion, assignments, delegation, evaluation, travel, leaves, vacations, payment and rewards, benefits, training and working conditions. A six-point Likert scale was used to measure perceived employment discrimination ranging from strongly disagree (1) to strongly agree (6).

Nepotism was measured by the 14-item scale by Asunakutlu and Avcı (2010). The scale is based on the work of Abdalla, Maghrabi, and Raggad (1998) and Ford and McLaughlin (1985). The questionnaire has three factors: nepotism in the promotion process, nepotism in treatment and nepotism in the hiring process. Some sample items are: “No matter how successful I am in this organization, I cannot get ahead of the managers’ acquaintances,” “In this organization; knowledge, skills and competencies are of secondary importance in the promotion process,” “Getting reference of someone in management position is considerably important in the hiring process”. A six-point Likert scale was used to measure nepotism ranging from strongly disagree (1) to strongly agree (6).

4. Analysis and Findings**4.1 Factor Analysis**

This section includes both the exploratory and confirmatory factor analysis of the scales used in the study. SPSS 20.0 was used for exploratory factor analyses and confirmatory factor analyses were conducted by AMOS-16.

Exploratory Factor Analysis: 26 items of the paternalistic leadership measure were entered into the factor analysis. Three items (12, 14, 25) that had cross-loadings were left out of the analysis. The remaining 23 items were loaded on four factors explaining 64.377 % of the total variance. Considering the original factors

(benevolent, moral and authoritarian paternalistic) that Cheng et al (2004) found as a result of their study, items loaded on four factors in this study. Authoritarian paternalistic items loaded on two separate factors. Therefore, the resulting factors were named as behaviorally authoritarian paternalistic and managerially authoritarian paternalistic. The detailed results of the factor analysis are shown in Table 2.

Table 2. Factor Analysis Results of Paternalistic Leadership Scale

FACTOR 1: Benevolent Paternalistic	% variance: 26.394
Factor Loadings	
My supervisor takes good care of my family members as well.	.805
My supervisor handles what is difficult to do or manage in everyday life for me.	.795
My supervisor ordinarily shows a kind concern for my comfort.	.779
My supervisor devotes all his/her energy to taking care of me.	.760
Beyond work relations, my supervisor expresses concern about my daily life.	.752
My supervisor is like a family member when he/she gets along with us.	.741
My supervisor meets my needs according to my personal requests.	.734
My supervisor will help me when I'm in an emergency.	.684
My supervisor encourages me when I encounter arduous problems.	.674
My supervisor tries to understand what the cause is when I don't perform well.	.602
My supervisor takes very thoughtful care of subordinates who have spent a long time with him/her.	.526
FACTOR 2 : Moral Paternalistic	
% variance: 14.898	
My supervisor doesn't use guanxi (personal relationships) or back-door practices to obtain illicit personal gains.	.827
My supervisor doesn't take the credit for my achievements and contributions for himself/herself.	.816
My supervisor doesn't take advantage of me for personal gain.	.752
My supervisor employs people according to their virtues and doesn't envy others' abilities and virtues.	.661
FACTOR 3 : Behaviorally Authoritarian Paternalistic	
% variance: 14.265	
My supervisor scolds us when we can't accomplish our tasks.	.820
We have to follow his/her rules to get things done. If not, he/she punishes us severely.	.796
I feel pressured when working with him/her.	.769
My supervisor always behaves in a commanding fashion in front of employees.	.702
My supervisor exercises strict discipline over subordinates.	.663
FACTOR 4 : Managerially Authoritarian Paternalistic	
% variance: 8.819	
My supervisor asks me to obey his/her instructions completely.	.768
My supervisor determined all decisions in the organization whether they are	.750

important or not.

My supervisor always has the last say in the meeting. .738

Kaiser-Meyer-Olkin Value: .888 df : 253
Bartlett Significance Value: .000 Chi-Square Value: 2441.103

In order to find the factor structure of employee discrimination, factor analysis using principal components solution with varimax rotation was used. 24 items of the employee discrimination scale were entered into the factor analysis. As a result of the analysis, items 4, 5, 9, 15 in discrimination in HR applications factor and items 8, 9, 10 in discrimination due to personal characteristics factor were left out of the analysis due to crossloading. The remaining 17 items were loaded on two factors explaining 69.852 % of the total variance. Factors were named as discrimination in HR applications and discrimination due to personal characteristics considering the original factors in the related literature. The detailed results of the factor analysis are shown in Table 3.

Table 3. Results of the Factor Analysis of Employee Discrimination Scale

FACTOR 1: Discrimination in HR Applications	% variance: 49.425
Factor Loading	
discrimination in work assignments	.900
discrimination in work delegation	.880
discrimination in promotions	.877
discrimination in employee selection	.877
discrimination in performance evaluations	.844
discrimination in recruitment	.826
discrimination in work conditions (work load, office space, etc.)	.772
discrimination in training programs	.755
discrimination in business trips	.725
FACTOR 2 : Discrimination due to Personal Characteristics	% variance: 20.427
discrimination due to sexual preference	.892
discrimination due to gender	.877
discrimination due to marital status	.833
discrimination due to physical disability	.811
discrimination due to age	.780
discrimination due to religion, ethnicity or political belief	.747
discrimination due to socioeconomic status	.742
discrimination due to education level	.721

Kaiser-Meyer-Olkin Value: .921 df : 136
Bartlett Significance Value: .000 Chi-Square Value: 2903.986

Then, 14 items of the nepotism measure were entered into the factor analysis. As a result of the analysis, one item (11) that had cross-loading was left out. The remaining 13 items were loaded on two factors explaining 69.851 % of the total

variance. Considering the original factors (nepotism in the promotion process, nepotism in treatment and nepotism in the hiring process) that Asunakutlu and Avcı (2010) found as a result of their study, items loaded differently in this study. Nepotism in the promotion process and nepotism in treatment items loaded on a single factor. So, the resulting factor was named as nepotism in the after-hiring processes and nepotism in the hiring processes. The detailed results of the factor analysis are shown in Table 4.

Table 4. Results of the Factor Analysis of Nepotism Scale

FACTOR 1: Nepotism in After-Hiring Processes	% variance: 49.425
Factor Loadings	
No matter how successful I am in this organization, I cannot get ahead of its managers' acquaintances.	.864
In this organization, middle and lower level managers treat their acquaintances differently.	.848
In this organization, those employees who have an acquaintance in a management position are respected by other employees.	.846
In this organization, job requirements are not taken into consideration in the promotion process of employees.	.831
In this organization, before all else, family and affinity ties are taken into consideration in the promotion process.	.825
In this organization, getting a promotion is easier for acquaintances of its managers.	.780
I think that dismissal or punishment of acquaintances of managers is quite difficult in this organization.	.767
Those who have acquaintances in this organization more easily benefit from organization's resources.	.726
In this organization, knowledge, skills and competencies are of secondary importance in the promotion process.	.677
In this organization, I refrain from those who have an acquaintance in a management position.	.573
FACTOR 2 : Nepotism in Hiring Process	
% variance: 20.427	
Getting reference of someone in management position is considerably important in the hiring process.	.863
Priority is given to acquaintances in the hiring process.	.786
Those who have acquaintances and applying for a job do not encounter difficulties in the hiring process of this organization.	.747
Kaiser-Meyer-Olkin Value: .937 df : 78	
Bartlett Significance Value: .000 Chi-Square Value: 1882.285	

Confirmatory Factor Analysis: Based on the factor structure of the scales obtained from exploratory factor analyses, confirmatory factor analysis was used to test the models for three scales of the study. Results showed that chi square value for paternalistic leadership scale is $\chi^2/df=1.96$, for employee discrimination it is $\chi^2/df=1.91$ and for nepotism it is $\chi^2/df=1.98$. In addition to chi square, GFI, AGFI, CFI, RMSEA and SRMR fit indices were calculated, too. Based on the results, it can

be said that the models for all three scales had a good fit to the data. Results are shown in Table 5.

Table 5. Goodness of Fit Indices for the Confirmatory Factor Analysis of Models

Fit Indices	Good Fit	Accepted Fit	Fit Indices of the Scales		
			Paternalistic Leadership	Employee Discrimination	Nepotism
χ^2/df	$0 \leq \chi^2/df \leq 2$	$2 \leq \chi^2/df \leq 5$	1.956	1.911	1.984
P value	$0.05 \leq p \leq 1$	$0.01 \leq p \leq 0.05$	.000	.000	.000
RMSEA	$0 \leq RMSEA \leq 0.05$	$0.05 \leq RMSEA \leq 0.08$	.072	.071	.074
SRM R	$0 \leq SRM R \leq 0.05$	$0.05 \leq SRM R \leq 0.1$	.061	.060	.063
NFI	$0.95 \leq NFI \leq 1.0$	$0.90 \leq NFI \leq 0.95$	.831	.927	.936
CFI	$0.97 \leq CFI \leq 1.0$	$0.95 \leq CFI \leq 0.97$	.908	.964	.967
GFI	$0.95 \leq GFI \leq 1.00$	$0.90 \leq GFI \leq 0.95$	.843	.877	.906
AGFI	$0.90 \leq AGFI \leq 1.00$	$0.85 \leq AGFI \leq 0.90$	.854	.836	.862
RFI	$0.90 < RFI < 1.0$	$0.85 < RFI < 0.90$	.807	.914	.920

Source: Schermelleh-Engel-Moosbrugger (2003).

4.2 Reliability Analysis

A reliability analysis was conducted for paternalistic leadership, perceived employment discrimination and nepotism scales and their subscales. Cronbach’s alpha for paternalistic leadership scale is .867; for benevolent leadership it is .928; for moral leadership alpha is .855; for behaviorally authoritarian leadership it is .847 and for managerially authoritarian leadership alpha is .763. Cronbach’s alpha is found as .915 for discrimination due to personal characteristics and .850 for discrimination in hiring practices dimensions. Alpha value is .945 for nepotism in after-hiring processes and .825 for nepotism in hiring processes dimensions. All the scales and subscales have a fairly high internal consistency. The reliability coefficients, means and standard deviations for factors of paternalistic leadership, perceived employment discrimination and nepotism are represented in Table 6.

Table 6. Means, Standart Deviations and Reliability Coefficients of Scales and Subscales

Mean	Scale	Standart Deviation	Reliability (Alpha)
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Paternalistic Leadership (overall)	3.9237	.74910	.867
Benevolent Paternalistic	3.9925	1.17785	.928
Moral Paternalistic	4.5164	1.27626	.855
Behaviorally Authoritarian	3.0055	1.30720	.847
Managerially Authoritarian	4.2641	1.21401	.763
Paternalistic Perceived Discrimination			
Employment Discrimination due to Personal Characteristics	1.3229	.73159	.915
Discrimination in HR Applications	2.2582	1.45564	.950
Nepotism in After-Hiring Processes	4.0169	1.75558	.945
Nepotism in Hiring Process	4.6903	1.73875	.825

4.3 Correlation Analysis

Results show a negative and significant correlation between benevolent paternalistic and discrimination in HR applications ($r = -0.245$, $p < 0.01$). It indicates that the more benevolence a leader shows, the less discrimination employees perceive in HR applications. Thus, H1b was partially supported. The relationship between moral paternalistic and discrimination in HR applications was also found as negative and statistically significant ($r = -0.164$, $p < 0.05$). That is, the more morality a leader exhibits, the less discrimination employees perceive in HR applications. Thus, H1c was partially supported. Since, no significant correlation was found between authoritarian dimension of paternalistic leadership (PF3 and PF4) and factors of employee discrimination (DF1 and DF2), H1a stating “there is a positive relation between authoritarian dimension of paternalistic leadership and employee discrimination” was not supported.

Regarding the relationship between paternalistic leadership and nepotism, results show a negative and significant correlation between benevolent paternalistic leadership and nepotism in after-hiring processes ($r = -0.298$, $p < 0.01$). It indicates that the more benevolence a leader shows, the less nepotism is perceived in the after-hiring processes. Thus, H2b was partially supported. Additionally, it was found that there is a significant negative relationship between moral paternalistic and nepotism in after-hiring processes ($r = -0.386$, $p < 0.01$). That means the more morality a leader exhibits, the less nepotism is perceived in the after-hiring processes. Thus, H2c was partially supported. The results also indicate that there is a significant positive relationship between behaviorally authoritarian paternalistic and nepotism in the hiring process ($r = 0.223$, $p < 0.01$). That is, the more authoritarian behaviors a leader exhibits, the more nepotism is perceived in the hiring process. Thus, H2a was partially supported.

Correlations between the factors of paternalistic leadership, employee discrimination and nepotism were presented in Table 7.

Table 7. *Correlations of Paternalistic Leadership and Perceived Employment Discrimination*

	1	2	3	4	5	6	7	8
Benevolent Paternalistic	1							
Moral Paternalistic	.616**	1						
Behaviorally Auth. Patern.	-.199**	-.195**	1					
Managerially Auth. Patern.	-.001	-.005	.583**	1				
Discrimination Due to Personal Characteristics	-.117	.010	.214	.088	1			
Discrimination in HR Practices	-.245**	-.164*	.010	-.094	.466**	1		
Nepotism in After-Hiring Processes	-.298**	-.386**	.114	-.040	.238	.104	1	
Nepotism in Hiring Process	-.145	-.111	.223*	.089	.186	.216	.637**	1

** Correlation is significant at the .01 level (2-tailed).

* Correlation is significant at the .05 level (2-tailed).

4.4 Regression Analysis

Regression analysis was used to see whether paternalistic leadership contributes to perceived employment discrimination and nepotism. Regression analysis was used because it helps to understand how the value of the dependent variable changes when any one of the independent variables is varied while the other independent variables are held fixed. This analysis shows the largest contribution of the independent variable out of a group of independent variables, which are assumed to affect the dependent variable. Age and tenure of the respondents were controlled during the regression analyses.

Before starting, basic assumptions of the regression analysis were checked. Firstly, the data was controlled for outliers. Secondly, multicollinearity was checked and no multicollinearity was found between the independent variables. The data was also checked for normality. As a result, it was found that the assumptions for the regression analysis were not broken.

Regression analysis between paternalistic leadership factors and employee discrimination factors showed that only benevolent paternalistic has a negative influence on discrimination in HR applications. However, other factors of paternalistic leadership have no significant effect on discrimination due to the personal characteristics factor of employee discrimination. Results of the regression analysis are shown in Table 8.

Table 8. Results of Regression Analysis Between Paternalistic Leadership and Discrimination in HR Applications

Dependent Variable: Discrimination in HR Applications			
Control Variables value	Beta	t value	p
Age	.003	.021	.983
Tenure	.032	.240	.881
Independent Variables:			
Benevolent Paternalistic	-.228	- 2.467	.015
Moral Paternalistic	-.019	-.207	.836
Behaviorally Authoritarian Paternalistic	.024	.260	.795
Managerially Authoritarian Paternalistic	-.108	- 1.196	.233

R=.263; **R**²=.069; **F value**=3.317; **p value**=.012

The regression analysis between paternalistic leadership factors and nepotism in after-hiring factor showed that only moral paternalistic has a negative influence on nepotism in after-hiring processes ($r=-.316$; $p=.000$). Results are tabulated in Table 9.

Table 9. Results of Regression Analysis Between Paternalistic Leadership and Nepotism in After-Hiring Processes

Dependent Variable: Nepotism in After-Hiring Processes			
Control Variables value	Beta	t value	p
Age	-.012	-.140	.889
Tenure	-.088	-1.062	.890
Independent Variables:			
Benevolent Paternalistic	-.086	-.975	.331
Moral Paternalistic	-.316	- 3.611	.000
Behaviorally Authoritarian Paternalistic	.091	1.035	.302
Managerially Authoritarian Paternalistic	-.095	- 1.111	.268

R=.402; **R**²=.162; **F value**=8.598; **p value**=.000

When the influence of paternalistic leadership factors on nepotism in the hiring process was tested, it was also found that only behaviorally authoritarian paternalistic has a positive influence on nepotism in the hiring process. Results are shown in Table 10.

Table 10. Results of Regression Analysis Between Paternalistic Leadership and Nepotism in Hiring Processes

Dependent Variable: Nepotism in Hiring Process			
Control Variables value	Beta	t value	p
Age	.108	1.337	.183
Tenure	-.251	-3.099	.222

Independent Variables:

Benevolent Paternalistic	-.094	-1.007	.315
Moral Paternalistic	-.009	-.099	.921
Behaviorally Authoritarian Paternalistic	.228	2.462	.015
Managerially Authoritarian Paternalistic	-.044	-.491	.624

R=.248; **R**²=.061; **F** value=2.915; **p** value=.023

5. Discussion

Paternalistic leadership takes a relationship-based approach to studying leadership, unlike traditional theories that study leadership as a function of a leaders' personal attributes (Pellegrini *et al.*, 2010). This is because the relationship within the paternalistic work environment mirrors the father-child relationship within the family (Sheer, 2010). Therefore, employees look forward to having close and frequent personal relationships with their employer. In fact, the employer's effort of creating a family atmosphere at work is mostly welcomed, even expected by the followers. However, this expectation requires the leader to be careful in his/her extension of authority and benevolence to the followers because any preferential treatment may bring up arguments of employment discrimination or nepotism (Aycan, 2006). As stated by the related literature, paternalistic managers may show differential concern towards some employees who they think are more loyal to themselves (Redding, 1990; Sinha (1995) in Aycan 2006; Pellegrini & Scandura, 2008; Kabasakal & Bodur (2003) in Erben & Güneşer, 2008). Within this context, this research purposed to contribute paternalistic leadership literature by empirically testing the possible negative reflections of paternalistic leadership within the organizational context.

The findings of the study indicate that benevolent and moral paternalistic leadership is negatively related to perceived discrimination in human resources practices like recruitment, hiring, promotion, assignments, delegation, evaluation, payment, rewards, training and working conditions. Moral paternalistic leadership was found to be negatively related to nepotism in after-hiring processes as well. When employees perceive that their supervisor shows concern for their well-being, deals with their performance problems, encourages them when they have problems, does not envy or take advantage of them, they do not either perceive any discrimination in HR practices or nepotism in after-hiring processes. Although Aycan (2001) suggests that paternalistic managers may be partial or in favor of some employees who they think are more loyal, the supervisor's individualized concern for subordinates and high level of morality outweigh the perceptions of discrimination and nepotism.

Another finding of the study shows that when the leader behaves in an authoritarian way, employees specifically perceive nepotism in the hiring process. As authoritarianism is not compatible with modern values at the work place (Wu *et al.*, 2012), the employer's authoritative attitudes within his/her interactions with

employees are no longer welcomed. Those employees who are subject to such treatments are more likely to perceive nepotism in the hiring process. Due to the unquestionable authority, decisions and practices of paternalistic leadership, employees may not perceive any transparency and this may create perceptions of nepotism.

These findings are in line with the literature as well. Paternalistic superior deals with his/her subordinates like a father by setting up a family-like atmosphere in the work place (Kim, 1994). However, there is a difference in that fathers, generally, treat their children almost equally, but superiors may discriminate between their employees and break equality more often (Börekçi, 2009). Moreover, an authoritarian leader expects unquestionable obedience and commitment from their subordinates. Those who show obedience or who have the potential to show obedience might be favored in the recruitment process by the paternalist leader. Paternalistic leaders may not be able or willing to meet the needs of every employee to the same degree. Established paternalistic pattern in organizations leads to differential treatment of the loved and cared ones who are close to the paternal figure, while others are distanced (Sinha, 1995). In such cases, paternalism may pave the way to nepotism and favoritism. (Jackman, 1994 in Aycan, 2006).

As Redding (1990) stated, the leader's authoritarianism and benevolence may not be extended to all subordinates uniformly but may extend to different subordinates in varying degrees. Consistent with findings of the current study, the dark side of paternalistic leadership has the possibility to turn into nepotism and discrimination providing resources to only a loyal group of followers, while excluding others (Kabasakal & Bodur, 2003 cited in Erben & Güneşer, 2008).

The present study is not without its limitations. One of the limitations of the is its sample size. There were 183 employees participating to the study. The sample size could be larger for more powerful and generalizable results. The use of convenience sampling method may introduce another limitation. Convenience sampling is used due to the ease of participants' availability and access. However, it may not represent the population as a whole. Another limitation is that the study is cross-sectional. A longitudinal study may contribute much to the existing literature in terms of the concepts investigated in this study. All the variables of interest were measured by the data collected from the same source. This creates another limitation.

Discrimination and nepotism are highly sensitive issues. The majority of data were gathered from the employees within the knowledge of their employers. Even though, the confidentiality of participants' identity and responses was ensured by the researcher, some employees might have hesitated to express their sincere opinions. They might either have feared of losing their job or had ties of kinship with the business owners.

As previously underlined by the research, perception of unfair treatment adversely impacts work attitudes like organizational commitment, job satisfaction and work tension more than any other job stressors (Sanchez & Brock, 1996). In this context, this research is likely to present notable clues for managers. Its findings expressly state how paternalistic practices within the organizational context may undermine working climate by damaging employment relationship.

The results evidenced that managerial attitudes may lead to perceptions of discrimination among subordinates. Employers or managers willing to restrain such perceptions are advised to be impartial in their extension of benevolence and morality to subordinates. Because, effective practice of paternalistic leadership requires the superior to treat every follower fairly and equitably. With regard to employees' need and expectation for a parent-child kind of connection, they should refrain from displaying favoritism to specific employees.

On the other hand, paternalistic managers are recommended to soften their authoritarian tone because it was proven that leading by command, strictly enforced discipline and punishment foster employees' perception of discrimination. Hence, managers are advised to avoid embarrassing and humiliating their subordinates in front of others by cautiously shaping workplace communication. All these are instrumental in taking managerial measures against workplace discrimination. Otherwise, not only the job performance of those feeling discriminated against will be affected negatively, but also the overall organizational performance will decrease. Furthermore, organizations are suggested to encourage their employees to express themselves whenever they feel that some treatment or situation is discriminatory. They should ensure that employees who share such complaints will face no career risks. The expressed complaints should be taken seriously before they cost the business in low productivity and turnover. Giving key positions or managerial roles to family members in family-owned companies might be understandable to some extent. However, managers or owners should create a transparent work environment so that family members are not privileged and favored.

Paternalistic leadership is still an intriguing topic for management literature. Although it is commonly cited that paternalistic leadership is often observed in family-owned companies, future research may investigate paternalistic leadership in institutionalized or multinational companies as well. There exists a substantial literature examining paternalistic leadership, employee discrimination and nepotism separately, but no empirical work exploring the relationship between these three concepts has been carried out so far. Given the importance of the issues examined in this study, additional studies may be worthwhile in getting a better understanding of their relationships. We would be more confident if the same relationships would be tested within different settings.

The present study was conducted merely on private sector companies, but it may be beneficial to draw a comparison between private companies and public companies in

terms of their workers' discrimination perceptions. Because this survey was conducted within Turkish business context, the researcher could not reach cross-cultural generalizations. However, different cultures may respond to dimensions of paternalistic leadership differently. Adding to this, future research may study the same variables within other cultures.

Future research may also focus on multinational companies that have a more diverse workforce in terms of ethnicity, race or culture to test the effect of employee discrimination. Concerning nepotism, it is suggested that different types of leadership types might be studied to explore the link between leadership and nepotism.

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