Paternalistic Leadership and Organizational Commitment

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Abstract- In the competitive world of business, organizational commitment is considered to be one of the fundamental organizational issues facing managements. Committed employees have become a valuable contribution to a variety of organizations. Since leaders’ behaviors play an important role in organizational commitment, managers are encouraged to motivate employees to strengthen their commitments to competently serve their organizations. The structures of societies in addition to cultural values are influential factors in determining appropriate leader behaviors. Since Paternalistic leadership is an integrated part of Asian organizations, Malaysia was selected as the country of choice to conduct this study. This research was designed to investigate the relationship between paternalistic leadership and organizational commitment; Each dimension was investigated separately in accordance to quantitative methodology. In total, 287 questionnaires from the employees of Malaysian SMEs were selected to be used for the purpose of data analysis. Data management and analysis were performed using SEM-PLS. The statistical results indicated the significant relationship between paternalistic leadership and Affective, Continuance, and Normative Commitment. Paternalistic leadership is a significantly persuasive factor that elevates the phenomenal of affective and normative commitment. This finding also came to the attention that under the umbrella of Paternalistic leadership, distress of losing a specific leader might be a determining factor for employees to continue their cooperation and employment with the organization. In addition to offering theoretical contributions, this study has provided a practical guideline for Malaysian SMEs managers who aim to increase commitment among employees who function under their Paternalistic leadership.

Keywords- Paternalistic Leadership; Organizational Commitment; Affective commitment; Normative Commitment; Continuance Commitment; Malaysian Organization

1. INTRODUCTION

In comparison to the past, the extremely competitive business environment basically directs organizations to rely on human capital. In regards to employees, organizations need to consider some fundamental issues such as commitment. It is undeniable that when it comes to success and superior performance of a business organization, commitment has an outstanding vital role. It is understandable that leaders of organizations face many challenges to optimistically increase organizational outcomes; nonetheless, organizational commitment is not an exception. Leadership behaviours and styles have influential impact on organizational commitment which has been the interest of investigation in this study. Based on documented literature May-Chiu et al. (2010) declared a lack of subsistence of empirical research in relationship between leadership styles and commitment. Thus this specific study has been intended to examine the relationship between paternalistic leadership and three dimensions of organizational commitment which are Affective Commitment, Continuance Commitment, and Normative Commitment.

1.1 Paternalistic Leadership

Paternalism is defined as hierarchical parental relationship between leaders and their subordinates which is consisted of guidance and assistant in addition to influential involvement in both professional and personal lives of subordinates (Gelfand et al., 2007). Moreover, Paternalism is customarily considered as a cultural characteristic rather than just a type of leadership behavior. According to Aycan (2006), a paternalistic leader is referred to a manager who acts like a close friend, a father figure, or a brother who is involved in personal lives of his/her employees. Paternalism is widely accepted in High Power Distance societies that interactions are formed based on assumption of a power inequality between a superior and subordinates. Practicing paternalism as a combination of compassion and control of decision-making process is not a favorable practice amongst Western organizations; therefore, due to cultural differences the conflicting practices in high-power distance philosophy have not been an easy chore for US scholars to get acquainted with. Not only paternalistic leadership is an integrated part of some non-western societies and it considered an element that targets employees’ welfare, but also it has been considered as an effective leadership style in some societies (Farh et al., 2006; Pellegrini & Scandura, 2006).

1.2 Organizational Commitment
There are considerable amount of literature which have focused on organizational commitment as well as its antecedents and consequences. Initially, organizational commitment was driven from the research in organizational identification which was defined by Tolman (1943) as adopting those objectives and habits of individuals that could be easily applied to an organization. Thereafter, Mowday et al. (1979) defined organizational commitment as the strength of identification that an individual has with organization. O’Reilly and Chatman (1986) also have clarified organizational commitment as employees’ feelings toward their employed organizations. Based on interrelated previous conducted research, the word ‘bond’ has turned to a commonly acceptable term that insinuates a particular commitment among employees and their organizations (Allen & Meyer, 1990). In the year 1987, Meyer and Allen developed a model for organizational commitment which consisted of three dimensions including Affective Commitment, Continuance Commitment, and Normative Commitment. Affective commitment is defined as a type of emotional attachment to the organization (Cole & Johnson, 2007). To explain further, affective commitment is characterized by employees’ personal desires to remain with the associated organization. This is usually due to employees’ positive work experience. In addition, the previous studies indicated that hard working employees with better performance are those who usually express stronger affective commitment. A large number of studies which focused on the consequences of affective commitment indicated the positive relationship between affective commitment and performance (Muse & Stamper, 2007), job satisfaction (Cetin, 2006), organizational justice (Meyer et al., 2002), higher quality of work life (Farid et al., 2013), decrease turnover (Rhodes et al., 2001), perceived organizational support (Meyer et al., 2002), and induced trust with teams and the organization (Powell et al., 2006). Moreover, the prior research also have explained the antecedents of affective commitment which are including confirmed expectations, role clarity, job challenges, and positive early work experiences (Meyer et al., 1989). Continuance commitment is known to be considered as the second component of organizational commitment. In this type of structures the cost of leaving the organization is typically unfavorable hence employees try to stay with the same organization for the purpose of security (Allen & Meyer, 1989). Although the continuance commitment might decrease the rate of turnover; however it might not necessarily improve performance of employees. The negative correlation between continuance commitment and performance has been somehow established by academics. The employees who remain with the organization just to avoid unfavorable cost of leaving may develop feelings of frustration and resentment, which in turn would lead to inappropriate behaviors. In this sense, Meyer and Allen (1997) stated that employees with strong continuance commitment might not have a desire to contribute optimistically to the organizational advancement. Normative commitment is defined as a sense of obligation in which persuades employees to continue their corporations with the establishment (Chang & Lin, 2008). The previously conducted academic studies indicated the positive relationship that subsists between normative commitment in one side and work attendance, job performance, and organizational citizenship on the other side of the equation. Normative commitment is not essentially the result of implementation of factors such as education, pay rate, or age; nevertheless it is a mutual feeling of trust which leads to creation of an obligation to stay within the organizations (Munene & Dul, 1989). It has become a factual matter in which indicates that employees with normative commitment have an important impact on the way in which the work is accomplished; however, by comparison to affective commitment, employees may not display the same enthusiasm or attachment to their organizations (Meyer & Allen, 1997). The previous studies also determined that normative commitment cultivates more trust in the organization (Muhwezi, 2008). Also there is a strong relationship between normative commitment and job satisfaction (Cetin, 2006). Marsh and Mannari (1977) indicated that employees with normative committed experience a more intense feeling of morality.

1.3 Leadership and Commitment

Leadership is understood to be defined as directing subordinates in accordance with the goals of organization in the work environment (Nelson, 2000). It is acknowledged that committed employees are considered as valuable factors in achieving the set goals of organization. Indeed, employees’ commitment is directly effected by leadership behaviors (Firth et al., 2004). To explain further Avolio et al. (2004) signified that organizational commitment is influenced by the managers’ behaviors such as creativity, supportiveness, effective communication in addition to being understanding and trustworthy. This study was designed to examine the relationship between paternalistic leadership and three dimensions of organizational commitment. In this regard, the three hypotheses that were proposed to be examined are as follows:

- **H₁**: There is a relationship between Paternalistic Leadership and Affective Commitment.
- **H₂**: There is a relationship between Paternalistic Leadership and Continuance Commitment.
- **H₃**: There is a relationship between Paternalistic Leadership and Normative Commitment.

2. MATERIALS AND METHOD

This study was conducted based on quantitative methods. So the data were collected through adopted questionnaire from a previous research. Pilot test was conducted for the
purpose of reliability of the questionnaire. The values of Cronbach alpha was above 0.80 for all the constructs of this study. Then the questionnaires were distributed among employees of Malaysian SMEs. Employees were asked to rate their types of commitment in addition to rating their immediate managers’ behavior. Paternalistic leadership was measured via questionnaire which was adopted from Aycan et al. (2000). This measurement was consisted of five items which were scored based on 5-likert scale in a way that score of 5 conveyed the notion of being strongly agreed while score of 1 represented the notion of being strongly disagreed. In addition, commitment was measured via Three Component Model (TCM) which was adopted from Allen and Meyer (1997). This measurement intended to measure three forms of commitments that are consisted of Affective, Normative, and Continuance Commitment. TCM include 6 items for each component of commitment which scored on 5-Likert scale from 1 being strongly disagree to 5 being strongly agree. By the end of the process of data collection, 287 questionnaires were used for the purpose of data analysis. In the initial process of data analysis, collected data were entered into SPSS. Then, data was analyzed through Structural Equation Model – Partial Least Square (SEM-PLS).

3. RESULTS

This study applied Structural Equation Modelling – Partial Least Square (SEM-PLS) to analyse the collected data. The results of measurement and structural model are presented separately in the following sections. Demographic data of this study was initially analysed via SPSS. The respondents of this study consisted of 287 employees which 39.7.5% were male and 60.3% were female. By considering level of education, 18.8% had diploma, 53.3% had bachelor degree, 19.9% had masters degree, 5.9% had doctorates degree, and 2.1% had other professional certificates. In terms of race or ethnic group, 51.6% of the employees were Malay, 31.4% were Chinese, 13.9% were Indians, and 3.1% belonged to other ethnicities or racial groups. In terms of age, 4.2% of employees were under 20 years of age, 40.1% were aged between 21 to 30, 39.4% were between 31 to 40, 16.4% were in 41 to 50 age group, and there was no participant above age 51.

3.1 Measurement Model

Since data was analysed via Smart PLS, measurement model was tested as initial stage to ascertain the internal consistency reliability, convergent validity, and discriminant validity. Measurement model of this study is presented in Figure 1. Reliability coefficient is determined by value of 0.7 and above Cronbach’s alpha which was defined by Nunnally (1978). The results of Cronbach’s alpha of all constructs of this study were above 0.8 which are shown in Table 1 in Annexure. Additionally, composite reliability is used to determine internal consistency reliability. The accepted value for composite reliability is greater than 0.6 (Höck & Ringle, 2006). As it is indicated in Table 1 in Annexure, composite reliability of all measures in this study were above the value of 0.8. Average Variance Extracted (AVE) was applied to examine the convergent validity to show the average communality for each latent variable. The accepted value of AVE is greater than 0.5 in an adequate model (Höck & Ringle, 2006). As it has been presented in Table 1 in Annexure, convergent validity of this study was confirmed. Then, discriminant validity was examined to determine whether or not the latent variable measures the variance of its own indicators better than the variance of other latent variables (Fornell & Larcker, 1981). Likewise, the square root values of AVE were compared with the correlations between the latent constructs. So, the analysis of discriminant validity in this study revealed higher values of square root values of AVE for each construct in comparison with its correlation estimates with other constructs; therefore, all constructs in the measurement model were found to be distinguishable. The findings are presented in both Table 1 and Figure 1 in Annexure.

3.2 Structural Model

After implementation of measurement model, structural model was conducted to test the research model in addition to the hypotheses. In this sense, path coefficient, the level of significance, and R² value were examined. The strengths of the relationships between the independent and dependent variables were examined by the value of path coefficient. Then, to measure the predictive power of the model for dependent variables, the value of R² was examined (Chin et al., 2003). The R² is evaluated based on Hock and Ringle (2006) which indicate the values of 0.67, 0.33, and 0.19 as substantial, moderate, and weak cutoffs respectively. However, the significance of path coefficients show support for hypothesized relationships (Bentler, 1989); A bootstrap resampling method also is associated with SMART PLS (Ringle et al., 2005) to determine the significance of path coefficients of structural model. Following the objective of this research, the relationship between paternalistic leadership and three dimensions of commitment were examined. Then the hypotheses were tested through the structural model of SMART PLS by evaluating the path coefficients which was generated by bootstrapping procedures. Therefore, the statistical results of the R² values were assessed as 0.29, 0.04, and 0.19 for Affective Commitment, Continuance Commitment, and Normative Commitment respectively. The results of structural model of this study are presented in Table 2 in Annexure. Consequently, the statistical result of this study supported the first hypothesis which was mentioned as “H₁: There is a positive relationship between Paternalistic Leadership and Affective Commitment”. In this regard, the path coefficient value was 0.54 with the T Statistic of 10.25 at a 0.01 level of significance. Moreover the statistical results led to acceptance of the second hypothesis “H₂: There is a positive relationship between Paternalistic Leadership and Continuance Commitment”. In respect to second hypothesis, the value of path
coefficient was determined as 0.20. In addition, the value of T Statistic was 3.57 at a 0.01 level of significance. The third hypothesis that was mentioned as “H3: There is a positive relationship between Paternalistic Leadership and Normative Commitment” was also supported by statistical results. The path coefficient was 0.43 and the value of T Statistic was 7.31 at a 0.01 level of significance. The mentioned results are presented in Table 2 in Annexure.

4. DISCUSSION
This study was intended with the aim of assessing the importance of commitment in success of organizations. The objective of this study was to examine the relationship between paternalistic managers and employees’ commitment. Thus, the results of statistical analysis demonstrated the significant relationship between paternalistic leadership and three dimensions of commitment which are Affective, Continuance, and Normative Commitment. The findings of this study can be explained based on this factor that the individualized care of paternalistic managers may increase the organizational identification of employees. Committed employees are considered valuable asset that enhance the goal achieving process of the organization. In turn, managers have influential roles on employees’ commitment to the organization. The prior research showed that paternalism could improve commitment (Gordon, 1998). Employees who have experienced the effective role of a paternalistic leader are usually hesitant to change jobs for the fear of separation from the specific manager and his or her paternalistic role. In addition, Erben and Guneser (2008) noticed that employees who are under supervision of paternalistic leaders might not leave their organization even if a better opportunity with higher income presents itself. The employees who work with paternalistic leaders prefer to stay with the organizations and this phenomenon is recognized as continuance commitment of employees. Moreover, Warren (1999) stated that HRM policies which are implemented based on paternalism might improve employees’ commitment as well as their team based productivities. Paternalistic leaders who implement supportive behaviors may create better opportunities for development of influential relationships with their subordinates, which in turn, it would lead to affective commitment among employees.

5. CONCLUSION
The present research was designed to study the effect of paternalistic leadership on employees’ commitment since organizational commitment plays an important role in organizational success such as turnover and employees’ performance. Organizational commitment was examined as a three dimensional construct; Affective commitment which is referred to emotional attachment of employees to the organization, Continuance commitment that is related to perceive outcome of leaving the organizations, and Normative commitment which denote the obligation to remain with the organization. Then this study proceeded by collecting data from 287 employees from the SMEs in Malaysia. The obtained data obtained was analyzed by SMART PLS for the purpose of testing the hypotheses. The statistical results indicated the significant relationship between paternalistic leadership and Affective, Normative, and Continuance Commitment respectively. Since paternalism is an integrated cultural norm within eastern cultures such as in Malaysia, this study contributed to existing literature and knowledge related to organizational commitment which might be influenced by managers’ behavior, specifically paternalistic leadership. By emphasizing the important role of committed employees in advancement of the organizations, this research contributes additional evidence based knowledge to the existing literature, which might be used as guidance for managers who intend to promote organizational commitment amongst their employees.

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ANNEXURE

Figure 1: Measurement Model

Table 1. Results of the Measurement Model

|                | AVE | Composite Reliability | Cronbachs Alpha | Communality |
|----------------|-----|-----------------------|-----------------|-------------|
| Paternalistic  | 0.62| 0.89                  | 0.84            | 0.62        |
| Affective Commitment | 0.61| 0.90                  | 0.87            | 0.61        |
| Continuance Commitment | 0.60| 0.90                  | 0.87            | 0.60        |
| Normative Commitment  | 0.59| 0.89                  | 0.86            | 0.59        |

Table 2. Results of the Structural Model

| Path                        | Parameter Estimate | Sample Mean | Standard Deviation | Standard Error | T Statistics |
|-----------------------------|--------------------|-------------|--------------------|----------------|--------------|
| Paternalistic → Affective Commitment  | 0.54***          | 0.54        | 0.05               | 0.05           | 10.25        |
| Paternalistic → Continuance Commitment | 0.20***        | 0.22        | 0.06               | 0.06           | 3.57         |
| Paternalistic → Normative Commitment    | 0.43***         | 0.43        | 0.06               | 0.06           | 7.31         |

*** p<0.01; ** p<0.05; * p<0.1