

The Effects of Paternalistic Leadership Styles on The Perceptions of Nepotism: A Study in Family Businesses

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Abstract

The main purpose of this study is to measure the effects of paternalistic leadership styles on the nepotism perceptions of employees in family businesses. The data was gathered through survey research. Our survey included 26 items regarding paternalistic leadership styles and 14 items regarding nepotism perceptions with a total of 40 item scale was used. The questionnaires were delivered by hand in four different companies indicating that they were family-owned and completed with 212 employees. SPSS 25 was used for data analysis. As a result of the analysis, it was observed that moral leadership has a significant and negative effect on nepotism in relationships. Managerial authoritarian leadership has a significant and negative effect on nepotism in recruitment. On the other hand, benevolent leadership has a significant and negative effect on nepotism in promotion. Benevolent leadership has a significant but positive effect on nepotism in recruitment. Behavioral authoritarian leadership has a significant and negative effect on nepotism in relationships. In addition, the general perception of nepotism is higher in employees who work for less than two years, when compared to employees with higher working years. Those who work more than ten years have higher perceptions of nepotism only in relationships and promotions. The negative effect of moral leadership on perceived nepotism in relationships means that moral leadership reduces perceived nepotism in relationships. In other words, as the moral leadership characteristics of the company managers increase, the perceived nepotism of the employees decreases. Similarly, as the managerial authoritarian leadership characteristics of the company managers increase, the perceived nepotism of employees in recruiting decreases. In companies where the leader shows benevolent leadership, the perceived nepotism of employees in promotions is lower.

Keywords: Leadership, Paternalistic Leadership Styles, Nepotism, Family Businesses.

JEL Codes: M12, M54, J71

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Paternalistik Liderlik Tarzlarının Nepotizm Alguları Üzerindeki Etkileri: Aile İşletmelerinde Bir Çalışma

Özet

Bu çalışmanın temel amacı, paternalistic liderlik tarzlarının aile işletmelerinde çalışanların nepotizm alguları üzerindeki etkilerini ölçmektir. Veriler anket araştırması ile toplanmıştır. Uygulanan ankette 26 maddelik paternalistik liderlik tarzları ve 14 maddelik nepotizm algılarına yönelik olmak üzere toplam 40 maddelik bir ölçek kullanılmıştır. Anketler, aile işletmesi olduğunu belirten dört ayrı firmada elden teslim edilerek çalışanlara uygulanmış ve 212 kişiyle tamamlanmıştır. Verilerin analizinde SPSS 25 kullanılmıştır. Analizler sonucunda ahlaki liderliğin ilişkilerde nepotizm üzerinde anlamlı ve negatif bir etkisi görülmüştür. Yönetimsel otoriter liderlik işe alımda nepotizm üzerinde anlamlı ve negatif bir etkiye sahiptir. Yardımsever liderlik ise terfide nepotizm üzerinde anlamlı ve negatif bir etkiye sahiptir. Yardımsever liderlik işe alımda nepotizm üzerinde anlamlı fakat pozitif bir etkiye sahiptir. Davranışsal otoriter liderlik ise ilişkilerde nepotizm üzerinde anlamlı ve negatif bir etkiye sahiptir. Ayrıca iki yıldan az çalışanların genel nepotizm algısı, daha fazla yıl çalışanlara göre daha yüksektir. On yıldan fazla çalışanların ise sadece ilişkilerde ve terfilerde nepotizm algısı daha yüksektir. Ahlaki liderliğin, ilişkilerde nepotizm üzerindeki negatif etkisi, ahlaki liderliğin ilişkilerde nepotizmi düşürdüğü anlamına gelmektedir. Diğer bir deyişle şirket yöneticilerinde ahlaki liderlik özellikleri arttıkça çalışanların ilişkilerde algıladıkları nepotizm düşmektedir. Aynı şekilde liderin yönetimsel otoriter liderlik özelliği gösterdiği şirketlerde çalışanların işe alımlarda algıladıkları nepotizm azalmaktadır. Liderin yardımsever liderlik özelliği gösterdiği şirketlerde çalışanların terfilerde algıladıkları nepotizm daha düşüktür.

Anahtar Kelimeler: Liderlik, Paternalistik Liderlik Tarzları, Nepotizm, Aile İşletmeleri.

JEL Kodları: M12, M54, J71

INTRODUCTION

Family businesses have an important part in global economies. In the world economy, family businesses constitute an important part of the economy. This shows that the performance of family businesses is important in determining the general economic level. The success and efficiency of family businesses are considered important in the economic development of countries (Olson, Zuiker, Danes, Stafford, Heck and Duncan, 2003). In order for family businesses to succeed in the markets and to increase their productivity, employees need to demonstrate high performance.

Many internal factors are involved in the high performance of employees. Leadership in businesses is one of the factors that can affect performance (Pradeep and Prabhu, 2011). Paternalistic leadership is a leadership approach seen in societies where chain of command culture is based, unlike individualism, which is the basis of western culture. In order to provide a family environment within the organization and to use a close communication language with employees, the metaphor of father and son is frequently found in the literature. It is said that the culture of paternalism is based on the "legal authority" studies designed by Max Weber (Erben, 2004: 348; Pellegrini and Scandura, 2008). On the other hand, it is important for employees to have a fair perception of the working environment in terms of employee-employer harmony and company loyalty (Padgett, Padgett and Morris, 2019). The concept of nepotism can have significant effects on employees, especially because most family businesses do not have an institutional structure. Institutionalization in family businesses is important for their survival in the future. Professionalization is the basis of institutionalization. However, institutionalization can be difficult in family businesses due to various factors.

The perception of nepotism comes into prominence in cases where there is no professional management in the family business and the institutionalization is not completed. The favoritism of family members in the company raises the perception of nepotism by other employees (Keles, Ozkan and Bezirci, 2011; Polat Dede, 2019). This situation affects employees' attitudes and behaviors towards the organization negatively and hence affects their performance negatively (Barnett and Kellermanns, 2006; Bertrand and Schoar; 2006). In this study, the effect of paternalistic leadership on nepotism perceived by employees in family businesses was examined. The study consisted mainly two parts. In the first part, the literature review is examined in detail about the concepts of paternalistic leadership, family businesses and nepotism. In the second part,

the effect of paternalistic leadership on nepotism is examined. Findings of this effect were obtained from the variables formed as a result of the analysis of the data obtained from the survey applied. The subdimensions of paternalistic leadership and perceived nepotism were defined as variables and analyzed.

1. LITERATURE REVIEW

1.1. Family Companies

Although small businesses come to mind when family companies are mentioned in the society, family companies can shape economic life as very large enterprises with their structure and size (Yelkikalan, 2006: 196).

There are many different definitions of family businesses, but basically the following 3 different definitions are to be mentioned (Dökümbilek, 2010: 3):

- They are businesses where the family members are in the management staff of the firm and which are established in order not to disintegrate the heritage or to provide income. In the decisions taken by the firm, the influence of family members is dominant.
- They are businesses established to maintain the economic effectiveness of the deceased family member and to ensure that the assets remain within the family. The main motive here is to prevent the dispersion of wealth.
- A type of business established by family members or by individuals who subsequently enter the family.

In line with the explanations, it is possible to say that family businesses are companies that have family members in the majority of the management and the ownership of the company or are formed by individuals who enter the family in different ways and established to provide income for the family (Güler and Özdemir, 2017: 629).

Rapid growth and rapid decision-making in family businesses is advantageous. Since all family members have the feeling of belonging to the company, they strive for the development and growth of the company. Since they are usually small companies in their foundations, they are easy to manage. Administrative expenses are low. In addition to these advantages, there are disadvantages of family companies such as the failure of measuring profitability, difficulty in finding professional

managers, and the inconvenience among the employees caused by the family members being managers.

The biggest administrative problem in family businesses is the difficulty of finding professional managers. The fact that family members are at the same time in the management level and intervene in the decisions when necessary, limits the elbowroom of professional managers. These managers who do not want to work under these conditions leave the company if they find a more institutional company. This situation causes family companies to have continuous administrative problems (Coffman, 2014: 38).

Approximately 98% of the companies operating in our country are SMEs, which are small and medium-sized enterprises. The share of family businesses in SMEs is around 95%. This shows that the majority of SMEs are family-owned. There is currently no statistics on the existence of family businesses, but it is stated that the life expectancy of family companies is between 17-20 years. It is stated that the oldest family company started its operations in 1777 and it reached to the fourth generation (Karpuzoğlu, 2004: 44).

The situation of family businesses in the world is not much different. According to the researches, approximately 40% of the family companies established in the USA are closed within 5 years of their establishment (Özler and Gümüştekin, 2007: 437). While the ratio of those who can reach the second generation from the first generation is 20%, the ratio of those who reach the second to third is around 3.4%. Similarly, in the UK, this rate is around 3.3%. Thus, it is possible to say that the life expectancy of many family companies is not very long (Dökümbilek, 2010: 40).

1.2. The Concept of Nepotism

The notion of nepotism can be explained as the attitudes that benefit the individuals in their own community, provide them with advantages and differentiate them from other community members (Düz, 2012: 3). At the same time, it means that kinship being taken into consideration instead of merit principle in decisions such as promotion, reward and job placement within the organization (Karahana and Yılmaz, 2014: 127). In general, nepotism is the abuse of the status of the family member in the family company for the benefit of family members. Thus, regardless of an individual's abilities, skills, education level or experience, nepotism arises only by considering the relationship of affinity and kinship. Although there are evaluations that kin selection is instinctive, it is accepted that nepotism is a conscious, rational and chosen behavior and management style (Karacaoğlu and Yörük, 2012: 45).

Recruitment of personnel due to kinship relations refers to nepotism, while recruitment due to friendship, closeness and friendship relations is called chronism. In countries with strong relative ties, nepotism is very common. Nepotism, in other words political nepotism, means that people are employed only by individuals they know rather than their individual success, education level, skills, etc. The nepotism applied in the companies is similar to the political nepotism. In this respect, nepotism is described as an individual being provided of employment or promotion due to kinship relationships without taking into consideration the characteristics of the individual's experience, level of education, skills and abilities (Büte and Tekarslan, 2010: 5).

Nepotism can lead to many negative situations in companies because favoritism is at the core of nepotism and success evaluations remain unfair. Some of these success evaluations are unfair wage distributions, inappropriate promotions, recruitment of inappropriate persons. As a result of these situations, employees who work in the institution and are not favored may be affected negatively (Asunakutlu and Avci, 2010: 94). In addition, nepotism prevents organizations from accessing an institutional identity beyond the family name, an autonomous identity or beyond the family name, and may cause stakeholders not to fully trust the institution (Erden, 2014: 37).

The size of the family company and the position of the family members in the company determine the organizational structure. In this respect, it can be aimed to prevent employees from non- family members from taking control of the organization. Therefore, these employees can be treated as

hired workers. In addition, there may be some obstacles to the promotion of these employees (Özkanan and Erdem, 2014: 180).

1.3. Nepotism in Business

A classification of nepotism in the literature was made by Adam Bellow. According to him, it is possible to achieve success with planned nepotism. However, in case of failure as a result of planned nepotism, it is difficult to say that nepotism is the cause of this failure. For this reason, it is stated that there is a distinction in terms of good and bad nepotism (Dökümbilek, 2010: 57).

Nepotism in family businesses can also occur because of the lack of trust in staff other than family members. The reasons for this lack of trust include fear of losing the business, concerns about the emergence of family and trade secrets. As a result, an uneasy approach to the employees who are not from the family may be observed (Yücel and Özkalan, 2012: 248).

Problems related to the institutionalization process in family companies make it difficult to explain the reasons on which nepotism is based. Nepotism can be based on a wide range of reasons, such as economic and social reasons, but also on a narrow basis, such as personal reasons. In evaluating these reasons, whether institutional structure is established is important (Asunakutlu and Avcı, 2010: 94).

Nepotic practices are used in many areas such as performance evaluation, wage, recruitment, promotion, the application of disciplinary measures and the use of business resources. In human resources, nepotism in the lower level is often in recruitment and placement of staff, in assessing their performance and in determining wage levels. The nepotic practices in human resources at the top level emerge in promotion, appointment and senior manager elections (Polat, 2012: 18).

Nepotic practices, on the other hand, can ensure the continuity of family businesses and increase organizational commitment and productivity as well. While many employees do not work selflessly and willingly because it is not their own business, family members work more and make more sacrifices than other employees because they are their own businesses.

In family businesses, transfer of professional senior managers who are familiar with the status and strategy of the organization to other businesses is always possible. However, in cases where the manager is also the owner of the company, such a problem will not occur. The sharing of common culture, understanding and value judgments in the same organization and the appointment of senior

managers from the family members (nepotism) due to the advantageous position of the family members at these points are considered as an advantage (Karacaoğlu and Yörük, 2012: 47-48).

1.4. The Concept of Paternalism and Cultural Basis

The concept of paternalism is rooted to the studies of “legal authority” designed by Max Weber (Erben, 2004: 348; Pellegrini and Scandura, 2008: 568). Weber has identified three different types of authority: traditional, charismatic and bureaucratic in the economy and society he has shaped. In these types of authority, the existence of a traditional infrastructure of the source of the rules is called the paternalist authority (Pellegrini and Scandura, 2008: 568).

Paternalistic concept is also based on traditional Chinese culture. An important branch of this culture is the Confucian view in social organizations that emerge at the center of the vertical relationship between superiors and subordinates (Farh and Cheng, 2000). While paternalism is a concept that has not been addressed in western societies and intercultural conflicts, it is often found in collectivist and hierarchical cultures. The concept of paternalism states the quality of bilateral relations and their duties and responsibilities as subordinate and superior. In populations with paternalistic characteristics, the relationship of the superior and subordinate is similar to the parent-child relationship. In this relationship, as with the parent and child, the superior's duty is to protect the subordinate, to guide him, to take decisions on his behalf that he believes are in his good interest and to direct him. In turn, the subordinate is obliged to obey and show commitment. Paternalism is an unapproved phenomenon in individualist cultures where self-determination, autonomy and self-sufficiency are important. On the contrary, in collectivist cultures where obedience, responsibility for others, and interdependence are important and praised, paternalism is both more prevalent and has a positive attitude towards paternalism (Aycan, 2001).

The concept of paternalism is not supported by people and managers with western-style management and cannot make sense of this situation, because in the culture of paternalism, the leader of the organization is not limited to management within the organization. When necessary, it protects its subordinate both in and out of the company. When necessary, approaching the individual with a guiding attitude, on issues related to the private life of the employee, like a father for instance, not only being limited to business life is also a requirement of paternalism (Aycan, 2001). In countries with eastern culture, the concept of paternalistic leadership is the situation where the relationship between superior and subordinate is similar to the relationship between

father and child. This figure carries a more personal power than corporate power. It represents didactic leadership both as a role model and mentor (Karkin, 2004: 65). The paternalistic leadership model, which is also present in Turkish society, is widespread in eastern culture and other countries influenced by this culture (India, Pakistan, China) (Aycan, 2001). Paternalism is a more humane and moral structure. Paternalistic features are rarely encountered in institutional structures where there are strict and contractual leader-employee relations (Mead, 1997).

The opinions of two different authors about the dimensions of paternalistic leadership have come to the fore. According to Aycan (2001), there are two different aspects of paternalism. These are manipulative and bona fide paternalism. According to Farh and Cheng (2000), the concept of paternalistic leadership is dealt with in three different ways as authoritarian, benevolent and moral leadership dimensions. In our study, paternalistic leadership was discussed in accordance with Farh and Cheng (2000).

1.5. Relationship Between Paternalism and Nepotism

Erden and Otken (2019) suggests that there will be different relationships between the three components of paternalistic leadership and employee discrimination and nepotism. In this study, it was investigated that nepotism may be a bad result of paternalistic leadership. Redding's (1990) argument that the leader may not be fair or impartial in giving authority to his subordinates or giving priority to family relations has been discussed in Erden and Otken's (2019) studies. It is stated that such different management attitudes are likely to create feelings of discrimination in the working environment. The study shows that when the leader behaves in an authoritarian manner, employees perceive favoritism in the recruitment process.

Aycan, Kanungo, Mendonca, Yu, Deller, Stahl and Kurshid (2000) conducted a study on paternalistic leadership in ten countries. India, Pakistan, China and Turkey gained the top score in the paternalistic leadership, whereas Israel and Germany took part in the bottom row. Romania, Russia, Canada and the United States scored in the middle rankings.

Many studies in the literature have found that paternalistic leadership is an effective leadership style in collective societies. Some of these studies are those of Aycan et al. (2000) and Pellegrini and Scandura (2006).

2. RESEARCH

In this section, the purpose, model, method and findings of the research are given. In this study, we aimed to measure the effect of paternalistic leadership styles on perceived nepotism in family businesses. SPSS 25 was used for data analysis. Our survey included 26 items regarding paternalistic leadership and 14 items regarding nepotism with a total of 40 item scale was used. Since the number of observations should be at least five times the number of variables to be analyzed (Hair, Black, Babin, Anderson and Tatham, 2006) at least 200 survey is required. In our study, with 212 surveys this number was exceeded. The questionnaires were delivered by hand in four different companies indicated that they are family-owned. The sectors of the firms and the number of people surveyed can be seen in Table 1 below. The reason for collecting the research data from family businesses is that the probability of having an institutionalized structure and management system in these enterprises is low and therefore the experience of nepotism perceptions of employees will be higher. The reason for collecting the research data from the employees working in the same enterprise for at least 2 years is the idea that new entrants cannot have detailed information about organizational culture and nepotism. The sample was selected by easy sampling.

Table 1: Numbers of Exhibitors by Companies

Company name	Company Sector	Number of Participants
A	Food	65
B	Textile	40
C	Construction	35
D	Automotive	72

2.1. Demographic Variables and Sample

Table 2 below summarizes the demographic characteristics of the participants. The average age of the participants was 37, which is a relatively high average. The majority of the sample (91.1%) is consisted of male participants. Moreover, the majority of the participants (87.3%) had pre-high-school education level. Approximately three-quarters of the respondents are single. While the average tenure of employment in the institution is close to 8 years, the average total experience is approximately 15 years. Employees less than 1 year in the institution were not included in the study.

Table 2: Demographic Characteristics of Participants

Demographic Variables			
	Average	Number of People	Current Ratio (%)
Age	37.284	212	100
Tenure	7.951	212	100
Total working experience	14.854	212	100
Gender	Woman	17	8.1
	Male	195	91.9
Education	Primary education	97	46.03
	High school	88	41.27
	University	17	7.94
	MSc / PhD	10	4.76
Marital status	Married	157	74.3
	Single	55	25.7
Level of education	Primary school	129	60.8
	High school	60	28.4
	Associate degree	9	4.1
	Graduate	14	6.8

2.2. Measurement Tools

Two different scales were used for the study of the relationship between paternalistic leadership styles and nepotism perceptions.

Paternalistic leadership is a scale developed by Cheng, Chou, Wu, Huang, and Farh (2004) which is divided into three different dimensions as benevolent, moral and authoritarian leadership. This scale in our study has appeared in four different sizes similar to Erden and Otkur's (2019) findings. The authoritarian leadership dimension was divided into two different dimensions as behavioral and managerial authoritarianism while benevolent and moral leadership were found in a single dimension.

Nepotism scale is a scale developed by Asunakutlu and Avcı (2010) and divided into three dimensions as "nepotism in promotion", "nepotism in behavior (relationships)" and "nepotism in recruitment". In our study, three dimensions emerged in the same way.

2.3. Research Model

In our study, the effect of paternalistic leadership on nepotism was measured. Correlation and regression analyzes were performed by defining the sub-factors detailed under factor and reliability analyzes. In our study, paternalistic leadership scale, which consists of "benevolent leadership", "behavioral authoritarian leadership", "managerial authoritarian leadership" and "moral leadership" constitutes independent variables. The "perceived nepotism in relationships", "perceived nepotism in recruitment" and "perceived nepotism in

promotion" scale are three dependent dimensions. Accordingly, the resulting research model is as in Figure 1.

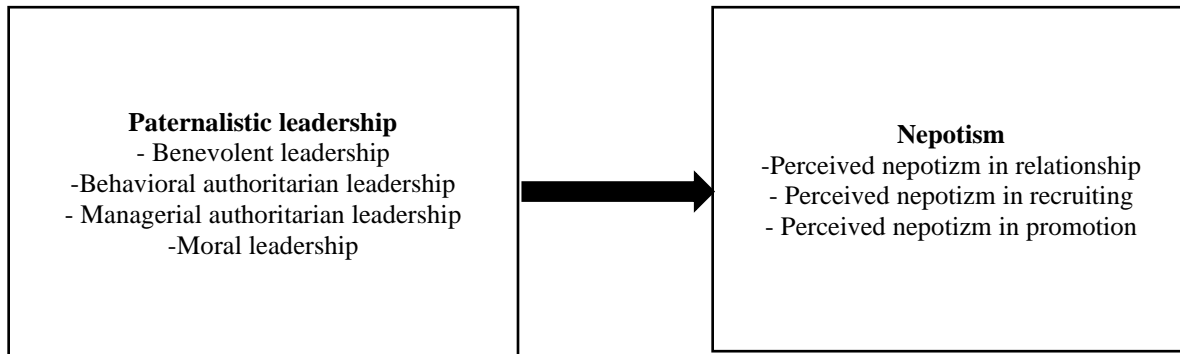


Figure 1: Research Model

2.4. Research Hypotheses

Multivariate regression analyzes including sub-dimensions of paternalistic leadership and sub-dimensions of nepotism were performed in our study, which examines the effect of paternalistic leadership styles on perceived nepotism. Since the sub-dimensions of the dependent variables were three in nepotism, three regression analyzes were performed and multivariate regression analyzes were performed because the independent variables were more than one. Therefore, three hypotheses have emerged.

H1: There is a significant relationship between paternalistic leadership and perceived nepotism.

H1a: There is a significant relationship between the subdimensions of paternalistic leadership and nepotism perceived in relationships.

H1b: There is a significant relationship between the subdimensions of paternalistic leadership and nepotism perceived in recruitment.

H1c: There is a significant relationship between the subdimensions of paternalistic leadership and nepotism perceived in promotion.

3. FINDINGS

In this section, the findings obtained as a result of the analysis of the data are presented as subheadings.

3.1. Factor and Reliability Analysis

Factor analysis was applied to the scales detailed under the measurement tools. Principal component analysis (PCA) and varimax were used as a method for factor analysis.

First of all, KMO and Bartlett's test values were examined. KMO value should be higher than 0.5. A KMO value greater than 0.8 is an excellent result. If the KMO value is above 0.5, we can say that the variable set to be used in PCA is homogeneous. Thus, the assumption of having a homogeneous variable set is satisfied. Bartlett's Test is to test the significance of the correlation matrix used as an input data for PCA. Therefore, Bartlett's Test result should be statistically significant ($p < 0.05$). If there is a significant Bartlett's test result, the correlation matrix can be used as an input data for PCA (Durmuş, Yurtkoru & Zinko, 2011).

If the KMO and Bartlett's test values were appropriate, factor loads were analyzed and the factors with factor loadings less than 0.5 were excluded from the analysis and the procedures were repeated. Afterwards, reliability analyzes were performed for the factors. Cronbach's alpha coefficient was used for reliability analysis. Cronbach's alpha coefficient results should be greater than 0.7 (Cortina, 1993). The findings of exploratory factor analysis indicate that the validity of the research model is maintained, and Cronbach's alpha coefficients indicate that the scales used to measure the variables can be considered as reliable. The factors in which this condition is met were also defined as variables and included in the analysis.

3.1.1. Paternalistic Leadership Scale Factor and Reliability Analysis

In the questionnaire which asked the participants 26 questions about paternalistic leadership type, the 6-point Likert scale was used.

The KMO value is greater than 0.5 as can be seen from Table 1 below. In addition, Bartlett's test result in Table 1 shows a significant result. Since the KMO and Bartlett's test results are appropriate, the reliability analysis of the factors can be examined. Cronbach's alpha value, which is the result of reliability analysis of all five factors, is greater than 0.7. Paternalistic leadership sub-factors whose reliability value is above the acceptance limit have been defined as "Behavioral

authoritarian leadership", "Benevolent leadership", "Moral leadership" and "Managerial authoritarian leadership" and included in the analyzes. Factor loadings, explained variance and reliability values can be seen in the following table.

Table 3: Paternalistic Leadership Scale Factor Analysis

Factor Name	Factor Questions and Question Codes	Factor Load
Extracted Variance: 26,914; Reliability: 0,941		
Behavioral Authoritarian Leadership	24. They scold us when we fail to fulfill our duties	.840
	21. Always behaves in an ordering fashion in front of employees	.832
	26. To do things we need to follow his rules.	.824
	22. I feel under pressure when working with my manager	.817
	23. Applies strict discipline to his subordinates	.705
	11. He takes care of the things that he does not need or manage to do in my daily life	.698
	9. Also looks out for my family members	.656
	10. He tries to figure out the reason when I'm underperforming	.625
Extracted Variance: 22,349; Reliability: 0,923		
Benevolent Leadership	1. He treats us like family.	.817
	6. Cares for of its long-term employees	.778
	4. Usually cares for my comfort	.755
	3. Sensitive to my private life, outside the business relationship	.732
	2. He uses all his energy to look out for me.	.714
	5. He will help me if I'm in trouble.	.690
	7. Fulfills my personal wishes	.680
Extracted Variance: 15,371; Reliability: 0,871		
Moral Leadership	17. Does not use individual relationships and some hidden-secret relationships to provide illegal individual benefits	.839
	16. He won't use me for his own good	.747
	18. He wants me to follow his orders completely.	.695
	15. Doesn't make my success and contributions as his own.	.669
Extracted Variance: 10,896; Reliability: 0,738		
Executive Authoritarian Leadership	19. Makes all the decisions, important or insignificant, in the company	.803
	20. Always makes the final decision in meetings	.699
	14. Uses authority to gain individual privileges	.556
Total Described Variance: 75,529		
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,807
Approx. Chi-Square		5484.448
Bartlett's Test of Sphericity	df	231
	Shallow.	0,000

3.1.2. Factor and Reliability Analysis of Perceived Nepotism Scale

6-point Likert scale was used in our questionnaire which asked 14 questions about perceived nepotism.

KMO value is greater than 0.5 as can be seen in Table 3. In addition, a significant result for Bartlett's test is seen from the table below.

As KMO and Bartlett's test results are appropriate, the results of the reliability analysis of the factors can be examined. The results of the reliability analysis of the three factors, which are Cronbach's alpha values, are greater than the acceptance limit of 0.7. The original scale, which was divided into two factors as nepotism during recruitment and after recruitment, emerged as three factors in our study as after the recruitment doubled in two factors. When the questions included in the factors that occur after recruitment are taken into account, it is considered appropriate to define these two factors as nepotism in relationships and nepotism in promotion. These three factors, which are sub-factors of nepotism whose reliability values are above the acceptance limit, are defined as "Nepotism in relationships", "Nepotism in recruitment" and "Nepotism in promotion", respectively. Factor loads, explained variance and reliability values of the factors can be seen in Table 4 below.

Table 4: Perceived Nepotism Scale Factor Analysis

Factor Name	Factor Questions and Question Codes	Factor Load
Extracted Variance: 37,811; Reliability: 0,935		
Nepotism in Relationships	9. I'm afraid of people who are acquaintances to managers in this business	.854
	11. In this business, authority is firstly transferred to acquaintances	.794
	10. Those who have acquaintances within this business can benefit from the resources of the business more easily.	.780
	6. Employees who are familiar with the management team of this business are respected by others.	.779
	7. Lower and middle level managers in this business behave differently to the employees they know.	.769
	8. I think it is very difficult to dismiss or punish the acquaintances of managers in this business	.757
	5. In the promotion of employees in this enterprise, factors other than the qualifications required by the job are prioritized.	.691
Extracted Variance: 20,354; Reliability: 0,865		
Nepotism in Recruitment	14. The reference of the people in the management staff is very important in recruiting personnel to this enterprise.	.667
	13. Those who are acquainted with the recruitment of employees in this establishment do not have difficulty in the selection process	.652
	12. Priority is given to acquaintances in the recruitment in this business	.649
Extracted Variance: 20,209; Reliability: 0,857		
Nepotism in Promotion	1. Knowledge, skills and abilities are in second position for the promotion of employees in this enterprise.	.861
	2. No matter how successful I am in this business, I cannot get afore the acquaintances of business executives.	.839
	3. Relationships between kinship and intimacy are taken into consideration in the promotion of employees in this establishment.	.758
Total Described Variance: 78,374		
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,807
Bartlett's Test of Sphericity	Approx. Chi-Square	5484.448
	df	231
	Shallow.	0,000

3.2. Investigation of the Effect of Paternalistic Leadership on Perceived Nepotism

After verifying the validity and reliability of all variables, correlation analysis was performed to measure the relationship between paternalistic leadership and perceived nepotism, and multiple regression analysis was performed to measure the effect of paternalistic leadership on nepotism. Before the analysis, the assumptions of correlation analysis and multivariate analysis techniques were confirmed. Values of skewness and kurtosis of dependent and independent variables for

normal distribution assumption that must be provided for correlation analysis were taken into consideration and is determined to be between -1.5 and +1.5 as can be seen in the following Table 5. Thus, it can be stated that these variables exhibit normal distribution (Tabachnick and Fidell, 2013). Normal distribution should also be provided for regression analysis. Since the same variables will be used in the regression analysis, normality has been achieved for the regression. Other multivariate regression assumptions were examined under the heading of regression analysis.

Table 5: Normal Distribution with Kurtosis and Skewness Values

	Mean	Skewness	Kurtosis
Behavioral authoritarian leadership	3,828	-0.171	-0.311
Benevolent leadership	4.272	-0.432	0,215
Moral leadership	4,170	-0.292	0,409
Executive authoritarian leadership	4,115	-0.275	.370
Nepotism in relationships	3,189	.159	-0.974
Nepotism in recruitment	3,509	-0.259	-1.111
Nepotism in promotion	2,733	1,370	1,507

3.2.1. Correlation Analysis

The relationship between paternalistic leadership and sub-factors of nepotism can be seen in Table 6 below. Paternalistic leadership is in negative relation with nepotism. This means that as paternalistic leadership increases, nepotism will decrease. In other words, perceived nepotism will be lower in enterprises with paternalistic leadership. However, the strength of these relationships varies for the sub-factors of paternalistic leadership and nepotism.

Behavioral authoritarian leadership is significantly but negatively correlated with nepotism in recruitment, which is only a sub-factor of nepotism. This shows that nepotism perception is lower in hiring companies with behavioral authoritarian leadership. However, the correlation value is as low as -0.145. On the other hand, benevolent leadership only has a significant and negative relationship with nepotism in promotion. This means that in enterprises with benevolent leadership, promotion nepotism is lower. Moral leadership is significantly and negatively related to nepotism sub-factors. Although this relationship is relatively high in the nepotism variable, it is generally low. In enterprises with moral leadership, it can be said that nepotism is lower. Managerial authoritarian leadership is significantly, negatively and lowly related to nepotism in relationships. The relationship with nepotism in recruitment is significant and negative but moderate. There was

no significant relationship between administrative authoritarian leadership and promotion nepotism. It can be said that nepotism is less in relationships and recruitment in enterprises with administrative authoritarian leadership.

Table 6: The Relationship of Paternalistic Leadership with Discrimination and Sub-Factors of Nepotism

	Correlation	Nepotism in relationships	Nepotism in Recruitment	Nepotism in Promotion
Behavioral Authoritarian Leadership	r	-0.008	-, 145 *	-0.107
	p	.903	0,035	0,120
Benevolent Leadership	r	-0.074	-0.007	-, 187 **
	p	.286	.924	0,006
Moral Leadership	r	-, 261 **	-, 158 *	-, 159 *
	p	0,000	0,021	0,020
Executive Authoritarian Leadership	r	-, 160 *	-, 320 **	-0.093
	p	0,019	0,000	.179

* Significant relationship at 0.05 level

** Significant relationship at 0.01 level

3.2.2. Research Hypotheses: Regression Analyses

The effect of four different types of leadership, which are the sub-factors of paternalistic leadership, on nepotism in relationships and promotion, and nepotism in recruitment were measured by multiple regression analysis. Thus, three different multiple regression analyzes were performed for three dependent variables. Stepwise method was used to analyze the effect of four independent variables on dependent variables. This method is applied by taking the independent variables into the model one by one by keeping the variables that have a significant effect on the dependent variable in the model and removing the variables that do not have a significant effect from the model.

The normal distribution, which is one of the multivariate regression assumptions, was examined under the title of correlation analysis and it was observed that the data were distributed normally. Other assumptions, such as the absence of autocorrelation and the absence of multiple linear connections between independent variables, were also tested. Durbin-Watson value between 1.5-2.5 indicates that there is no autocorrelation problem which is one of the assumptions of multivariate statistical techniques (Nakip, 2013). VIF values below 10 indicate that there is no multiple linear connection (Kalaycı, 2014).

3.2.2.1. The Effect of Paternalistic Leadership on Perceived Nepotism in Relationships

In the second step, the final model was formed as a result of analyzing the independent variables mentioned in the research model one by one. Hypothesis about multiple regression test is;

$$H_0 : \beta_{\text{independent variables}} = 0$$

H_1 : The coefficient of at least one variable is different from zero.(H1a)

The significance of the regression model in the second step, the variables included in the model, the significance values of these variables, beta coefficients and the resulting R2 value are given in Table 7. below.

Table 7: Findings on the Effect of Perceived Nepotism in Relationships of Paternalistic Leadership

Perceived Nepotism in Relationships			
	Beta	Sig.	VIF
Moral Leadership	-0.392	0,000	1,529
Behavioral Authoritarian Leadership	.222	0,007	1,529
R2	0,100		
N	212		
F	11.663		
Sig.	000		
Durbin-Watson	1,008		

As can be seen from the table above, a significant model with two independent variables has emerged. R2 value in the regression model is seen to be 0,100. This means that approximately 10% change in the dependent variable is explained by the independent variables in the model. This percentage is a low percentage. When we look at the beta coefficients of the independent variables in the model, it is seen that the moral leadership variable is a negative and more effective variable. Behavioral authoritarian leadership has a positive effect on perceived nepotism in relationships. In this case, it can be said that moral leadership reduces perceived nepotism in relationships and behavioral authoritarian leadership increases nepotism.

3.2.2.2. The Effect of Paternalistic Leadership on Nepotism in Recruitment

In the second step, the final model was formed as a result of analyzing the independent variables mentioned in the research model one by one. Hypothesis about multiple regression test is;

$H_0 : \beta_{\text{independent variables}} = 0$

H_1 : The coefficient of at least one variable is different from zero.(H1b)

The significance of the regression model in the second step, the variable in the model, the significance value of this variable, the beta coefficient and the resulting R^2 value are given in Table 8 below.

Table 8: Findings on the Effect of Perceived Nepotism of Paternalistic Leadership in Recruitment

Perceived Nepotism in Recruitment			
	Beta	Sig.	VIF
Executive Authoritarian Leadership	-0.400	0,000	1,263
Benevolent Leadership	0,176	0,016	1,263
R2	0,127		
N	212		
F	15.197		
Sig.	000		
Durbin-Watson	.709		

As can be seen from the Table 8 above, a significant model with two independent variables has emerged. The R^2 value in the regression model is 127. This means that approximately 13% change in the dependent variable is explained by the independent variables in the model. This percentage is a low percentage. Administrative authoritarian leadership in the model has a negative effect. In this case, it can be said that administrative authoritarian leadership reduces perceived nepotism in recruitment. Benevolent leadership has a significant and positive effect on perceived nepotism in recruitment. In this case, it can be said that benevolent leadership increases perceived nepotism in recruitment.

3.2.2.3. The Effect of Paternalistic Leadership on Nepotism in Promotion

As a result of analyzing the independent variables mentioned in the research model one by one, the final model was formed in one step. Hypothesis about multiple regression test is;

$H_0 : \beta_{\text{independent variables}} = 0$

H_1 : The coefficient of at least one variable is different from zero.(H1c)

The significance of the regression model in the first step, the variable in the model, the significance value of this variable, beta coefficient and the resulting R^2 value are given in Table 9 below.

Table 9: Findings on the Effect of Perceived Nepotism in the Promotion of Paternalistic Leadership

Perceived Nepotism in Promotion			
	Beta	Sig.	VIF
Benevolent Leadership	-0.187	0,006	1,000
R2	0,035		
N	212		
F	7.604		
Sig.	, 006		
Durbin-Watson	.856		

As can be seen from the table above, a meaningful model with one independent variable has emerged. The value of R2 in the regression model is .035. This means that approximately 4% change in the dependent variable is explained by the independent variables in the model. This percentage is quite low. The benevolent leadership in the model has a negative effect. In this case, it can be said that benevolent leadership reduces the perceived nepotism in promotion. However, since the R2 value is quite low, this effect is also very low.

3.2.2.4. Effect of Number of Years Worked on Institution on Nepotism

After investigating the effect of paternalistic leadership on the perception of nepotism, the perception of nepotism according to the working year of the employees was also examined. The aim is to see whether the perceived nepotism has changed according to the number of years worked in the institution. The number of years the employees worked in their institutions was defined in 4 different groups; less than 2 years, 3-5 years, 6-10 years and more than 11 years, and it was tried to determine whether there was a difference between these groups in terms of perceived nepotism. These groups were compared according to the average scale scores of the variables called perceived nepotism in relationships, recruitment process and promotions, which are sub-factors of perceived nepotism .As a result, it can be said that there is a difference according to the year groups worked in the institution for the variables whose p values of F tests are less than 0.05 and there is no difference in those whose p values are less than 0.05. As can be seen in the Table 10 below, perceived nepotism differs according to the number of years worked in the institution.

Table 10: Relation of Number of Years Working Groups in the Institution with Perceived Nepotism Sub-Factors

Number of Years Worked		N	Mean	Std. Deviation	Std. Error	F	df	p
Nepotism in Relationships	Less than 2 years	80	3,547	1,138	0,127	8.894	3	0,000
	Between 3-5 years	37	2,797	.964	.159			
	6-10 years	50	2,700	.914	.129			
	11 years and above	45	3,417	1,156	.172			
Nepotism in Recruitment	Less than 2 years	80	4,313	.937	0,105	20.570	3	0,000
	Between 3-5 years	37	2,946	1,346	.221			
	6-10 years	50	3,000	1,313	.186			
	11 years and above	45	3,111	1,189	.177			
Nepotism in Promotion	Less than 2 years	80	2,875	1,086	0,121	3,884	3	0,010
	Between 3-5 years	37	2,279	.488	0,080			
	6-10 years	50	2,733	.875	.124			
	11 years and above	45	2,852	.914	0,136			

The post-hoc test was used to determine the difference in or between the groups. Tukey test was used as post hoc test in our study. As a result of the post hoc test, it was observed that groups working less than two years and more than eleven years had higher perceptions of nepotism in relationships and promotion than groups working three to ten years. Employees who work less than two years also have a higher perception of nepotism in recruitment. According to these results, it can be said that the general perception of nepotism is high for those who work less than two years.

CONCLUSION AND SUGGESTIONS

Factor and reliability analyses were performed in order to determine the variables and the sub-dimensions of the variables in our study, which investigated whether paternalistic leadership had an effect on perceived nepotism. The variables formed as a result of factor and reliability analyzes were defined and the relationships between these variables and correlation and regression analyzes were examined. In addition, it has been examined whether the nepotism perceived by the employees according to the number of years they work in the institution changes.

As a result of the analysis, moral leadership has a significant and negative effect on nepotism in relationships. Managerial authoritarian leadership has a significant and negative effect on nepotism in recruitment. On the other hand, benevolent leadership has a significant and negative

effect on nepotism in promotion. Benevolent leadership has a significant but positive effect on nepotism in recruitment. Behavioral authoritarian leadership has a significant and negative effect on nepotism in relationships. In addition, the general perception of nepotism is higher in employees who work for less than two years. Perceptions of nepotism are higher only in relationships and promotions for those who work more than ten years.

The negative influence of moral leadership on nepotism in relationships means that moral leadership reduces perceived nepotism in relationships. In other words, increase in the moral qualities of the company's executive leadership decreases perceived nepotism in the relations by employees. Similarly, in companies where the leader has the authority of managerial authoritarian leadership, the perceived nepotism in hiring by employees decreases. In companies where the leader shows benevolent leadership, the perceived nepotism in promotions by employees is lower.

In literature, there is only one study examining the effect of paternalistic leadership on nepotism, which is the work of Erden and Otken (2019). In this study, it was concluded that authoritarian leadership increased nepotism. In our study, behavioral authoritarianism increased nepotism in relationships, while administrative authoritarianism reduced nepotism in recruitment. This shows that our study does not give completely parallel results to the study of Erden and Otken (2019). However, in general, the literature shows that paternalistic leadership has a positive effect on the positive characteristics of company personnel such as organizational commitment, job satisfaction and compliance. Low perception of nepotism is positive. Thus, in our study, the reduction of nepotism by paternalistic leadership shows that the study is parallel to the literature.

Our study did not yield a clear and strong result whether paternalistic leadership styles in family-owned companies reduced or increased perceived nepotism. In this context, a more comprehensive study can be done by increasing the sample size and including different variables in the analysis. An evaluation carried out with employees from many different sectors, if possible, can be added to the model proposed in the study.

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