

How does Leadership Effectiveness related to the Context? Paternalistic Leadership on non-financial Performance within a cultural Tightness- Looseness Model?*

Korhan Arun, Cem Sen, Olcay Okun**

Abstract

Current emphasis in culture research focuses on how leaders might change the culture to improve organizational performance. However, how culture affects organizational performance under active leadership relations research has resulted in conceptual ambiguities, as well as contradictory empirical findings. We argue that organizational culture moderates the effectiveness of leadership on organizational performance. We used an ethical approach to generalize paternalistic leadership in moderating Turkish organizational culture. The results indicate that paternalistic leadership functions are divided into two dimensions: family relationships and non-work life involvement, and the overall effects of paternalistic leadership on non-financial performance are unconnected to organizational culture, namely cultural tightness-looseness (CTL).

Key Words: leadership effectiveness; paternalistic leadership; cultural tightness-looseness (CTL); non-financial performance.

JEL Codes: M10, M12, M14

Introduction

Defining effective leadership across cultures has been an important topic (House, Hanges, Javidan, Dorfman & Gupta, 2004). However, our current knowledge and insights are somewhat limited when researching within different cultural contexts. Some of the Western leadership styles that we also believe to be the “correct” style do not become effective in other or Asian cultures.

Consequently, the scope of leadership in shaping the success or failure of organizational outcomes is uncertain. It is crucial to investigate which leadership style does and does not matter under different organizational contexts or cultures (Chan & Brief, 2005) where contextual differences are generally as diverse as national or corporate level (Marturano & Gosling, 2008). The effect of paternalistic leadership on organizational outcomes is much of one in the leadership research area. However, there is still considerable disparity among authors for the

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definition and effectiveness of paternalistic practices (Pellegrini & Scandura, 2008).

In terms of leadership, culture is strongly related to enhanced firm performance (Combs, Crook & Rauch, 2019). Sociological research has, however, rarely considered specific organizational consequences as outcomes of interest and has failed to operationalize cultural strength on outcomes (Schneider & Barbera, 2014). Even though over the past decade, leadership studies have depended on the situation-culture (Tsui, Wang & Xin, 2006; Vroom & Jago, 2007), scholars did not conduct the empirical study of situational effects adequately.

Dietz et al. showed that in terms of moderators of the culture-outcome, leadership relationship is fluxional. Ogbonna and Harris (2000) found partial support for culture as a mediator, with leaders having direct effects on performance. This implies that consistency and differences do exist among organizational performance dimensions in different cultures. We maintain that one crucial reason is that harmonious relations of opportunity have been lacking. Our paper develops such a correlation. Thus, it can assist scholars in empirically studying specific kinds of organizational cultures and leadership effects to organizational performance in a way consistent with their definitions of their field, or research.

We pursued an ethical approach as we consider paternalistic leadership as a leadership style and cultural tightness-looseness (CTL) in an organizational context. We tried to explain whether organizational culture drives or hinders the effect of leadership on organizational outcomes in that specific setup. Organizational culture theory is rooted in social psychology and anthropology – in North America and Europe – but cultures have their distinctive leadership styles, as predicted by organizational culture (Schoonhoven & Dobbin, 2010). Cultures vary to norm strength, depending on anthropological roots (Li, Gordon & Gelfand, 2017; Pelto, 1968). CTL theory is also about adaptation in which leaders are subject to the characteristics of the resultant strength of social norms. So, in different CTL leadership effect will be distinctive and should be researched in this context.

Organizational outcomes are generally measured in terms of financial and non-financial outcomes. Non-financial measures concern the internal organizational and managerial processes such as inputs, acquisition of resources, and intimate processes (means). In the system model and a holistic view of the organization, the causal relationships between means and ends can be researched. This approach integrates both means of internal process and ends indicators (e.g., non-financial performance). The effects of leaders on these quantifiers, therefore, seem more important. The explicit affective culture–performance relationship is not linear; instead, the effect of culture on organization performance was attenuated at higher levels of positive culture strength (Dawson, González-Romá, Davis & West, 2008; Schneider & Barbera, 2014). Most, if not all, performance

research has relied upon leadership, while the broad construct of organizational culture is influential in leadership phenomena (Aktas, Gelfand & Hanges, 2016; House et al., 2004). Therefore, with this research, we can determine whether the culture itself or its strength is related to the organizational performance of the leadership. The question remains, however, as to the precedence of impact over cognitive or instrumental elements of culture in determining the effect of leadership on performance.

Paternalistic leadership is prevalent in some Latin-American contexts (Liberman, 2014), and developing countries like Turkey tend to favour paternalism (Cardy & Selvarajan, 2001; Haire, Ghiselli & Porter, 1963; Pellegrini & Scandura, 2006). Aycan (2006) has indicated that leadership research should explore the outcomes of paternalism for the organization. Arsezen-Otamis, Arikansaltik, and Babacan (2015) have studied the relationship between paternalistic leadership and business performance in regional organizations in Turkey. Their results do not entirely explain the relationship, and the local focus calls its generalisability into question. More research is needed to understand the relationship between paternalistic leadership and organizational outcomes, especially with abstract variables like adequate performance levels within the organization (Lau, 2012). Additionally, it is crucial to determine whether the consideration of the culture as a context also overrides the principles and effectiveness of paternalistic leadership. Organizational culture is a form of shared norms among members (Härtel & Ashkanasy, 2011). Critical to this argument is the feedback loop that links norms reflected in leader effectiveness (Härtel & Ganegoda, 2008). Norms can just as easily lead to having negative rather than positive outcomes for the organizations (Panipucci & Hartel, 2006). Researchers have assigned different meanings to the culture-strength construct (González-Romá & Peiró, 2014) and Maslowski (2006) related cultural strength to norms. Thus, the strength of norms is acting as derivatives of tightness and looseness in CTL (Şen, Arun & Okun, 2019). As a result, we decided to research the effect of the norm-based CTL, about the strength of norms, on the relation of leadership and organizational performance. This paper, therefore, considers the effect of paternalistic leadership on non-financial performance moderated by CTL. In this context, the research question is:

Research Question: Does the effect of leadership vary on organizational outcomes according to the cultural coherence, which is also crucial on organizational performance? More specifically, how does value-based paternalistic leadership affect organizational performance according to the strength of the cultural context?

This paper aims to contribute to the literature in the following ways: The first objective is to find out more about the relationship between organizational performance and the paternalistic leadership style in the context of organizational culture. Some researchers found that organizational culture has not been seen as

an important variable in the context of leadership styles (Buchanan & Huczynski, 2004). So, it is influential to know which styles of leadership are effective in specific types of organizational culture. In that sense, secondly, CTL is an entirely new phenomenon and has not been related to leadership and organizational performance before. Thirdly, the present study has the purpose of providing evidence for the nature of the leadership–organizational culture connection for other cultures with a similar make-up.

The outline of the rest of the paper starts with theoretical aspects of CTL, paternalistic leadership, and organizational performance. Next, we use this theoretical perspective to hypothesize development and explain the effects of leadership on non-financial organizational performance depending on the context. The following section is the methodology that explains the sample and questionnaires, research model, and statistical analyses. In the results and discussion section, analysis results are explained with relations to the research hypothesis, highlighting how they can explain our integrative approach. Lastly, in the conclusion section, we explain underlying aspects, relations, consequences of our study, and how it can open new lines of practical use with future recommendations.

Theoretical development and hypotheses

The relationship between leadership and organizational outcomes has been considered in many studies (Cannella, 1997; Finkelstein, Hambrick & Cannella, 2009; Hsieh & Liou, 2018; Kitonga, Bichanga & Muema, 2016; Koestenbaum, 2002; Para-González et al., 2018; Wang, Tsui & Xin, 2011), but the results have been inconsistent. Some studies have concluded that leaders do not have a substantial effect on organizational performance (Finkelstein et al., 2009), while others have found that leaders influence performance outcomes (Hambrick, 2007). Even if the pattern of poor performance preceding a leader's departure is robust, the explanatory power between firm performance and leadership, as found by researchers, is not particularly strong (Finkelstein et al., 2009). Therefore, it seems necessary to review the relationship between leadership and organizational performance once more.

The reasons for decisions and outcomes in favour of leadership is partly cultural (Koestenbaum, 2002). Culture is made up of ideas, values, norms, and institutions (D'Andrade, 2018) and may differ in terms of their norms (Alderfer, 2011). So, we took the norm-based approach to organizational culture, which is CTL. It is essential to understand whether the effectiveness of accepted leadership theory in a diverse or indigenous culture may differ from those preferred in other cultures – that is, does the effectiveness of leadership depend on cultural context?

Organizational non-financial performance and paternalistic leadership

Mere financial information is mostly lacking in information and does not indicate how and if future performance will be achieved (Horváth & Moeller, 2004). So, financial performance measures must be balanced by nonfinancial measures (Epstein & Manzoni, 2004; Rejc & Slapničar, 2004). The non-financial aspects of organizational performance are, therefore, introduced to provide additional information about intangible aspects that could not be provided by other approaches (Ahmad & Zabri, 2016). New management research has also shown that about 47 % of the total number of indicators of organizational performance are related to nonfinancial management (Dossi & Patelli, 2010).

Leaders can play a vital role in reforming non-financial performance metrics (Chatterji & Levine, 2006; Pfister, 2009) because these measures require committed leadership with a long-term focus, adjustments to organizational structure, culture, and systems, as well as learning and growth (Erdem, Gökmen & Türen, 2016; Pollanen & Maheshwari, 2007). Such managerial fixed effects (multiplier effects) have been discussed in the literature (Gibbons & Henderson, 2013). However, the organization is meant, in this context, to play a canonical role in authoritative management (Kreps, 1990). In other words, organizational culture is essential both for the leader and for organizational performance (Martinez, Beaulieu, Gibbons, Pronovost & Wang, 2015).

Various organizational conceptualizations have yielded different performance models. The system model focuses on inputs, acquisition of resources, and internal processes or means (Henri, 2004; Yuchtman & Seashore, 1967). Within the organizational process, leaders may have more effect. The Turkish work mentality represents a dual cultural structure because there is a positive relationship between Western values and local values. Cultural categories in the perception of paternalism values are rooted in the intersection of East and West (Çakar & Kim, 2015). In Turkish culture, paternalistic leadership plays a vital role in the performance of organizational processes.

Asian cultures are rooted in paternalism (Pellegrini & Scandura, 2008) and involve reciprocal social relationships between superiors and subordinates, with the subordinates expecting protection, while the superiors expect loyalty (Berkman & Özen, 2008). Paternalistic values can be found in Western cultures (Martin, 2002), but paternalism as an effective leadership style is more often found in non-Western cultures, especially in developing countries where leaders tend to favour paternalism and discourage participation from lower-level employees (Cardy & Selvarajan, 2001). Paternalism is not just a type of leadership behaviour, but also a cultural characteristic (Erben & Güneşer, 2008), and there are cultural dimensions in Turkey connected to this type of leadership behaviour (Öner, 2012; Pellegrini & Scandura, 2006; Sargent, 2001).

Ritchie, Anthony, and Rubens (2004) correlated collectivistic leadership behaviours to organizational performance. However, prior research has provided little theoretical and empirical guidance on the effect of paternalistic leadership on performance in developing countries (Wu, Huang, Chan, 2012). As a result, paternalistic leadership may be a useful management tool in Middle Eastern business contexts such as Turkey and should be researched (Pellegrini & Scandura, 2008). However, evidence concerning how economic and non-economic performance measures improve corporate financial performance is still lacking (Rejc & Slapničar, 2004), and the translation of nonfinancial measures into financial ones has created difficulties (Pierre-Laurent & Cauvin, 2004). We, therefore, consider only nonfinancial performance measures as the focus of leadership behaviour. In this context, the following hypothesis is developed.

Hypothesis 1. Paternalistic behaviour, a dominant leadership style in the Turkish business environment, will be positively correlated with internal managerial, organizational processes (control, signaling, education and learning, and external communication), namely nonfinancial performance.

Leader succession has been linked to changes in organizational performance. Of course, our world is more complicated than controlled research environments, which makes it necessary to study additional factors within the succession context, such as culture. Organizational culture is crucial for organizational performance (Pfister, 2009; Reisyan, 2016; Sørensen & Sørensen, 2002). However, research has failed to establish a long-term prominent causal link to performance-related outcomes (Martin, 2002). According to Pfister (2009), this relationship can be achieved by using organizational culture as an internal control tool. However, it is difficult to prove a causal link between culture and organizational success (Reisyan, 2016). Preferably, organizational culture has an indirect or moderating influence on how we direct our attention and how we act or interact. In organizations where paternalistic tendencies are high, compliance with established organizational rules and norms is important (Özeren, Özmen & Appolloni, 2013), and this culture may help leaders to improve the performance of their organizations (Martin, 2002). Contextual issues in managerial discretion studies tend to be more generic and enduring (Liu et al., 2018). However, the impact of discrete and dynamic leadership styles and their connection to organizational performance is not accounted for in the current literature. Thereby, in this paper, organizational CTL is taken as a moderating factor between leadership and performance.

Cultural tightness-looseness as organizational context

The concept of cultural tightness was first used by Durkheim (1893), pointing to traditional societies and institutional pressures as a source for the application of strict norms. The concept of CTL emerged as a response to the existing value-based approach. There has, however, been almost no research attention to our discussion of CTL (Gelfand et al., 2011; Özeren et al., 2013; Toh & Leonardelli, 2013). Gelfand, Nishii & Raver (2006) defined CTL as the 'strength of social norms and the degree of sanctioning' available in a given society. The strength of cultural norms means how explicit and pervasive norms are within societies, and the strength of sanctioning means how much tolerance there is for deviance from norms within societies (Chan, 1996).

Gelfand et al. (2011) found that Turkey ranked seventh of the countries with the most stringent cultures, among data collected from 33 countries. Considering that organizational culture does not differ much from social culture and that organization in tight communities are influenced by social norms (Gerhart, 2008), it is readily understood that examining organizations in the Turkish CTL context, which is at least as necessary as the other cultural dimensions, may increase the value of the analysis and the weight given to studies on the subject.

The less complicated phenomenon of CTL – a value-neutral concept – may explain the effects of leadership on organizational outcomes more saliently through long-term oriented and cross-functional processes (Jung, Scott, Davies, Bower, Whalley, McNally & Mannion, 2007, 2009). CTL is dependent on the strength of the norms or deviation from social norms in an organization. Organizations or their members are not differentiated depending on cultural values but varied in their expression of and adherence to social norms (Gelfand et al., 2006). Leaders often adjust their management and leadership styles to a different set of organizational dominant norms and expectations (Marturano & Gosling, 2008). As a natural result, leadership is the most critical factor in an organizational performance that is affected by organizational culture, namely CTL. The study in Turkey by Üstün and Kılıç (2017) showed that CTL is significantly related to organizational performance. However, they preferred both financial and nonfinancial dimensions as organizational performance. Nevertheless, CTL, as an organizational context, can be a tension system or force field, comprising effects of leadership practices' opportunities and constraints. As a set of factors when considered together, leadership, organizational performance, and context may show a more different and theoretically important pattern than any of the factors would show in isolation (Johns, 2006; Rousseau & Fried, 2001). So, in this study, for the first time, paternalistic leadership is taken into consideration with CTL, which questions the influence of norms and rules, and differs from a values-based approach (Gelfand et al., 2006).

The moderating effect of CTL on the relationship between paternalistic leadership and nonfinancial performance

In the previous sections, we have revealed that those who can use their paternalistic values more effectively than other leaders in the organization can influence their organizational outcomes more positively. Therefore, in this regard, there is a significant and positive relationship between paternalistic leadership and organizational performance. However, it seems that the issue of what the moderating variables might be in this relationship is not yet sufficiently clear.

Here is a lack of theoretical development of the relationship between culture and performance; there are problems regarding the measurement of both culture and financial performance, as empirical evidence does not support the idea that organizational culture predicts organizational performance (Ostroff, Kinicki & Muhammad, 2013). Although it has a large share of organizational success, there does not appear to have been any study to date on how perceived CTL affects the relationship between paternalistic leadership and organizational performance, perhaps because CTL is a relatively new concept. It has not yet been sufficiently examined in the literature on organizational culture, except for a few studies (Wasti & Fis, 2010).

Ouchi (1993) is one of the first researchers who predicted organizational culture's strength relative to consistency, organization-wide consensus, and norms (Barney, 2004; Chung, 1982; Pfister, 2009). CTL differentiates among societies comparative to traditionality (Pelto, 1968) and modernization (Gelfand et al., 2011; Gelfand et al., 2006). Even if the aspects of leadership that can be considered to be universal (Dickson, Castaño, Magomaeva & Den Hartog, 2012), the efficacy of the leadership is contingent on the culture (Aktas et al., 2016; Gelfand et al., 2006).

Cultural tightness, because of its top-down effect, creates practices that limit the range of acceptable behaviour and facilitate order and predictability, as well as control, less flexibility, organisational standards, and greater accountability and compliance with norms, thus ensuring compliance education and relatively restrictive socialisation processes (Gelfand et al., 2006; Wasti & Fis, 2010). Advanced performance monitoring and evaluation systems (Martin & Freeman, 2003) are used to assess behaviour and employee performance in culturally tight organizations, and employees who do not contribute sufficiently to organizational goals are always punished (Kobayashi, 1998). These aspects of culturally tight organizations tend to negatively affect technical competence, communication ability, initiative, perseverance, effort, avoidance of anti-productive behaviour, managerial leadership, hierarchical management performance, and organizational performance (Gerowitz, Lemieux-Charles, Heginbotham & Johnson, 1996). These adverse effects on employees can manifest as deviant organi-

zational behaviour outcome variables, particularly in the form of impaired performance with reduced efficiency and effectiveness.

Cultural looseness, because of its bottom-up effect, brings up relatively more flexible norms and lower regulatory strength, a more positive approach and lower threat of sanctions to deviations from these norms, more openness to new experiences and innovative cognitive styles, lower accountability, lower accessibility of normative requirements and greater promotion focus (Gelfand et al., 2006; Wasti & Fis, 2010). These beneficial effects on employees can manifest as positive organizational behaviour outcome variables, in the form of higher performance with increased efficiency and effectiveness.

There may be different factors that mediate the positive effects of paternalistic leadership on organizational performance. In light of the information presented above, perceived CTL in the organization may be one of these, as the theoretical debates described above suggest that this relationship may be necessary to achieve high performance and success. Researchers have examined the impact of strong culture (Schneider et al., 2014), hindering leadership efforts, with the organizational performance association. On the other hand, it is argued that the performance of organizations within the weak cultures can be stifled by the divergent norms (Bezrukova, Thatcher, Jehn & Spell, 2012). In other words, the strong influence of paternalistic leadership levels on organizational performance can be enhanced by more flexible perceptions of CTL within a given organization.

While investigating the impact of culture on performance outcomes, some of the literature defends meso (firm) level analysis; others defend the individual level for empirical research in this area. Since any macro impact can be induced by the micro-level process (Gligor, Esmark & Gölgeci, 2016), we apply individual leader level analysis with examining the meso phenomena, culture, from the perspective of employees. Here is emerging work on the link between leadership and organizational performance (Pettigrew, 2013) with the assumed moderator of culture, but little work has explicitly tested these relationships. Indeed, some of the contradictory findings of organizational practice-outcome relationships (Lieberson & O'Connor, 1972) may be due to the fact that organizational culture did not emerge (e.g., strength) and hence the expected relationship between leader actions, and outcomes were not realized. In this context, it can be argued that the factors that increase performances are affected negatively by tight societies and organizations but are affected positively by loose societies and organizations. For researching certain phenomena, paternalistic leadership, its constructs related within a set of boundary assumptions and constraints of a logical statement, and the impact of CTL, we have proposed the following hypothesis:

Hypothesis 2 a. Perceived cultural tightness has a negative moderating effect on the relationship between paternalistic leadership and organizational performance; when the perceived cultural tightness is high, the impact of paternalistic leadership on job performance is diminished.

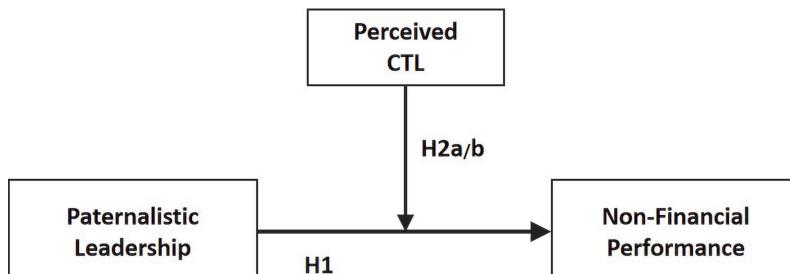
Leadership practices differentiate outcomes relative to cultures (Pennington, Townsend & Cummins, 2003). Empirical studies have mainly found positive relationships between leadership and performance with subjective performance measures, although effect sizes vary considerably (Knies, Jacobsen & Tummers, 2016; Milić, Grubić-Nešić, Kuzmanović & Delić, 2017) and leadership, including paternalistic leadership, effectiveness is prone to cultural context (Fein, Tziner, Vasiliu & Felea, 2015; Jackson, 2016; Pfajfar, Uhan, Fang & Redek, 2016). However, this contingency effect of culture strength on organizational performance is curvilinear (Dawson et al., 2008). More clearly, organizational performance rises with the strength of the culture to some point. After that threshold, the organizational performance decreases relative to organizational strength. Additionally, if cultural controls multiply too much, the culture will cause organizational performance to decrease (Saffold III, 1988) so:

Hypothesis 2 b. The perceived cultural looseness has a positive moderating effect, and when the perceived cultural looseness is high, the impact of paternalistic leadership on job performance is increased.

Methodology

Our model was established and tested to realize the objectives of this research and discuss its outcomes in light of data obtained from white- and blue-collar workers employed in a well-known hotel chain in Turkey. Due to cultural factors discussed above, the sample is selected from Turkey. The research model is shown in Figure 1.

Figure 1. Research model and hypotheses



In this study, a two-page questionnaire consisting of 3 sections and a total of 38 questions were used. The paternalistic leadership questionnaire contained 24 questions and six dimensions: 1) Paternalist (Öhnon, 2016), with questions 1–4 including “Makes decisions on behalf of employees without their approval”; 2) family atmosphere at work, questions 5–8 like “Advises employees on a variety of topics like a family eldest” or “Protects employees from outside criticism”; 3) individualized relationships, questions 9–12 like “Gives importance to establish one-to-one relationship with each employee”; 4) status hierarchy and authority, questions 13–16, e.g. “Wants to keep everything under control or know about them”; 5) involvement in employees’ non-work lives, questions 17–20, e.g., “Participates in special days of employees (e.g., wedding, funeral, graduation ceremony, etc.”); and 6) loyalty expectation, questions 21–24, e.g., “When deciding for employees (e.g., promotion, dismissal), he/she takes into account non-performance criteria” (Aycan, 2006). The Cronbach’s alpha coefficient for this scale was 0.957. Cultural tightness-looseness had one dimension and six questions, e.g., “There are many organizational norms that employees are expected to comply with,” or “Employees almost always comply with organizational norms” (Sen, 2018). After omitting one item, the Cronbach’s alpha for this scale was 0.857. The non-financial, organizational performance had one dimension, and eight questions, measuring the variables of decision processes, e.g., “The strategic performance targets for our business are clear,” control, e.g., “Performance system is concurrent to motivate employees,” signaling, e.g., “Leaders indicate their values and preferences in a way that shows where employees can concentrate their energy and attention,” education and learning and external communication, e.g., “We have a high level of information sharing with stakeholders (investors, analysts, suppliers, customers, etc.)” (Henri, 2004; Simons et al., 2000). The Cronbach’s alpha coefficient this scale was 0.898. Information on the validity of the scales (Meyers, Gamst & Guarino, 2006) is presented in Table 1. According to this table, the validity of the initial model indicates a good fit.

Table 1. Information on scale validity

Scale	$\Delta\chi^2$	df	$\Delta\chi^2/df$	NFI	GFI	CFI	RMSEA
Paternalistic Leadership	86.567	51	1.69	.922	.898	.966	.070
Organisational Nonfinancial Performance	21.953	17	1.291	.916	.868	.919	.072
CTL	4.142	6	0.69	0.987	0.988	1.00	0.00

Sample

Elite World Hotels was the firm selected for the sample. We chose only one brand to avoid the bias effects of cultural, performance, and leadership change

from organization to organization. The brand currently operates three hotels in Istanbul, and a fourth one was opened in February 2017. The Elite World Istanbul and Elite World Prestige Hotels are in Talmihane, Taksim, the Elite World Business Hotel is in Florya, near the Atatürk International Airport, and the Elite World Europe Hotel is in 'Basin Ekspres,' close to the Atatürk International Airport. There are two more hotels outside Istanbul: the Elite World Van Hotel is located in the city centre of Van, and the Elite World Marmaris Hotel is in İcmeler, Marmaris, on the Mediterranean-Aegean cost of Turkey (About Us | Elite World Hotels, n.d.). With the investment of Elite World Europe Hotel, the chain has a total of six hotels, 963 employees (approximately 150 white collars and 800 blue collars) and the total bed capacity of the chain has reached 2,506 (Elite World Hotels 120 Million Dollar Investment Elite World Europe | Press Releases | Elite World Hotels, n.d.).

We sent the questionnaire using "SurveyMonkey" (online survey application and web site) to all white-collar employees for performance and the others for paternalistic and cultural tightness factors. Only 500 blue-collar workers could access the Internet, so our populations consisted of 150 white-collar and 500 blue-collar workers. The sample size for a 500 person population is 83 people, with $\pm 10\%$ precision levels, where the confidence level is 95 % and $p=.5$, (Israel, 2013). In other words, this means that if a 95 % confidence level is selected, we are confident that 95 out of 100 samples will have the actual population value within the range of precision specified. All the available employees were informed; the return rate was 118 for blue-collar employees and 41 for white-collar employees, with a total sample size of 159.

We first used the principal axis (PA) factoring to analyse the data (Leech, Barrett & Morgan, 2015), because the sub-dimensions of paternalistic leadership are probably correlated. With PA factor analysis, the correlation matrix is modified such that the correlations of each item with itself are replaced with a 'communality – a measure of that item's relationship to all other items (usually squared multiple correlations). Thus, using standard principal component analysis (PCA), the researcher seeks to reproduce all information (variance and covariance) associated with the set of variables. In contrast, PA factor analysis is directed at understanding only the covariation among variables (Leech et al., 2015). After PA, four factors were formed, and these factors were tested with confirmatory factor analysis (CFA) using AMOS software. After CFA, four factors were scaled into two factors.

The first factor, 'Family Relationships,' consisted of questions primarily from the dimension's family atmosphere at work (questions 5, 6 and 8) and individualized relationships question (10, 11 and 12), as well as question 13 from the status hierarchy and authority dimension and question 17 from the involvement in employees' non-work lives dimension. The second factor, 'Non-work Life In-

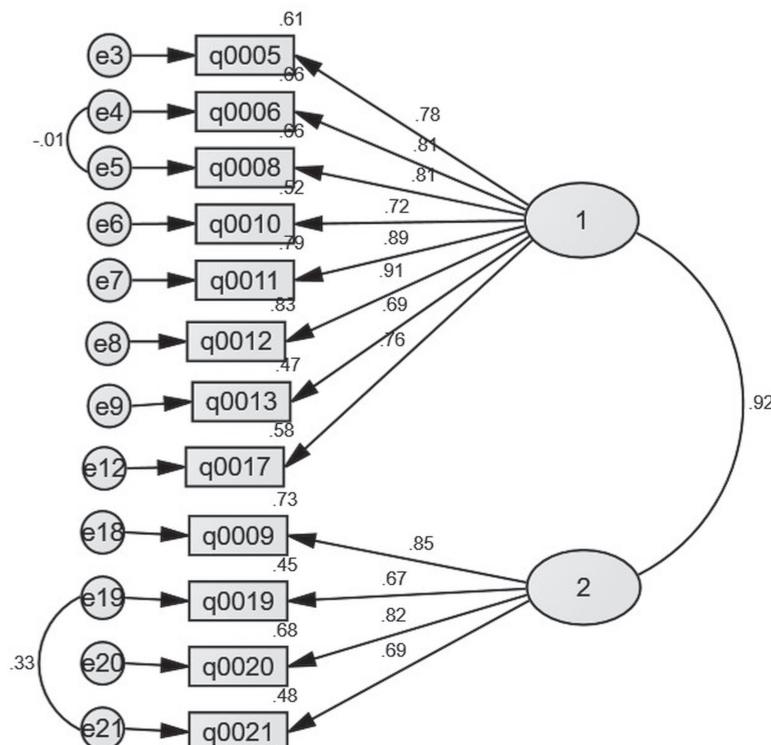
vement,' had two questions in the employees' non-work lives dimension and one question from the loyalty expectation dimension.

Table 2. Confirmatory factor analysis for the paternalistic leadership

	CFA	CMIN(χ^2)	df	p	RMR	RMSEA	GFI	AGFI	NFI	RFI	IFI	TLI	CFI
Paternalistic Leadership		86.567	51	.001	.5	.7	.898	.844	.922	.9	.967	.956	.966

The paternalistic leadership questions had 51 degrees of freedom and a p-value of less than .0001 ($p < .0001$), which suggests that the fit of the data to the hypothesized model is not entirely adequate. Interpreted literally, this test statistic indicates that, given the present data, the hypothesis bearing on the summarised model of paternalistic leadership is unlikely (occurring less than one time in 1,000 under the null hypothesis) and should be rejected. However, this value tends to be substantial when the model does not hold or when the sample size is large (Byrne, 2010; Jöreskog & Sörbom, 1998). So, according to the fit model, the paternalistic leadership model is adequate for the analysis (Table 2).

Figure 2. Confirmatory factor analysis of paternalistic leadership questionnaire results



We checked the canonical correlations because we were interested in two independent factors and two dependent variables.

Table 3. Canonical correlations

	Correla-tion	Eigenvalue	Wilks Statis-tic	F	Num D.F	Denom D.F.	Sig.
Set 1	.810	1.905	.344	18.667	4.000	106.000	.000
Set 2	.002	.000	1.000	.000	1.000	54.000	.989

H0 for Wilks test is that the correlations in the current and following rows are zero

According to the canonical correlations shown in Table 3, independent variables, Set 1 (factor 1 and factor 2 – i.e., paternalistic leadership) are significantly valid on dependent variables, Set 2 (organizational performance and cultural tightness-looseness). However, the effect of Set 2 is not significant. Here Set 2 represents the effects of CTL and organizational performance.

Table 4. Set 1 Canonical loading for factor 1 and factor 2

Variables	Set 1		Set 2	
	Family Relationships (factor 1),			
	Non-work Life Involvement (factor 2)			
factor_1 (Family Relationships)	–0.981		–0.197	
factor_2 (Non-Work Life Involvement)	–0.933		0.360	

Factor 1 has a more negative effect, and factor 2 has a positive effect on non-financial organizational performance (Table 4). For the moderating effect of CTL, we used a regression model. Moderation occurs when the relationship between two variables is different depending on the level of a third variable. We used the PROCESS application in SPSS by Andrew F. Hayes (2018). According to Model 1, results (Table 5), CTL has no moderating effect on the relationship between paternalistic leadership and performance. This result is congruent with the canonical correlation results of Set 1 (Table 5), as factor 1 (Family Relationships) has stronger negative effects on performance than factor 2.

Table 5. Model summary of the moderating effect of CTL on factor 1 (family relationships)**Model summary**

Outcome Variable: Organisational Performance

R	R-sq	MSE	F	df1	df2	p
.171	.029	.782	.534	3.000	53.000	.661

Model: 1; Y: Organisational Performance; X: factor_1 (Family Relationships); W: CTL

According to Model 2, we evaluated the moderating effect of cultural tightness-looseness in the relationship of factor 2 (non-work life's involvement) and performance again. Besides, in this relation, according to Table 6, cultural tightness-looseness has no significant moderating effect because p equals to 0.614, which is too high.

Table 6. Model summary of the moderating effect of CTL on factor 2 (non-work life involvement)**Model summary**

OUTCOME VARIABLE: Organisational Performance

R	R-sq	MSE	F	df1	df2	p
.182	.033	.779	.605	3.000	53.000	.614

Model: 2; Y: Organisational Performance; X: factor_2 (Non-Work Life Involvement); W: CTL

Although theoretical discussions in the previous sections led us to believe that the perceived CTL has a moderating effect on the relationship between paternalistic leadership and non-financial, organizational performance, hypotheses 2 a and 2 b were not supported by the available data, perhaps because the CTL dimension is a relatively new concept (Wasti & Fis, 2010). There is a clear difference between North American cultural characteristics and those of Turkish culture. In a nutshell, leadership, organizational performance, and culture literature in a specific domain of our model will benefit from incremental results in our empirical hypotheses and testing.

Results and discussion

In paternalistic literature, leadership has six dimensions, which are paternalism, family atmosphere at work, individualized relationships, status hierarchy and authority, involvement in employees' non-work lives, and loyalty expectation (Aycan, 2006; Önhon, 2016). According to confirmatory factor analysis (Figure 2) conducted in our research, paternalistic questions are integrated into two factors, which we called "family relationship" and "non-work life involvement." These factors are congruent with the concepts of benevolent paternalism and exploitative paternalism, distinguished by Aycan (2006). The family atmosphere at

work, individualized relationships, status hierarchy, and authority factors combined and formed the “family relations” factor. We have named the factor as family relations because leaders are considering their employees like family (Aycan et al., 2013), and this is the benevolent part of paternalistic leadership (Aycan, 2006). The other factor is “non-work life involvement,” which is formed through “involvement in employees’ non-work lives” and “loyalty expectation factors.” This factor is related to exploitative paternalism (Aycan, 2006) in which the leader’s overt behaviour emphasis is on employee’s compliance. This compliance, however, is related to exclusively on organizational outcomes.

Cultural context also influences the formation of organizational norms (Yu, Xiao & Bo, 2018). Moreover, if the leaders are prone to culture, leadership effectiveness is equally important related to norms. However, researchers, to date, have used the deductive method based on personality type theory, while the induction method grounded in personality trait theory. Today, most researchers include situational variables in their studies, either as determinants of leader behaviour or as moderating variables interacting with traits or behaviour (Vroom & Jago, 2007). Impacts of a norm-based culture on leadership practices have got little attention. So, we designed a model where leadership is an independent variable on dependent organizational performance with the moderator CTL. As a result, we used paternalistic leadership as a measurement indicator of leadership because it is crucial to see if the organizational context might cause a shift in behaviour from what leaders do effectively. Otherwise, we may not see this shift with other leadership styles that may not be effective at all in a Turkish cultural context.

Overall, paternalistic leadership has a high correlation (.810 and $\text{sig.} .000 < .001$) impact for predicting the organizational performance (Table 3). Thus, findings support H1, which predicts that paternalistic leadership is positively correlated with non-financial performance. This result is coherent with the literature (Şen et al., 2019), where generally, the hypothesized leadership style would moderate the effect of leadership on organizational performance. Nevertheless, the difference between the effect level of leadership styles was statistically significant in these effects (Danişman, Tosuntaş & Karadağ, 2015).

There is a difference between paternalistic leadership factors’ impact on organizational performance. The family relations factor has a small but negative impact on organizational performance (-0.197). On the other hand, the non-work life factor has a medium and positive impact (0.360) on organizational performance. In other words, the involvement of the leaders as parents within the family decreases organizational performance. However, non-work life involvement increases organizational performance.

According to research results and against the general idea, the strength of cultural norms has no moderator effect upon the relationship between paternalistic

leadership and organizational performance (Table 5 and Table 6). Significances are higher than .001 (.661 and .614), so hypotheses 2a and 2b are rejected. Norms may be relevant for the development of cultural context, but they are not functioning and thus providing behaviour deeds in the organization under strong leadership. In summary, the research on paternalistic leadership within the social background is still relatively new, and understanding the connection with non-financial performance is still emerging.

Conclusion and recommendations

In this study, the impact of paternalistic leadership on non-financial organizational performance, and the moderating effect of perceived CTL within the organizational culture on the relationship between paternalistic leadership and non-financial organizational performance are considered. Leadership literature fails to link development organizational outcomes with the organizational culture. There are two reasons for this. First, the causal link between leadership capability and organizational performance is strong to pin down. Second, it is unyielding to link culture to a relationship between leader and organizational performance. Our understanding regarding the role of cultural issues within the context of Central Eastern European countries is quite limited (Bodlaj & Vida, 2018). Deduction from these general perspectives directs us that a relevant aspect of paternalism is that it is situational; a benevolent paternalistic relationship may only exist in a collectivist society (Jackson, 2016) like Turkey.

The significant contribution of this paper is showing the relationship between organizational performance and leadership in the context of CTL. Examined theories, which suggest that leadership style, organizational culture, and organizational performance are linked (Fuller et al., 1996; Şen et al., 2019), and the analysis of a questionnaire half supported this claim. When paternalistic leadership style (Kabasakal & Bodur, 2008) and strength of the culture (Giritli et al., 2013; Schneider et al., 2014; Taras et al., 2010) come into prominence, moderation impact of cultural strength on leadership is not significant.

Organizational culture can have a positive or negative impact on organizational performance (Ashkanasy et al., 2011; Flamholtz, 2001; Keith & Frese, 2011; Lee & Yu, 2004; Kotter, 2014; Schneider, Barbera, & Burke, 2014). Generally, early culture-performance literature researched for some traits or values, which are supposed to result in high organizational performance (Lee & Yu, 2004). While CTL is relative to the strength of the organizational norms, cultural strength was significantly associated with short-term organizational performance (Denison & Mishra, 1995). On the other hand, examining just the direct linkage between organizational culture and organizational performance is inadequate (Zheng et al., 2010). Important as is and despite the findings of Denison and

Mishra (1995), our findings prove that organizational culture is not related to effectiveness or outcomes.

We found that paternalistic leadership affects organizational performance with two different dimensions: factor 1 (Family Relationships) and factor 2 (Non-Work Life Involvement). There is a negative relationship between the family relationship dimension and non-financial organizational performance. This is benevolent paternalism, which is a concern for the subordinates; leaders look at loyalty attentively rather than the organizational performance (Aycan et al., 2013; Jackson, 2016).

There is, however, a positive relationship between non-work life involvement and non-financial organizational performance. Thus, hypothesis 1 is partially supported. Non-work life is the part of the exploitative paternalism that a leader's care depends on employees' contributions to the executive ends of the organization (Aycan et al., 2013). Even if paternalistic leadership behaviours are explained separately by Aycan (2006) from follower and leader point of view, categorization under benevolent and exploitative types has not been considered. However, we made a considerable addition to the literature that benevolent and exploitative paternalism is affecting organizational outcomes differently.

Contradiction to some part on the literature that mentions that leadership is more effective in concurrent cultures (Chen, 2004; Obiwuru et al., 2011; Pennington et al., 2003), the perceived CTL does not have a moderating role within the relationship between paternalistic leadership and non-financial organizational performance (H2 a and H2 b rejected). In terms of organizational behaviour and theoretical contributions, the results obtained have shown that paternalistic leadership, because of its contribution to organizational outputs and the multiplier effect, is a force that must be acquired, developed, and managed in every organization. While this research has been done in Turkey, it is concluded that leadership practices, even those who are not associated with a particular type of organizational culture, promote organizational performance when the leadership practices fit with a particular societal context.

The CTL dimension is a relatively new concept in the literature (Wasti & Fis, 2010) and has primarily been considered in the North American cultural context, which differs from Turkish culture. The CTL dimension provides a logical structure within the context of employee's perceptions and, therefore, offers essential extensions to the suggestion that CTL can theoretically be addressed more frequently, and its effects explored in greater depth.

The empirical discussions within the scope of this study have shown that every employee in an organization was directly influenced by leadership practices instead of organizational culture. It is thought that organizational culture is crucial for organizational output and that corporate culture can be managed to improve

a company's performance (Reisyan, 2016; Yu et al., 2018). Interestingly, despite these findings, ingrained cultural norms towards the performance of Turkish businesses are inconsistent with leadership.

This study also has some limitations. First of all, we studied only one type of cultural context as a measurement context, and this is the main source of the common method variance problem (Tehseen et al., 2017). Participant characteristics and social similarity limitations should be considered when evaluating the results. It would be possible to obtain more generalizable results in quantitatively and qualitatively different sample groups, and the support of such relational studies could provide essential frameworks for putting forward new suggestions and explaining causality.

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