Impact of Paternalistic Leadership on Turnover Intention: Evidence from The Banking Industry of Karachi, Pakistan

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ARTICLE DETAILS

ABSTRACT

Purpose:  
The aim of this research is to find out the impact of Paternalistic Leadership on the turnover intention in the banking sector of Karachi under the perspective of social exchange theory

Methodology:  
To measure the turnover intention, we have used three variables including authoritarianism leadership benevolent leadership and moral leadership used in this research study. Respondents were requested to rate their opinion for each question asked on the 5-points Likert scale. In this response data is collected from the 300 respondents from departments of the banking sector who has 2-3 years working experience through questionnaires from the employees of the banking sector of Karachi, after the data collection Multiple Regression Analysis was used to test the impact of independent variables on the dependent variable turnover intentions.

Findings:  
The result demonstrates that there is a significant impact of paternalistic leadership on turnover intention and it was analyzed through a regression model.

Conclusion:  
This study concludes that paternalistic leadership has a significant impact on turnover intention. The result and analysis of regression verified that most of the independent variables have a Negative Impact on Turnover Intention except for Authoritarianism leadership which has a Positive relationship with Turnover Intentions.

Keywords  
Paternalistic Leadership  
Social Exchange theory  
Turnover intention

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1. Introduction

1.1. Background
It is becoming increasingly difficult for the organizations to survive (Khan, Ghayas & Kashif, 2019), therefore, firm are under pressure to find the ways for survival (Ghayas & Siddiqui, 2012). Therefore, learning new ways has become essential for organizations (Ghayas & Khan, 2019). Furthermore, supervisors are expected to play their role in enhancing the service quality and customer satisfaction (Ghayas & Hussain, 2015). Therefore, leadership plays a vital role in organization strategies, their efficiency and execution make employees inspire to perform a job, ahead of the expected organizational goal thereby accomplishing organizational objectives. So deprived leadership styles make employees disloyal to continue and or may quite the job. Poor leadership results in higher turnover intentions and creates a terrible performance of an organization. (Bruursema, 2004).

Paternalistic leadership is a system and rule of managing nations, individuals and business in such a way, like a father behaving benevolently with his children. According to Cheng and Farh (2000), there are three dimensions of Paternalistic leadership; authoritarianism, morality and benevolence.

Authoritarianism is that practice in which leader has absolute authority and power over subordinates and followers; he has the full right of making the decision, managing, and monitoring all activities. Authoritarianism Leadership prevents the follower their autonomy and self-respect and eventually they will think for resigning. Benevolence practice is that in which leader cares about followers and subordinates, and he concerns in wellbeing of individuals. Accordingly, their turnover intention may low. Morality demonstrates great citizenship practices and it requires the leader to exhibit high good qualities or morality and be a role model person. Thus their turnover intention may reduce. Organizational performance affects by paternalistic leadership and attitude of subordinates by means their high turnover intentions. Consequently, higher turnover ratio organizations cause losses in direct and indirect. Main focus of this study is to study and examine the impact of paternalistic leadership on turnover intentions.

1.2. Problem Statement
Many researchers have studied job related matters such as job satisfaction (Abbas, Idrees & Rehman, 2020; Abbas & Iqbal, 2020; Zaidi, Ghayas & Durrani, 2019). Whereas others (Ghayas, 2015; Ghayas & Jabeen, 2020) have focused on supervisor related matters. Others have studied Paternalistic Leadership (Wang, 2018; Chen & Shu-Chuan, 2017; Pellegrini, Ekin, Terri, Scandura, & Vaidyanathan Jayaraman, 2010; Erben, 2008) as well but no researcher has studied the impact of paternalistic leadership on employees’ turnover intention, especially in the banking sector of Karachi. Therefore, this research aims to the impact of paternalistic Leadership on turnover intentions. The dependent variable of this study is turnover intentions and whereas independent variables are Moral Leadership, Authoritarian Leadership and Benevolent Leadership.

1.3. Significance of the Study
This research project is essential for the Banking industry who meets with the problem of higher turnover intention. This project will share the best possible solutions of the turnover intention so that the Banking industries can resolve the turnover intention problem. The result of the research will facilitate the bank with to increase the employee
commitment, employee satisfaction, employee motivation, and reduce the turnover intention. This research will help the banking sector in identifying the ways to decrease turnover intention and will give suggestion and implementation for management. The result of the study will help the banking sectors and other financial organizations in Pakistan. The banking sector can get the benefit from this research for making its employees, leadership and HR policy.

2. Literature Review

2.1. Theoretical Background

This research study is based on the concept of Social exchange theory. The social exchange theory asserts that people usually have two types of relations and these are the economic exchange relations and the social exchange relations. The economic exchange relations are based on the monetary benefits etc. Whereas the Social exchange relations are based on the interpersonal relationships, these relations are stronger than the economic exchange relations and play an important role in employee retention. Since, this research seeks to understand the continuation of the economic exchange relations (continuation of job / lower turnover intention) in relations with the social exchange relations; therefore, this research study is based on the social exchange relations.

2.2. Paternalistic Leadership

Paternalistic Leadership has been prevailing style of management in a history and it is more effective and efficient in eastern society because of cultural and socio-economic factors (Wren, 2005). In the context of Pakistan, Paternalistic Leadership has been applied because most of the followers are dutiful and obedient to their leader (Suazo, 2009) leaders should express, father’s benevolence, morality, dignity and unselfishness under their ruling behavior. That’s why paternalistic leadership is closer to the enterprises and eastern societies rather than western style of leadership (Farh & Cheng, 2000). The Paternalistic Leadership is an effective style of leadership where the business owners generally have been taking the role as an expert in the figure of father cares and monitors about their followers for making performance of an organization (Soylu, 2011).

Paternalistic Leadership proposes individuals in power presume the parents’ role. The leader’s consideration is combined with a controlling power, which expects trustworthiness to the figure of an authority (Pasa, 2001) in relation paternalistic; followers reciprocate what leader does towards them, for instance; benevolent care of leader and protect them by showing deference, loyalty and compliance. Leaders expect followers to devote themselves in return as leader provides holistic concern. However, faithfulness and dutifulness had not been essentially entailed the decision making in authoritarian. If leader ignores his paternalistic responsibility in his circle, subordinates could criticize his leadership skills because of taking wrong decision in managing the team. Leaders could be criticized when they transform their paternalistic in autocratic leadership because of their lack of care for their subordinate and decrease their faithfulness (Kabasakal & Bodur , 2007). Paternalistic Leadership is consisted of three dimensions proposed (Farh & Cheng, 2000; Chen, Eberly, Chiang, Farh, & Cheng , 2014; Westwood, 1997) are authoritarianism, benevolence and morality.

2.2.1. Authoritarianism Leadership:

Authoritarianism Leadership is illustrating as how a leader’s behavior is asserting power over subordinates and controlling them, they demand unquestioning deference and
respect. Chinese leaders had set up as centralized structures, where managers and leader play direct authoritarian leadership style or role as father-like (Peng, 2001). When followers have strict guidelines and instructions to obey in their workplace, they will be having the minor level of autonomy. Therefore, with lower autonomy, follower would not be free to behave or work according to their behavior (Brockner, 2004). Furthermore, authoritarian leaders have been inclined to follow strict rules over followers and subordinates and punish and scold them if workers don’t obey leader’s rules (Farh and Cheng, 2000). Authoritarian leaders don’t provide freedom to employees in their workplace and punish subordinates; this type of behavior will impact the organization performance (Yoon, 2016). Authoritarian leaders always exercise by controlling and initiating the structure, promising rewards and issuing rules for compliance, and punish when followers disobey (Aryee, 2007) similarly, study suggest that individuals have been preferred to control their interactions, so that they could use their techniques effectively (Bedell, 2006). In Authoritarian leadership style leaders have absolute control and authority over employees. When leaders exhibit authoritarian leadership, it will negatively affect social exchange over the supervisors and employees because of control and demand, and eventually it decreases the employees’ motivation for the job. Ultimately; subordinate may have intention to leave.

2.2.2. Benevolence Leadership

Benevolent leadership has been defined as the process in which creates a cycle of virtuous to encourage and initiate positive changes in firms through; a) making the ethical decision, b) establishing a logical meaning c) fostering guts for optimistic action d) and leave the positive impact for the community (Karakas, 2012). Benevolent leadership style exhibit tolerance and kindness to followers and expose the employees’ concern job related or personal and always harmonious with consideration, favor granting and heartedness (Cheng, Chou, Huang, & Farh, 2004). In benevolent paternalistic leadership subordinates are exhibited personalized concern by leaders and they expect from subordinates that they should feel obliged and indebted in reciprocation (Pellegrini, 2010). Benevolent leaders act like parents with concern and care for the employee’ job and their problems and reciprocate by helping the followers and then followers may feel motivated for retention (Kao, 2016). Benevolent leaders are called those who generate observable results, benefits or action for wellbeing and common good. This term is used and shares positive result and benefits for subordinates. Benevolent leaders’ members work around them and they exemplify the genuine and hearted actions in working place. That’s why leaders have inclination to do work in a good way and be charitable and shows kindness and also they use love and charitable attributes (Daly, 1989).

Benevolent Leaders have provided care and protection and trust have been accumulated from subordinate in exchange (Cheng, 2014). Benevolent leadership has the positive effect on the subordinates and organization performance; it has been shown from the empirical data. Similar findings have been observed (Farh & Cheng, 2000).

Previous researchers have founded that benevolent leadership is optimistically correlated to work the findings are performed by subordinate, for instance; citizenship behavior, organizational commitment (Erben & Güneşer, 2008), safely behavior (Chen and Chen, 2014), and performance self-ratings (Chen, 2014). Consequently, the current project is being presumed that benevolent leadership may affect the turnover intention.
2.2.3. Moral Leadership

Moral Leadership is recognized as a behavior of leaders who provide moral standards. Ethical leaders demonstrate unselfish and self-discipline behavior and serve as the role model. This style of leadership behavior motivates the employee to move away from compliance with the agreement, which can increase confidence of the employee on judgments of leaders (Chan, 2014). Morality behavior is characterized as leader’s personal moral virtues, for instance; unselfishness and integrity, cause employees to identify with the leader this dimension is being overlapped in similar extent with western leadership, this western approach is emphasized on moral leaders to be as role models so that followers can imitate them through their way of communication, (Brown & Treviño, 2006) Personal morality, values are Chinese tradition, Moral leaders has been admired, viewed and respected as ideal personality leader in front of subordinates and workers of the Chinese (Chen, 2014). Moral leaders are always respectful and they place themselves as role models in the team, morality leadership encourages employees to give efforts to their job and responds effectively to their leader on duty (Colquitt, 2007). Morality leadership effects the commitment of employees creating the ethical environment (Demirtas & Akdogan 2015). In moral leadership leaders has been acting as the role model, who influences organizational subordinates and working environment through the ethical climate, which can affect the commitment of staff members. Moralistic leadership environment in organizations create the employee satisfaction and enhances the effectiveness in their perception (Hassan, 2014). Literature review also adds that moral leadership affects the organizational commitment of employees in the collective mechanism, and dominates the ethical business as unit analysis on individuals and also focusing on teams. Moral leadership is essential when we are pointing out collective efficiency. Previous researchers have also viewed that ethical behavior of leader is important (Demirtas & Akdogan, 2015). Previous researchers have confirmed that employees are being leaded positively in organizational behavior because of morality leadership (Chou, 2005), organizational commitment (Cheng & Farh, 2006) and has responsibility with regard to subordinates, moralistic leader behavior is more crucial to organizational objectives and aims (Aycan, 2000). This research paper hypothesizes that morality leadership of managers may affect turnover intention.

2.3. Turnover Intention:

Turnover is described as replacements of workers aggregately in the specific period of time in given industry or business and could be described in two different methods; individual or organizational the phenomenon (Atwood & Hinshaw, 1984). When individuals leave his/her job voluntarily, and it could be involuntary, in which company may initiate the dismissing or turnover, the employee (Hayes, 2006). When employees are promoted and transferred from one place to another within the company is called internal turnover. When employees leave the company is called external turnover (Collini, 2015). Turnover intention is defined as employee think about or intend to leave a job (Simon, 2010) In the organization higher turnover ratio of employees create the bad reputation, bed performance and it will be expensive and gives poor quality performance in an organization. It will also negatively impact the organizational performance regarding providing desirable goods and services to their customers (Hayes, 2006). The lower ratio of turnover will not help the organization to hire new employees who are highly qualified, experienced and talented employees. That’s why appropriate and normal employee turnover is good for organizations (Simon, 2010). The Employee turnover problem is more acute for the human resource management because it is very costly for the organization to terminating, recruiting, advertising, hiring and selecting (Abbasi,
2008). Organization ability is affected when the employee exits the job and also existed employees might be affected in completion of their duties. Job satisfaction is an important element in the organizations, when employees are satisfied with leaders’ behavior, they are observed as more devoted to their firms and reduce the job leaving intention (Sun, 2007).

### 2.4. Hypotheses:

- **H1:** There is significant relationship between Authoritarianism Leadership and Turnover Intentions.
- **H2:** There is significant relationship between Benevolent Leadership and Turnover Intentions.
- **H3:** There is significant relationship between Moral Leadership and Turnover Intentions.

### 3. Methodology

#### 3.1. Research Method

This study is explanatory research and using casual quantitative design in nature, as the purpose of this research is to find out the relationship between the paternalistic leadership and employee turnover that is why we will be using Causal-relationship in this research.

#### 3.2. Sample Size

In this response data is collected from the 300 respondents from departments of the banking sector who has 2-3 years working experience through questionnaires from the employees of the banking sector of Karachi. During the collection of data is to ensure that the respondents are those who experienced the authoritarianism leadership benevolent leadership and moral leadership.

#### 3.3. Sampling Techniques

We will be using convenient sampling technique to choose the respondents because not every employee was available at the banking sectors during the time of collecting data, around 2-5% of the employees were not available at the time of data collection, either some of them were out for meeting and some of them were busy in their project, that is why we collected data from the employees who were readily available. There would be no biasness in the sampling and we will get a better view of the population.

#### 3.4. Ethical Consideration

- A written consent would take from the participants.
- All personal information of the participant would keep confidential.
- Participants can leave the study at any time, on their own wish.
- Ethical clearance from the Ethical Review Committee will take.

#### 3.5. Data Collection Method

In the method of collecting data will be primary data through Questionnaire, the data will be in quantitative form and after the collection of data, it would be measure on 5 points Likert scale which will be (1 for strongly disagree and 5 strongly agree).
3.6. Questionnaire Design
To measure the turnover intention, we have used 3 variables including authoritarianism leadership benevolent leadership and moral leadership used in this research study. We have adopted the items which was consisted of 22 items in total relating to all 4 variables and adapted from (Erben and Güneşer., 2008) and (Naresh and Pawan, 2001). Respondents were requested to rate their opinion for each questions asked in the 5 point Likert scale. The scale was varying from strongly agree to strongly disagree.

4. Results & Discussions

4.1. Reliability Test:

<table>
<thead>
<tr>
<th></th>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>.901</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

It can be elaborated from Table.1, that research collective Cronbach’s alpha of the variables (Benevolent Leadership, Moral Leadership, Authoritarianism Leadership, Turnover Intention) is 0.901, which is better than 0.700 which reflects a better consistency in the responses.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach's Alpha</th>
<th>Number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benevolent Leadership</td>
<td>.806</td>
<td>7</td>
</tr>
<tr>
<td>Moral Leadership</td>
<td>.759</td>
<td>5</td>
</tr>
<tr>
<td>Authoritarianism Leadership</td>
<td>.704</td>
<td>6</td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>.837</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

Here we can conclude on the bases of Table.2, that variables had a value of Cronbach Alpha, greater than 0.600, which can denote as good reliability measure of the Data, hence we can conclude that there’s a -+++better consistency in the responses.

4.2. Descriptive Analysis

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>73</td>
<td>21.0</td>
<td>21.0</td>
<td>21.0</td>
</tr>
<tr>
<td>Female</td>
<td>56</td>
<td>16.1</td>
<td>16.1</td>
<td>37.1</td>
</tr>
<tr>
<td>Male</td>
<td>218</td>
<td>62.9</td>
<td>62.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>347</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration
Table 4: Age

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>47</td>
<td>13.5</td>
<td>13.5</td>
<td>13.5</td>
</tr>
<tr>
<td>18-25</td>
<td>224</td>
<td>64.6</td>
<td>64.6</td>
<td>78.1</td>
</tr>
<tr>
<td>26-35</td>
<td>62</td>
<td>17.9</td>
<td>17.9</td>
<td>96.0</td>
</tr>
<tr>
<td>36-45</td>
<td>14</td>
<td>4.0</td>
<td>4.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>347</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

Table 5: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>TI</td>
<td>3.52</td>
<td>1.14</td>
<td>300</td>
</tr>
<tr>
<td>BL</td>
<td>3.44</td>
<td>.75</td>
<td>300</td>
</tr>
<tr>
<td>ML</td>
<td>3.73</td>
<td>.65</td>
<td>300</td>
</tr>
<tr>
<td>AL</td>
<td>3.07</td>
<td>.69</td>
<td>300</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

4.3. Regression Analysis:

Table 6: Model Summary

<table>
<thead>
<tr>
<th></th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.589a</td>
<td>.346</td>
<td>.340</td>
<td>.925</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

We can see in Table 6, that the value of Adjusted $R^2$ appears to be 0.340; multiplying it with 100, we will get the percentage, and that seems to be 34%. Any number, which is more than 30% in the outcome of Adjusted $R$-square, known to be a good moderator of the research. Hence, we can conclude that all variable that we had discovered has a great influence over de-motivation and 34% of the deviation in de-motivation can be describe by all of us the variable we chosen and remaining 66% can be describe by the other variables.

Table 7: ANOVA

<table>
<thead>
<tr>
<th></th>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>134.275</td>
<td>3</td>
<td>.44.758</td>
<td>52.300</td>
<td>.000a</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>253.319</td>
<td>296</td>
<td>.856</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>387.594</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration
It can be elaborated from Table 7, P-value is 0.00, which is fewer than 0.05 fulfilling the rejection criteria of null hypothesis meaning that the null hypothesis ($H_0$: The model is invalid) thus we can conclude that our alternative hypothesis that was ($H_1$: The model of research is valid) is accepted proving that research is generally valid at 5% of significance level and statistically fit.

### Table 8: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.843</td>
<td>.378</td>
<td></td>
<td>10.173</td>
<td>.000</td>
</tr>
<tr>
<td>BL</td>
<td>-.359</td>
<td>.084</td>
<td>-.237</td>
<td>-4.264</td>
<td>.000</td>
</tr>
<tr>
<td>ML</td>
<td>-.965</td>
<td>.097</td>
<td>-.550</td>
<td>-9.926</td>
<td>.000</td>
</tr>
<tr>
<td>AL</td>
<td>.665</td>
<td>.079</td>
<td>.401</td>
<td>8.404</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Author’s own elaboration

Further the sig value of all variables is (0.00) less than 0.05 approving all the hypothesis and the co-efficient values of all the variables except of Authoritarianism Leadership has a negative coefficient meaning that all these variables except Authoritarianism Leadership has a negative relationship with turnover intentions, while the Authoritarianism Leadership has the positive relationship with Turnover Intentions.

### 4.1. Discussion on Findings

This study suggests that paternalistic leadership have significant impact on turnover intentions. This study supports the arguments of Aksoy (2008) that there is a relationship between the paternalistic leadership and the turnover intentions. However, this study suggests that Authoritarian Leadership have a positive impact on turnover intentions which means that presence of these attributes will enhance the turnover intentions. Whereas Moral Leadership and Benevolent Leadership has a significant negative relationship with the turnover intentions. Hence, this study supports and forwards the study of Aksoy (2008).

### 5. Conclusion & Recommendations

#### 5.1. Conclusion

This study is consisted of Paternalistic leadership and turnover intention. To determine the effects of paternalistic leadership (classified as Authoritarianism, Benevolent, and Moral Leadership) on turnover intention the data was collected with the help of developed questionnaires which were distributed among 350 banking employees, Karachi, Pakistan but 347 gave the respond.

Furthermore, this study pointed the main aspects of Paternalistic leadership, are Authoritarianism, Benevolent, and moral leadership are independent variable either they have relation with turnover intention dependent variable. The data was collected through structured questionnaires and data is analyzed. We can consider the
respondents gave the response accurate and honest. Consistent with the previous researchers (Prakasch & Ghayas, 2019) that leadership styles are related with the turnover intentions, this study concludes that paternalistic leadership has significant impact on turnover intention. The result and analysis of regression verified that most of the independent variables has Negative impact on Turnover Intention except of Authoritarianism leadership which has a Positive relationship with Turnover Intentions.

5.2. Recommendations:
Following are the recommendations:
- Employees should be well treated; they should have flexible working place and hours. Banks system should be optimistic while behaving with employees.
- The management of banking system need to establish good corporate behavior within the organization for employees so that their commitment can increase and employee could be loyal with his/her job.
- Employees should be respected and should be empowered with some kind of skills so that they should do their selves, it would automatically increase employee commitment and loyalty.
- The HR management of banking sectors should start some programs so that they can get benefit from that and be committed with organizations and employee turnover ratio will be decrease and interest will be optimistic.

References


