The Effects of Paternalistic Leadership on Employee Retention in Hong Kong Family Businesses

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Submitted for the Degree of Doctor of Business Administration (DBA)

The University of Newcastle, Australia

31 March 2015
Declaration

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to the final version of my thesis being made available worldwide when deposited in the University’s Digital Repository, subject to the provisions of the Copyright Act 1968.

__________________________
Steven Yiu Fai Lau
Acknowledgment

I am indebted to a number of people for their support in completing my DBA Dissertation.

Dr. Paul Markham, my dissertation supervisor had dedicated his invaluable time to provide excellent guidance and many constructive comments to my dissertation. Particularly, his professionalism and patience were entirely contributed throughout the dissertation.

In the journey of DBA course, I would like to extend my sincere thanks to an impressive and unfailing support from my fellow classmates Daniel, Fiona, Flora, Macy, K.C. and Wallace. To my best friend, Mr. Bill Brown, he had shown his generosity to me in providing his unconditional support to my research work.

Last but not least, I reserve and express my deepest love to my wife, Gloria, and my children, Ginny and Alvin, who had dedicated their utmost effort and time to support and encourage to my study. I hope this dissertation would inspire my children to pursue the joy of learning in a timeless manner.
Abstract

Researchers generally agree that the working population will diminish over the coming decades which will result in increasing pressure on the management of organizations to focus significantly on retention strategies of talented employees. Previous studies by many researchers also concluded that leadership style is a major factor affecting the intention of employees to leave an organization; therefore, the researcher of this particular study has selected to investigate the effects of leadership style on employees’ turnover intention. Furthermore, paternalistic leadership is traditionally the most prevalent and effective management concept in Chinese family-owned businesses (Cheng, Cheng, Chou, Hsung & Farh, 2004), therefore, the main objective of this study was to examine the effectiveness of paternalistic leadership on the employees’ turnover intention in a large number of Hong Kong family businesses. Employees in typical Hong Kong family businesses were invited to complete an anonymous survey related to the degree of the paternalistic leadership of their superior and their level of intention to leave the organization. The survey was also structured to collect data on the perception of employees regarding organizational commitment and job satisfaction, and this data was used to explore the effect of organizational commitment and job satisfaction in the relationship between paternalistic leadership and turnover intention. This research study conducted quantitative research methodology by deploying the structural equation modeling method to explore the causal relationship among these four variables. The first area of research focused on the effects of paternalistic leadership on employees’ turnover intention, whilst the second area examined the impact of organizational commitment and job satisfaction on turnover intention, due to the influence of paternalistic leadership. On completion of data analysis and interpretation, all the results and findings are reviewed in the discussion section of the submission. It advances the arguments used to answer the aims and objectives of this study, as well as providing the theoretical and managerial implications of paternalistic leadership on turnover intention of the employee in Hong Kong family businesses. The findings also offer a platform for further research opportunities in paternalistic leadership in Hong Kong Family Businesses.

Keywords: paternalistic leadership; turnover intention; organizational commitment; job satisfaction
# TABLE OF CONTENTS

Title Page i
Declaration ii
Acknowledges iii
Abstract iv
Table of Content v

## CHAPTER 1 - INTRODUCTION

1.0 Background to the research ................................................................. 1
1.1 Focus of this research ........................................................................ 3
1.2 Justification for the research and contributions ............................... 5
1.3 Methodology ....................................................................................... 6
1.4 Outline of this Dissertation ............................................................... 7
1.5 Definitions of Key Terms .................................................................. 8
1.5.1 Hong Kong Family Business ......................................................... 8
1.5.2 Turnover intention .......................................................................... 8
1.6 Delimitations of scope and key assumptions .................................... 9
1.7 Conclusion ....................................................................................... 9

## CHAPTER 2 – LITERATURE REVIEW

2.0 Introduction ..................................................................................... 10
2.1 Defining Family-owned business ...................................................... 12
2.2 Leadership in Family Business ......................................................... 13
2.3 Paternalistic Leadership ................................................................... 14
2.4 The Evolution of Parent Theories ...................................................... 18
2.5 Job Satisfaction ................................................................................ 22
2.6 Organizational Commitment ............................................................ 25
2.7 Employees’ Turnover Intention ......................................................... 30
2.8 Gaps in the current literature ............................................................ 34
2.9 Theoretical Framework ................................................................... 35
2.10 Research Question/ Hypotheses ...................................................... 37

## CHAPTER 3 - METHODOLOGY

3.0 Introduction ..................................................................................... 39
3.1 Research Design ............................................................................... 39
3.2 Justification for the paradigm and methodology .............................. 42
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3</td>
<td>Research Strategy</td>
<td>42</td>
</tr>
<tr>
<td>3.4</td>
<td>Measurements</td>
<td>44</td>
</tr>
<tr>
<td>3.4.1</td>
<td>Screening for the suitable respondent</td>
<td>44</td>
</tr>
<tr>
<td>3.4.2</td>
<td>The Scale of Paternalistic Leadership</td>
<td>44</td>
</tr>
<tr>
<td>3.4.3</td>
<td>The Scale of Organizational Commitment</td>
<td>46</td>
</tr>
<tr>
<td>3.4.4</td>
<td>The Scale of Job Satisfaction</td>
<td>47</td>
</tr>
<tr>
<td>3.4.5</td>
<td>The Scale of Turnover Intention</td>
<td>48</td>
</tr>
<tr>
<td>3.5</td>
<td>Data Collection</td>
<td>49</td>
</tr>
<tr>
<td>3.6</td>
<td>Translation of Questionnaire Items</td>
<td>49</td>
</tr>
<tr>
<td>3.7</td>
<td>Pilot Test</td>
<td>49</td>
</tr>
<tr>
<td>3.8</td>
<td>Data Processing</td>
<td>49</td>
</tr>
<tr>
<td>3.9</td>
<td>Reliability and Validity</td>
<td>51</td>
</tr>
<tr>
<td>3.10</td>
<td>Ethical Considerations</td>
<td>52</td>
</tr>
<tr>
<td>3.11</td>
<td>Researcher Credibility</td>
<td>52</td>
</tr>
<tr>
<td>3.12</td>
<td>Limitations of the study</td>
<td>53</td>
</tr>
<tr>
<td>3.13</td>
<td>Conclusion</td>
<td>53</td>
</tr>
</tbody>
</table>

CHAPTER 4 – ANALYSIS OF DATA ................................................. 54

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.0</td>
<td>Introduction</td>
<td>54</td>
</tr>
<tr>
<td>4.1</td>
<td>Descriptive Statistics</td>
<td>54</td>
</tr>
<tr>
<td>4.1.1</td>
<td>Demographic of Respondents</td>
<td>55</td>
</tr>
<tr>
<td>4.1.2</td>
<td>Paternalistic Leadership</td>
<td>56</td>
</tr>
<tr>
<td>4.1.3</td>
<td>Organizational Commitment</td>
<td>58</td>
</tr>
<tr>
<td>4.1.4</td>
<td>Job Satisfaction</td>
<td>60</td>
</tr>
<tr>
<td>4.1.5</td>
<td>Turnover Intention</td>
<td>61</td>
</tr>
<tr>
<td>4.2</td>
<td>Data Analysis</td>
<td>61</td>
</tr>
<tr>
<td>4.2.1</td>
<td>Reliability and Validity Assessments of the Instrument</td>
<td>61</td>
</tr>
<tr>
<td>4.2.1.1</td>
<td>Paternalistic Leadership</td>
<td>62</td>
</tr>
<tr>
<td>4.2.1.2</td>
<td>Organizational Commitment</td>
<td>63</td>
</tr>
<tr>
<td>4.2.1.3</td>
<td>Job Satisfaction</td>
<td>64</td>
</tr>
<tr>
<td>4.2.1.4</td>
<td>Turnover Intention</td>
<td>65</td>
</tr>
<tr>
<td>4.2.2</td>
<td>The Relationships of Research Variables</td>
<td>66</td>
</tr>
<tr>
<td>4.2.3</td>
<td>The Hypothesized Model</td>
<td>66</td>
</tr>
<tr>
<td>4.2.4</td>
<td>Regression Weights of the Variables</td>
<td>68</td>
</tr>
<tr>
<td>4.2.5</td>
<td>Correlations of the Variables</td>
<td>69</td>
</tr>
<tr>
<td>4.2.6</td>
<td>Residual Covariance of the Variables</td>
<td>70</td>
</tr>
<tr>
<td>4.2.7</td>
<td>Direct Effect, Indirect Effect and Total Effect of Latent Variables</td>
<td>70</td>
</tr>
<tr>
<td>4.3</td>
<td>Hypotheses Testing for Study</td>
<td>71</td>
</tr>
<tr>
<td>4.3.1</td>
<td>The relationship between Paternalistic Leadership and Turnover Intention</td>
<td>71</td>
</tr>
<tr>
<td>4.3.2</td>
<td>The Relationship between Paternalistic Leadership and Organizational Commitment</td>
<td>71</td>
</tr>
<tr>
<td>4.3.3</td>
<td>The Relationship between Paternalistic Leadership and Job Satisfaction</td>
<td>71</td>
</tr>
<tr>
<td>4.3.4</td>
<td>The Relationship between Organizational Commitment and Job Satisfaction</td>
<td>72</td>
</tr>
<tr>
<td>4.3.5</td>
<td>The Relationship between Turnover Intention and Organizational Commitment</td>
<td>73</td>
</tr>
<tr>
<td>4.3.6</td>
<td>The Relationship between Turnover Intention and Job Satisfaction</td>
<td>73</td>
</tr>
</tbody>
</table>
4.3.7 The mediation effect between the relationship of Paternalistic Leadership and Turnover Intention ........................................................ 73
4.4 Conclusion ............................................................................................. 77

CHAPTER 5 – DISCUSSION AND IMPLICATIONS ................................. 78
5.0 Introduction............................................................................................ 78
5.1 The three dimensions of paternalistic leadership................................. 79
5.2 The relationship between paternalistic leadership and organizational commitment ........................................................................................... 80
5.3 The relationship between paternalistic leadership and job satisfaction. 80
5.4 The relationship between turnover intention and organizational commitment ........................................................................................... 81
5.5 The relationship between turnover intention and job satisfaction ...... 82
5.6 The relationship between organizational commitment and job satisfaction ........................................................................................... 82
5.7 The effect of paternalistic leadership on turnover intention of employees in Hong Kong family business.................................................. 83
5.8 Theoretical Implications ........................................................................ 84
5.9 Managerial Implications ........................................................................ 85
5.10 Limitations ............................................................................................. 86
5.11 Implication for Future Research ............................................................ 87
5.12 Summary ................................................................................................ 87

Reference List ............................................................................................. 89

Appendixes
Appendix A Survey Questionnaire Instrument (English Version)........... 102
Appendix B Survey Questionnaire Instrument (Chinese Version)......... 107
Appendix C Translation Certificate.............................................................. 114
Appendix D Ethical Clearance Approval...................................................... 115
Appendix E Participant Information Statement........................................ 118

List of Figure
Figure 2.1 The relationship between Leadership and Turnover Intention ........................................................................................... 14
Figure 2.2 The Model of Paternalistic Leadership developed by Cheng et al.(2000) .................................................................................. 19
Figure 2.3 The Effects of Paternalistic Leadership on Turnover Intention ........................................................................................... 22
Figure 2.4 The relationship between satisfaction and performance..... 23
Figure 2.5 The Effect of Job Satisfaction on Turnover Intention .......... 24
Figure 2.6 The Effect of Paternalistic Leadership on Job Satisfaction. 25
Figure 2.7 Three Component Model of Organizational Commitment 26
Figure 2.8 The Effect of Paternalistic Leadership on Organizational Commitment ........................................................................................... 28
Figure 2.9 The Relationship Between Organizational Commitment and Job Satisfaction ............................................................. 30
Figure 2.10 The Impact of Job Satisfaction and Organizational Commitment on Turnover Intention ......................................................... 32
Figure 2.11 The Relationship among organizational commitment, job satisfaction and turnover intention .......................................................... 33
Figure 2.12 Hypothesized Theoretical Framework .......................................................... 36
Figure 3.1 Proposed Research Model ........................................................................... 41
Figure 4.1 The Model of Paternalistic Leadership between Observed and Latent Variables .............................................................. 63
Figure 4.2 The Model of Organization Commitment between Observed and Latent Variables ................................................................. 64
Figure 4.3 The Model of Job Satisfaction between Observed and Latent Variables ................................................................................... 65
Figure 4.4 The Model of Turnover Intention between Observed and Latent Variables .................................................................................. 66
Figure 4.5 The Hypothesized Model between Observed and Latent Variables ......................................................................................... 67
Figure 4.6(i) Model I ................................................................................................... 75
Figure 4.6(ii) Model II ................................................................................................ 75
Figure 4.7(i) Model I ................................................................................................... 76
Figure 4.7(ii) Model II ................................................................................................ 76

List of Table
Table 4.1 The Descriptive Statistic of Respondents .............................................. 56
Table 4.2 Descriptive Analysis of Paternalistic Leadership Scale ....................... 57
Table 4.3 Descriptive Analysis of Organizational Commitment Scale .............. 59
Table 4.4 Descriptive Analysis of Job Satisfaction Scale ...................................... 60
Table 4.5 Descriptive Analysis of Turnover Intention Scale ............................ 61
Table 4.6 Confirmatory Factor Analyses for Paternalistic Leadership ............... 62
Table 4.7 Confirmatory Factor Analyses for Organizational Commitment ........ 63
Table 4.8 Confirmatory Factor Analyses for Job Satisfaction ............................... 64
Table 4.9 Confirmatory Factor Analyses for Turnover Intention ..................... 65
Table 4.10 The Absolute Fit Measures of Hypothesized Model ....................... 68
Table 4.11 Regression Weights of the Latent Variables ..................................... 69
Table 4.12 Regression Weights of Between the Latent and Observed Variables ......................................................................................... 70
Table 4.13 Intercorrelations Matrix of Observed Variables ............................... 71
Table 4.14 Residual Covariance ........................................................................... 72
Table 4.15 Direct Effect, Indirect Effect and Total Effect of Latent Variables ......... 73
Table 4.16 The Comparison of regression weight between two Models ........... 75
Table 4.17 The Comparison of regression weight between two Models .......... 76
“When leadership counts, when you lead people through difficult change, you challenge what people hold dear – their daily habits, tools, loyalties, and ways of thinking – with nothing more offer than a possibility”

Heifetz and Linsky (2002)

CHAPTER 1 - INTRODUCTION

1.0 Background to the research

The working population of most developed nations is expected to decline in the coming decades due to a diminishment of fertility, as stated in the report of World Population Prospect of 2012 issued by United Nations. Meanwhile, the Hong Kong government also projects the labor force in Hong Kong will decrease in the coming two decades as outlined in the report (Hong Kong Population Task Force Report, 2012). Given this reduction in the overall working population, organizations must strategically plan employee retention programs to maintain their competitive edge by ensuring they retain their talent, thereby avoiding adverse effects such as lost productivity and profitability caused by employee turnover. Furthermore, given the aging population, retention of younger and more mobile staff can also prove to be a significant challenge for companies embodying traditional leadership. This factor is due to the generational differences in work values (Cennamo & Gardner, 2008) and in particular, the younger generational segment of employees are not expected to possess the same level of loyalty to their employers (Shragay & Tziner, 2011). All these combined factors deliver an emerging threat to their corporate sustainability.

Employee behaviour in the workplace is generally influenced by their immediate supervisors due to the effect of leader-member exchange, and this can affect the employees perception of the organization and hence turnover (Wells & Peachey, 2011). The leadership style is essentially derived from the specific culture which exists within an organization which can be deeply embedded in a particular set of values and assumptions (Westwood, 1997). Since organizations in Hong Kong are predominantly managed by ethnic Chinese, their relatively high power distance preference and
Confucian values are often associated with the behavior of employees in obedience, respect for authority and loyalty (Chen, 2004). The paternalistic leadership style is one of the fundamental principles of Confucian ideology credited for effective leadership in Hong Kong (Westwood, 1997). Furthermore, Farh, Cheng, and Chou (2006) suggest that paternalistic leadership is an effective style in Chinese family-owned businesses where the owner tries to encourage employees to be loyal to the company by treating them as part of the extended family (Aronoff & Ward, 1993). The paternalistic behavior of the owner is associated with a father by providing both employment and personal benefits to them. This traditional paternalistic approach seeks to increase employee motivation by caring for the overall benefit of employees, thereby accomplishing the corporate business objectives (Cheng, Farh & Chou, 2000). Cheng et al. (2000) suggested a triad model of paternalistic leadership which consisted of authoritarian, benevolent and moral leadership to be interrelated in order to achieve positive outcomes such as employee performance, organizational commitment and job satisfaction.

Authoritarian leadership – The behavior of leader is based on absolute authority and control over subordinates and demands unquestionable obedience from them (Cheng et al., 2000).

Benevolence leadership – The behavior of leader demonstrates individualized, holistic concern for subordinates’ personal and familial well-being (Cheng et al., 2000).

Moral leadership – The behavior of leader can be broadly depicted themselves to be superior personal virtues, self-discipline, and unselfishness (Cheng et al., 2000).

The major benefit of paternalistic leadership is clearly identified as loyalty and commitment of employees, particularly in the normative commitment of the employee for remaining employed by the organizations (Aycan, 2006; Cheng, Chou, Hsung & Farh, 2004). In contrast, paternalistic leadership may not be an effective leadership in western culture since it is viewed as restricting individual rights to exercise autonomy and choice (Pellegrini & Scandura, 2008).
1.1 Focus of this research

This dissertation seeks to examine and assess the effectiveness of paternalistic leadership on employee retention in Hong Kong family business. Paternalistic leadership has deep roots in traditional Chinese culture embracing Confucius (Cheng et al., 2000). In a long development of paternalistic leadership research in Western societies, paternalistic leadership is widely recognized as an effective and prevalent leadership style to family business (Farh et al., 2006). With more than a century of British Government administration, the Chinese culture in Hong Kong has been influenced by this Western culture which has led to recognition as one of the most successful business cities in the world. In a rapidly changing business environment, the value and culture of family business have been continuously affected by modernization, industrialization and globalization. However, the Confucian culture is still rooted in the business community of Hong Kong (Chen, 2004) which has also continuously nurtured the paternalistic leadership among the business organizations in Hong Kong. Given the employee exposure to the Western culture, therefore, possible opposition to traditional paternalistic management methods may cause an adverse outcome of employee performance, as well as the increase of turnover intention of the employee. Thus, the effectiveness of paternalistic leadership on employee turnover intention is becoming more uncertain in Hong Kong family business which can further jeopardize their associated profitability. The purpose of this study will focus on the efficacy of paternalistic leadership on the employees’ retention in the family-owned business. The research question of this study is

“Can paternalistic leadership directly or indirectly retain the employees in Hong Kong family business?”

Apart from the influence of leadership on turnover intention, numerous researchers clearly identified organizational commitment and job satisfaction of employees, as major contributors to employee turnover intention. The leadership also played a significant role in influencing the organizational commitment and job satisfaction of employees (Ali, Azam, Fakhr e, & Baloch, 2010; Aydogdu & Asikgil, 2011; Tett & Meyer, 1993). Mowday, Steers, and Porter (1979) characterized the three main factors of employee organizational commitment, namely -

1) A strong belief in the organizational goals and values;
2) A strong desire to remain membership of the organization; and
3) A willingness to pay considerable effort toward the organization.

Following on from these three factors, Meyer and Allen (1991) have further developed three-component model of organizational commitment which are namely affective commitment, continuance commitment and normative commitment.

- The affective commitment refers to identification with and emotional attachment to the organization.
- The continuance commitment respects aspects such as costs perceived by the employees of leaving the organization by economic or/and emotional consideration.
- The normative commitment could refer to the employees’ loyalty to their organization.

Mobley (1977) theorized that lack of job satisfaction led to thinking about quitting in terms of job searching which could then lead to an intention to quit and eventually result in a turnover. Locke (1968) defined job satisfaction as the pleasurable or positive emotional state resulting from the appraisal of one's job as achieving or facilitating the achievement of one's job values. Job satisfaction is a function of the perceived relationship between what one wants from one's job and what one perceives it as an offering. Locke (1976) further suggested that there are a variety factors why people feel positively or negatively towards their work, the most frequent being pay; promotions; verbal recognition; working conditions; the work itself; supervision and the work group. Tett and Meyer (1993) suggested that job satisfaction and organizational commitment each contributes uniquely to employee turnover intention. Furthermore, higher job satisfaction and organizational commitment will avoid turnover intention of the employee (Aydogdu & Asikgil, 2011; Narimawati, 2007; Peters, Bhagat, & O'Connor, 1981; Sims & Kroeck, 1994). Thus, job satisfaction and organizational commitment have been acknowledged as key factors affecting the decision of the employee in leaving the organization. The research is based on the triad model of paternalistic leadership developed by Cheng et al. (2000) to examine the efficacy of turnover intention under the variable factor mediating effect of organizational commitment and job satisfaction. Therefore, a theoretical framework model is developed to explore their relationship and test the following research hypotheses in this study.
H1: Paternalistic leadership is negatively related to turnover intention

H2: Paternalistic leadership is positively related to organizational commitment

H3: Paternalistic leadership is positively related to job satisfaction

H4: The relationship between organizational commitment and job satisfaction is positively correlated.

H5: Turnover intention is negatively related to organizational commitment

H6: Turnover intention is negatively related to job satisfaction

H7: Organizational commitment mediates the relationship between paternalistic leadership and turnover intention

H8: Job Satisfaction mediates the relationship between paternalistic leadership and turnover intention

1.2 Justification for the research and contributions

Since Cheng et al. (2004) conducted an extensive study in the paternalistic leadership in Taiwan; successive studies have solely focused on Chinese societies within Taiwan and China. Extensive research has shown that similar studies are not evident for the Chinese community in Hong Kong. Thus, the aim of this research is to examine the effects of paternalistic leadership on employees’ retention in Hong Kong family businesses and to address this research gap in the current published literature.

This research makes a contribution to understanding the effects of paternalistic leadership on employee retention in Hong Kong family business. Ultimately, the paternalistic leadership may help the organization to formulate their human resource strategy in winning the war for talent in order to maintain a stable workforce for long-term business success. For the scholars, this study will also provide more information to carry out further study in the effect of different leadership on employees’ retention for a different generation employee in the future.

In summary, the following six factors are presented in justification for the research into the nature of paternalistic leadership in Hon Kong Family Business.
1. The importance of research can benefit to the continued interest in the study of paternalistic leadership;
2. The lack of research of paternalistic leadership in Hong Kong family businesses;
3. It can provide a comprehensive framework to study further paternalistic leadership on employee retention;
4. To provide managers with a better understanding of the impact of paternalistic leadership on employee retention;
5. The need for managers to formulate their staff retention strategy; and
6. It can help the managers to understand their subordinates to improve their relationship.

1.3 Methodology

The purpose of this study is to investigate the effectiveness of paternalistic leadership on employees’ turnover intention in Hong Kong family business. It aims to answer the research question by exploring the direct and indirect effect of paternalistic leadership on employee retention in the Hong Kong family business environment. The research will collect the data to confirm or reject the explicit hypothesis set out in this study. The deductive study is the suitable approach to viewing the nature of the relationship between theories and research. The central issue in this study is the question of whether or not the family businesses can and should be studied according to the same principles, procedures, and ethos as natural sciences in which the positivism is necessary to be taken to affirm the importance of imitating the natural sciences. Furthermore, the objectivism is needed to adopt to assert paternalistic leadership and turnover intention to have an existence that is independent or separate from the individual employee. Thus, quantitative research can be construed as a research strategy to this study in the collection and analysis of data.

According to the theoretical framework model developed in this study, the relationship among the variables of the framework model requires to be measured in order to examine six hypotheses developed from the previous literature and to answer the research question. In order to examine the effects of paternalistic leadership on turnover intention, the researcher conducted a survey of Hong Kong family business and then applied a quantitative research methodology to analysis the data collected. Target respondents are non-family member’s employees of Hong Kong family
businesses who are required to answer a 77-item questionnaire. In the questionnaire, the researcher can collect the view of respondents on the four constructs of this study, namely 1) the characteristic of the paternalistic leadership of respondent’s supervisor; 2) turnover intention of respondents; 3) organizational commitment of respondents; and 4) job satisfaction of respondents. In exploring the relationship between a single dependent variable of turnover intention and a set of observed independent variables in the research model, a rigorous methodology of structural equation modeling (SEM) is employed to examine a series of dependence relationships. Leveraging on the unique function of structural equation modeling, the relationship among the variables of paternalistic leadership, turnover intention, organizational commitment and job satisfaction can be examined simultaneously while the path relation among these four variables can be also evaluated during the process.

1.4 Outline of this Dissertation

This dissertation is divided into five chapters.

Chapter 1 - Introduces the background and the research problem of this study. It also summaries previous research to further develop a theoretical framework model for investigation. This chapter provides an outline of research methodology for the investigation of the effects of paternalistic leadership on turnover intention.

Chapter 2 - Builds a comprehensive theoretical framework to the study by presenting an interdisciplinary review and synthesis of the literature from a range of disciplines and suggests. It also suggests a theoretical framework model for analyzing the effects of paternalistic leadership on turnover intention.

Chapter 3 - Delineates the research methodology and research design for examining the hypotheses developed in Chapter 2 which including justification for the methodology, research strategy, data collection and processing, ethical consideration, and its limitation.

Chapter 4 – Discusses the overall analysis, analytical techniques and result obtained and the section steps to examine the hypotheses suggested in Chapter 3. The overall patterns in the data are clearly presented for discussion in Chapter 5.

Chapter 5 - Is a very significant part of the report where the findings drawn from the empirical analysis of Chapter 4 are explained and discussed in this chapter. Based
on the literature reviews in Chapter 2, this chapter also draws the conclusions of this study with its own limitation. The theoretical and managerial implications of the findings together with the suggestion of future study are also stated at the end of the chapter.

1.5 Definitions of Key Terms

1.5.1 Hong Kong Family Business

The most widely recognized characteristic of family owned business is the family involving the ownership, control, and management of the business (Pradhan & Ranajee, 2012). In a study by Miller and Breton-Miller (2006), they suggested family businesses should be partly owned by one or more family members, who together control at least 20% of total votes available. In a broader sense, Härtel, Bozer, and Levin (2009) stressed that the ‘familiness’ of a business must also be considered such as the following.

- The degree of power and influence the family culture has on the management and leadership of a business; the content of the business;
- The ownership; management involvement;
- Generational transfer;
- Intended generational transfer; and
- Family orientation business culture.

Furthermore, Cater and Justis (2010) simplified the definition of family business that a family possesses controlling ownership, controlling the management and the ability to pass these elements to the next generation. For this research, however, the definition suggested by Miller and Breton-Miller (2006) has been adopted as it will be easier to identify the family-owned business by the researchers as well as the public. Furthermore, the Hong Kong family business has to be registered and operated in Hong Kong regardless of the origin of business.

1.5.2 Turnover intention

When an employee is dissatisfied with certain aspects of job and/or experiences lack of commitment to the organization, it can result in a turnover intention to search for alternative employment in the labor market. Bluedorn (1982) proved that the turnover
intention of the employee is voluntary separations or quits from the organization.

1.6 Delimitations of scope and key assumptions

The key purpose of this study is to continue the interest in the area of paternalistic leadership. The researcher only considers focusing on the paternalistic leadership in Hong Kong family business and measuring the employees’ perception to their supervisor on the degree of paternalistic leadership. The followings may delimit the study:

1) This study is delimited to select the non-family member employees working in Hong Kong family businesses;

2) This study focuses on the causal relationship among paternalistic leadership, turnover intention, organizational commitment and job satisfaction.

It does not include another type of leaderships that are also influencing the turnover intention of employees in Hong Kong family business. In order to control the complexity of investigation, it ignores the factor of culture background of respondents that assuming all respondents are influenced by Chinese culture. It also assumed that all of the survey respondents answered each item stated in the questionnaire at their best knowledge as well as their own faith.

1.7 Conclusion

This chapter clearly outlines the foundation and intention of this dissertation. It introduces the background of earlier research findings and its justification for current research. The methodology, definition of key terms and delimitation and assumption are briefly presented in this chapter. The detailed literature review on the key research issues is provided in the next chapter while defining the central research question and associated research strategy. The central research question for the study is:

“Can paternalistic leadership directly or indirectly retain the employees in Hong Kong family business?”
CHAPTER 2 – LITERATURE REVIEW

2.0  Introduction

In Hong Kong, the family-owned firms are the major stakeholders of business community with two-thirds of public companies controlled or owned in this manner, and there is no doubt that Hong Kong family businesses play a significant role in the Hong Kong economy. The performance of leaders of Hong Kong family business is also becoming more important to their stakeholders. Scholars generally agree the behavior of leadership can affect the business performance in leading their team to accomplish the goals of organizations effectively (Kozlowski, Gully, McHugh, Salas, & Cannon-Bowers, 1996; Shen & Chen, 2007; Zaccaro, Rittman, & Marks, 2002). Given the expected future reduction in working for population, organizations must strategically plan employee retention programs, to maintain their competitive edge and leaders of Hong Kong family business need strategies in place in order to retain their employees. Since the majority of Hong Kong population is ethnic Chinese, the behavior of most people has been deeply affected by Confusion principles. Paternalistic leadership is identified as one characteristic in the Chinese community as it is also affected by the culture and value of Confusion. In this chapter, the researcher will review the relevant literature to build the theoretical framework of this study which will then be supplemented by exploring literature on family-owned business, leadership, paternalistic leadership and turnover intention. In addition, the possible affecting factor of employees’ turnover intention will be also explored to solidify the foundation of study.

Leadership is one of a most important factor to affect the performance of employee where the impact of leadership style on job satisfaction, organizational commitment, job stress and turnover intention has been well documented by many researchers (Chen & Silverthorne, 2005; Kedsuda & Ogunlana, 2008; Raja & Palanichamy, 2011). Scholars generally agree that paternalistic leadership is the most prevalent and effective management concept in Chinese family-owned businesses.
(Cheng, Chou, Hsung, & Farh, 2004) whereas transformational leadership has been considered to be the leadership style reflecting the characteristics of Western societies (Aycan, 2006). Given the mixture of Eastern and Western cultures in Hong Kong, most Chinese organizations tend to adopt paternalistic leadership, to promote values of high power distance and collectivism (Lok & Crawford, 2004). Since organizations in Hong Kong are predominantly managed by ethnic Chinese, their relatively high power distance preference and Confucian values are often associated with obedience, respect for authority and loyalty (Chen, 2004). In consideration of the Hong Kong based employee exposure to the Western culture, the possible opposition to traditional paternalistic management methods can also occur. As a result, it may cause an adverse outcome of employee performance jeopardizing the sustainability of the family-owned business in Hong Kong. Following extensive studies by Cheng, Farh and Chou (2000) in paternalistic leadership conducted in Taiwan, it appears that successive similar studies within Chinese societies have only been carried out in Taiwan and China only. Due to no similar relevant study within Hong Kong, there is a research gap leading to this study is to examine the effects of paternalistic leadership on employees’ retention in Hong Kong family businesses.

This chapter succinctly defines the topic and the related research problems. It discusses the parent intermediate and focused literature on paternalistic leadership in 2.3 and its impact on employee turnover intention in 2.7. The origin of paternalism is derived from the fundamental principle of Confucian to treat the subordinates as family members which has been transformed to be one of ideological forces in the family business in the modern society (Matti, 2003). At the beginning of this study, the understanding of family business is one of important literature to be reviewed while the parent and immediate literature will be followed to focus on paternalistic leadership. The major benefit of paternalistic leadership is to retain the employees with the organization in order to reduce the substantial cost of the organization (Aycan, 2006). The measurement of the effectiveness of paternalistic leadership will focus on the impact on turnover intention of employees where the organizational commitment and job satisfaction are also identified as one of important predictors of turnover intention. Therefore, the following literature will also explore their relationship in order to understand the possible impact of paternalistic leadership on turnover intention of employees in Hong Kong family business.
2.1 Defining Family-owned business

A family-owned business is the oldest form of commercial enterprise (Pradhan & Ranajee, 2012). Michael (2004) stated that family businesses are the powerhouse of the US economy, as 60 percent of all public companies in the US are family controlled. Furthermore, Peng and Jiang (2010) postulate that the vast majority of large and publicly traded firms are mostly owned or controlled by families in Asia, Europe, and Latin America while the US families are present in one-third of the Standard and Poor’s five hundred firms and accounted for 18 percent of the equity. The recent research of Lam and Lee (2012) found that the ownership of East Asian companies is highly concentrated in the hands of controlling shareholders, or family group. In particular, two-thirds of public companies in Hong Kong are a family-controlled business. As argued by the above studies, over the last few decades, many of the top business performers were family owned firms, highlighting the importance of the family owned business model to the Hong Kong economy. Thus, the researchers draw attention to the need to understand the success factors of the family owned business.

The definition of family owned businesses varies within the formal literature, but there is no doubt that the leadership of family firms is unique as they aim to create a legacy for their children whereby the next generation will eventually gain control of the firms and inherit the family’s wealth (Eddleston & Kidwell, 2012). Perhaps the most widely recognized characteristic of family owned business is the family involved in the ownership, control, and management of the business (Pradhan & Ranajee, 2012). In Miller and Breton-Miller (2006), they suggested family businesses should be partly owned by one or more family members, who together control at least 20% of total votes outstanding. In a broader view, Härtel, Bozer, and Levin (2009) stressed that the ‘familiness’ of a business must also be considered such as the following.

- The degree of power and influence the family culture has on the management and leadership of a business; the content of the business;
- The ownership; management involvement;
- Generational transfer;
- Intended generational transfer; and
- Family orientation business culture.

Furthermore, Cater and Justis (2010) simplified the definition of family business that a
family possesses controlling ownership, controlling the management and the ability to pass these elements to the next generation. However, the definition suggested by Miller and Breton-Miller (2006) will be adopted in this study as it will be easier to identify the family-owned business by the researchers as well as the respondents.

2.2 Leadership in Family Business

According to Dyer (1986), the style of leadership can lead family business success to achieving the desired outcomes of family. Meanwhile, Parker (1990) suggested that good leader can lead the team to increase organizational efficiency in order to increase the competitive advantage of business organizations. The basic concept of leadership predominantly involves the leader influencing others to act toward the attainment of a goal, which involves leader competencies and followers concerning a specific situation (Greenwood, 1996). In earlier studies, Cowley (1931) developed Traits Theory to identify the significant traits of leaders among the successful organizations. Among the varying set of personal traits, two contrasting leadership styles are commonly identified to motivate their followers, namely Theory X and Theory Y leadership (McGregor, 1960). Theory X leadership style believes that the leader advises subordinates their expectation and instructs them to perform their duties exactly while Theory Y leadership style believes that the leader confers to their subordinate and motivate them by seeking their opinion on duties including planning and decision making. Subsequently, Stogdill (1963) developed leader behavior theory to differentiate between effective and ineffective leaders as the traits of leadership could only predict the effectiveness of leadership to one specified situation. Furthermore, Bass (1990) used the six traits of leadership to predict leadership effectiveness. However, more leadership styles have been identified to explore effectiveness including transactional leadership and transformational leadership which tend to be the most commonly studied leadership style in Western countries (Bass, 1990). Transactional leaders guide their subordinates in the direction of established goals by clarifying role and task requirements, where their charismatic and visionary abilities can inspire their subordinates to take over their self-interest for the good of the organization (Armandi, Oppedisano, & Sherman, 2003). In contrast, individualized consideration is the main trait of transformational leadership tenets for concerning developmental needs of individual subordinate instead of daily operational
work. Transformational leaders also assist their subordinates to resolve the problem in new ways in order to excite and inspire them to achieve goals (Armandi et al., 2003). Westwood (1997) illustrated that the leadership style is essentially derived from the specific culture which is deeply embedded in a particular set of values and assumptions. Thus, not surprisingly, a particular leadership style may not be welcome or accepted in all countries. In particularly, Western and Eastern countries have different leadership styles that obviously are influenced by their own culture. Wells and Peachey (2011) demonstrated a direct negative relationship between leadership behaviors and voluntary organizational turnover intentions, inasmuch more satisfaction with leadership behavior will cause less intention to leave of the employees. Due to the effect of leader-member exchange, leadership style has significantly affected the employee turnover intention (Liu, Cai, Li, Shi, & Fang, 2013). Dimaculangan and Aguiling (2012) suggested that the positive attitude of a leader could create a lower turnover of employees.

![Figure 2.1 The relationship between Leadership and Turnover Intention](Wells & Peach, 2011)

2.3 Paternalistic Leadership

Based on the findings of Westwood (1997), the leadership style in Chinese societies is also derived from their specific culture, where the paternalistic leadership is deeply embedded in a particular set of values and assumptions. Paternalism is one of the fundamental principles of Confucian ideology which, in the family owned businesses, balances the employer’s authority and guidance in exchange for loyalty
and deference from subordinates (Chou, 1990). Westwood (1997) revealed that the overseas Chinese, such as Hong Kong Chinese, have to fulfill two basic requirements for their leadership and cultural value system which are order and compliance and for harmony. Building on these fulfillments, paternalistic leadership has been naturally established among the overseas Chinese society by the interdependent relationship among discipline, authority, moral and benevolence behavior. In the Hong Kong business community, Tan and Akhtar (1998) cited that the espousal of paternalism also implies tacit acceptance of the Confucian pyramidal hierarchy of roles, to regulate the relations between superior and subordinates. As a result, managers play a patron-like role to induce the filial submission and devotion to the service of employees.

In the context of modern business, Matti (2003) suggested paternalism to be one of the ideological forces in the family business, which is the strong ideological factors in protection and guardianship, family institution, traditions, and ownership. Paternalism describes a paternalistic leadership style in owner-managed firms whereby the leader believes in the policy of controlling other people in a fatherly way by providing them with what they need but giving them little or no responsibility or freedom of choice. In addition, Dyer (1986) also recognized that paternalistic leadership as being the most important type of family business culture. Farh, Cheng, and Chou (2006) suggested paternalistic leadership was an effective strategy in Chinese family-owned businesses in terms of maintaining control over employees as well as families’ wealth. The culture of paternalistic leadership is to attempt to build the hierarchical relationship with the employee by retaining all information and decision making within the family. The managers are required to supervise their subordinates closely with little discretionarv leadership. Lubatkin, Schulze, Ling, and Dino (2005) stated paternal altruism forces a family leader willing to take care of their family members instead of non-family employees in terms of promotion and rewards, which can cause non-family employees to question the fairness and justice in the family-owned business. Furthermore, Memili and Dianne (2012) suggested that non-family employees are less likely to adopt extra role behaviors and organizational commitment, if they sense unfair treatment and injustice from their strong in-group-out-group perceptions. Furthermore, some scholars already identified paternalistic leadership was more favorable in developing countries in the field of leadership studies (Goethals,
Sorenson, & Burns, 2004). On the other hand, this kind of leadership style is described as autocratic leadership in the western countries (Sorenson, 2000). In the organization, the subordinates may prefer their manager to adopt the autocratic or paternalistic type of management when the employs are afraid to disagree their managers (Hofstede, 1980).

In one study Aycan (2006), emphasized the relationship of paternalism in the organization should be explained that the role of the superior is to provide care, protection, and guidance to the subordinate both in work and nonwork domains while the subordinate, in return, is expected to be loyal and deferential to the superior. In a recent study by Soylu (2011), there was evidence that a manager who creates a family atmosphere in the workplace might behave like a father to such against subordinates, even when the requests are disobeyed.

In order to clearly identify the traits of paternalistic leadership, Aycan (2006) has outlined the behavior of paternalistic leadership as follows:

Employer

- Creating a family atmosphere in the workplace;
- Establishing close and individualized relationships with subordinates;
- Getting involved in the non-work domain;
- Expecting loyalty; and
- Maintaining the authority/status

Employee

- Considering the workplace as a family;
- Being loyal and deferential;
- Getting involved in non-work domains; and
- Accepting authority

Subsequently, Cheng et al. (2000) argued that paternalistic leadership has deep roots in traditional Chinese culture in which the culture is focused on the centrality of the vertical relationship between superiors and followers. They confirmed that the three elements of paternalistic leadership have a positive and strong effect on subordinate response in terms of their respect and identification; dependence and
compliance and gratitude band repayment. In their earlier study, the three dimensions of paternalistic leadership would interact to affect employee outcomes which are namely benevolent leadership, moral leadership, and authoritarian leadership. Cheng et al. (2000) also further defined the behavior of these three important elements as follow.

Authoritarian leadership – The leader tries to implement absolute authority and control over subordinates and demands unquestionable obedience from them.

“It suffices to let people get on with what they are required to do. They do not need to know the reason.”

(Chapter 8:9 – The Analects)

Benevolence leadership – The behavior of leader demonstrates individualized, holistic concern for subordinates’ personal and familial well-being.

“Living in an environment of benevolence is beneficial. How can a person be considered wise if he, having the choice, does not settle in a benevolent neighborhood?”

(Chapter 4:1 – The Analects)

Moral leadership – The behavior of leader can be broadly depicted themselves to be superior personal virtues, self-discipline, and unselfishness.

“If a man is morally upright, then tasks will be done even though he has not given out any order. If he is not morally upright, then his order will not be carried out even if he has given one.”

(Chapter 13:6 – The Analects)

Meanwhile, Cheng et al. (2000) also found that the influence of authoritarian leadership of paternalistic leadership is disappearing, as more and more Chinese are giving up authority orientation. In contrast, moral and benevolent leadership is alive and well, and may even become more important in modern organizations (Cheng et al., 2000).
2.4 The Evolution of Parent Theories

In the recent research by Hsieh and Chen (2011), the authors further developed the definition of these three-dimensional of paternalistic leadership. Firstly, benevolence leadership implies that a leader demonstrates individualized, holistic concern for subordinates’ personal and family well-being. Erben and Güneşer (2008) indicated that the benevolent paternalistic leadership had a moderate effect on affective commitment, but was strong on continuance commitment. The benevolent leader generates bonding with the employees encouraging them to stay with the organization by providing the identification of the employee in the organization. Furthermore, the benevolent leadership leads to emotional attachments by the employee as well as evaluating the costs associated with leaving the organizations whereby most people who work for paternalistic leaders would not leave their organizations for better payment or promotion opportunities. Secondly, moral leadership is broadly depicted as a leader’s behavior that demonstrates superior moral character and integrity through acting unselfishly and leading by example. Thirdly, authoritarian leadership refers to a leader’s behavior of asserting strong authority and control over subordinates and demanding unquestioned obedience of subordinates. As part of the Confucian value system, “higher ups govern, lower ranks obey” is highly illustrated the authoritarianism to induce employee compliance among the Chinese societies (Beamer, 1998). The behavior of these three-dimensional paternalistic leaderships has resulted in positive effects on subordinate responses with benevolent leadership having the most significant effect of subordinate gratitude and repayment to the leader. The moral leadership has the largest effect on the compliance of subordinates instead of authoritarian leadership as might be expected (Cheng et al., 2004). With modernization, industrialization, and globalization, the influence of authoritarian leadership or paternalistic leadership is disappearing, as more and more Chinese are giving up authority orientation. In contrast, moral and benevolent leadership is alive and well and may even become more important in modern organizations (Cheng et al., 2004).
However, due to cultural differences the acceptance of paternalistic leadership will not be the same in Western and Eastern societies. In the Western literature, paternalism is viewed as practices that restrict individual rights to exercise autonomy and choice (Pellegrini & Scandura, 2008). In contrast, the Confucian logic dominates the Eastern culture in the acceptance of paternalism, as it provides personalized obligations and loyalty leading to subordinates willingness to comply and conform to the wishes of the ‘surrogate’ parents in their leadership role (Aycan, 2006). In Western culture, transactional and transformational leadership is always promoted to influence the employees’ performance in the organizations (Cheung & Chan, 2008). Burns (1978) stated that transactional leadership behavior is a kind of exchange process in which the leader provides rewards or punishments in return for the subordinates’ performance. Based on the path-goal theory, the leader will help their subordinate to set out the tasks to achieve the desired outcome such high output, the standard of quality, cost saving or, etc. The leader often sets out the short-term goal to
their subordinates by providing contingent material rewards once achieved. In the study of Cheng et al. (2004), the transformational leadership is used to measure subordinates by clarifying their job roles and tasks necessary to achieve goals in which the leader not only direct subordinates to complete tasks, but also encourages them via individualized consideration, charisma, intellectual stimulation, and inspirational motivation to strive for accomplishments exceeding other’s expectations. Meanwhile, the leader shows his personal charisma and intellectual inspiration to the followers in order to lead followers to perform their duties. However, some traits of paternalistic leadership are seemed to be same as other leaderships. In the study of Chen, Eberly, Chiang, Farh and Cheng (2011), they argued that differences between transformational leadership and ethical leadership exist. Paternalistic leadership and transformational leadership both induce emotional reactions from followers to affect the outcomes and, based on the study of Chen et al. (2011), the emotions induced by both leaders can be tabularized as follow.

<table>
<thead>
<tr>
<th>Offering of emotion</th>
<th>Transformational Leader</th>
<th>Paternalistic Leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievement of emotion</td>
<td>Directly toward the leader and the organization as a whole</td>
<td>Interpersonal level</td>
</tr>
<tr>
<td>Expression of emotion</td>
<td>Explicitly</td>
<td>Implicitly</td>
</tr>
</tbody>
</table>

Both authentic and paternalistic leadership styles expect effective leaders to set high moral standards and exhibit personal integrity to their followers. In addition, authentic leaders are always playing an active role in morality perspective (Luthans & Avolio, 2003) including self-awareness, unbiased processing, behavior and relationship directions to their subordinates (Ilies, Morgeson, & Nahrgang, 2005). This role model encourages their followers to emulate their behavior in the course of decision-making and prosocial behaviors while the same feature is not obvious in paternalistic leaders. The most prominent feature of a paternalistic leader is one-way communication that expects the follower to listen and obey whereas two-way communication is encouraged by authentic leaders (Luthans & Avolio, 2003). Notwithstanding, all leadership mechanisms are trying to induce commitment,
identification, and motivation of the employee to acquire a higher performance. Based on the result of the study conducted by Kuo (2004), transactional leadership, transformational leadership and paternalistic leadership have positive forecast impact on team effectiveness including cooperation satisfaction, team commitment, and team performance.

The Chinese organizations tend to be paternalist to promote values of high power distance and collectivism, and have bureaucratic control and centralized decision making with little worker empowerment (Lok & Crawford, 2004) which are also identified in the cultural study by Hofstede (2005). Since organizations in Hong Kong are mainly managed by ethnic Chinese, their relatively high power distance preference and Confucian values are often associated with obedience, respect for authority and loyalty (Chen, 2004). The paternalistic leadership is most likely to be adopted by family-owned business in Hong Kong.

Aycan (2006) cited that the beneficial outcome of paternalism for an organization can also be reducing the cost, increasing flexibility, decreasing turnover and improving commitment, loyalty and teamwork where is also conformed with the study of Sorenson (2000) in the contribution of leadership style in family business. The contribution could be considered in four major areas comprising financial performance of the business, family outcome, employees’ commitment and job satisfaction. As a result, the benefits of leadership styles accounted for in these four areas are 36% improvement on employee commitment, 27% increment of job satisfaction, 15% improvement in financial performance and 54% achievement on family outcomes. Furthermore, Aycan (2006) suggested that loyalty and commitment are perhaps the most significant benefits of paternalism for employers, and this leadership style can influence the normative commitment of the employee (Cheng et al., 2004). Erben and Güneşer (2008) also suggest that modern paternalistic companies are more involved in non-work lives of their employees by assisting them in their social and family problems, whereby increasing the loyalty and commitment of employees because of such caring attitudes by employers. In consideration of trait of paternalistic leadership suggested by Aycan (2006) and Cheng et al. (2004), paternalistic leadership has a negative effect on turnover intention of employees.
2.5 Job Satisfaction

A key component of the research is job satisfaction over the last century as it affects the individual performance in the workplace. Locke (1968) defined job satisfaction as the pleasurable or positive emotional state resulting from the appraisal of one's job as achieving or facilitating the achievement of one's job values. Job satisfaction is a function of the perceived relationship between what one wants from one's job and what one perceives it as an offering. Locke (1976) further suggested that there are a variety factors to lead people to feel positively or negatively towards their work with the most frequently cited factors being pay; promotions; verbal recognition; working conditions; the work itself; supervision and the work group. Kalleberg (1977) revealed that the employers could increase the satisfaction of workers by manipulating job characteristics that are frequently under their control. Subsequently, Freeman (1978), confirmed that the job satisfaction and job dissatisfaction does not only depend on the nature of the job but also on the employees’ expectations what their job should provide. Apart from the studies of job satisfaction in the workplace, Freeman (1978) also found that job satisfaction is a major determinant of labor mobility and has discovered puzzling relations between certain economic variables such as unionism and satisfaction that appear attributable to the subjective nature of the variable. Furthermore, Luthans (1988) theorized that there are three important dimensions to job satisfaction:

- Job satisfaction is an emotional response to a job situation. As such it cannot be seen, it can only be inferred.
• Job satisfaction is often determined by how well outcomes meet or exceed expectations.
• Job satisfaction represents several related important characteristics of a job about which people have positive responses including the work itself, pay, promotion opportunities, supervision, and coworkers.

It has been evidenced that achievement and recognition are more frequently identified as dissatisfiers than working conditions and relations with the superior (House & Wigdor, 1967) and the high performer should receive both more intrinsic and extrinsic rewards (Lawler & Porter, 1967). For intrinsic rewards, employees who have successfully completed their job will feel the accomplishment of their efforts (Lawler & Porter, 1967). For extrinsic rewards, employees performing well should receive the recognition from his/her superior in terms of pay raise, promotions, verbal appreciation, etc. (Lawler & Porter, 1967). In contrast, Lawler and Porter (1967) predicted that the poor performer will be less satisfied with their jobs and most likely quit or suffer from high absenteeism.

Figure 2.4 The relationship between satisfaction and performance (Lawler & Porter, 1967)

In the result of the meta-analysis by Iaffaldano and Muchinsky (1985), they also confirmed the finding of Lawler and Porter (1967) that job satisfaction has a relationship with job performance but only slightly related to each other. Subsequently,
Judge, Thoresen, Bono, and Patton (2001) argued that job satisfaction is not only positively correlated with job performance, but also the significance of the correlation was related to job complexity. It is shown the correlation between job satisfaction and job performance to be stronger in high complexity jobs. Acker (2004) also argued that poor job satisfaction is an important issue where employees may not put sufficient effort into their work or even not stay with their organization when they did not feel satisfied with their jobs. However, many researchers suggested that job satisfaction has a stronger influence on employee turnover intention (Farrell & Rusbult, 1981; Lawler & Porter, 1967; Locke, 1968; Mahdi, Zin, Nor, Sakat, & Naim, 2012; Mobley, 1977; Porter, Steers, & et al., 1974; Tett & Meyer, 1993; Wells & Peachey, 2011).

Figure 2.5 The Effect of Job Satisfaction on Turnover Intention

In many previous researches found that the quality of leadership strongly influences the job satisfaction of employees. In the earlier study of Stogdill (1963), Skinner (1969), Hunt and Liebscher (1973), Euske, Jackson Jr, and Rei (1982) and Yousef (2000) proved a positive relationship found between leadership behavior and job satisfaction. Lok and Crawford (2004) also predicted that the Asian initiating structure leadership style is positively correlated with job satisfaction and organizational commitment. Furthermore, Susanj and Jakopec (2012) proved that the different of leadership style have also leaded to a high level of job satisfaction of employee whereas Bushra, Ahmad, and Asvir (2011) found that transformational leadership has a positive
effect on employees’ job satisfaction. Thus, it is worth to investigate the relationship between paternalistic leadership and job satisfaction in Hong Kong family businesses. While Lok and Crawford (2004) has proved the paternalistic approach would generate greater job satisfaction,

Figure 2.6 The Effect of Paternalistic Leadership on Job Satisfaction

2.6 Organizational Commitment

Organizational commitment has received a great deal of attention focusing on its relationship with leader behavior and the employee's outcomes in relation to job performance, discretionary effort, acceptance of organizational change, organizational citizenship behavior, turnover intentions, and voluntary employee turnover (Dunn, Dastoor, & Sims, 2012). Mowday, Steers, and Porter (1979) characterized organizational commitment of the employee in three factors:

- A strong belief in the organizational goals and values;
- A strong desire to remain a member of the organization; and
- A willingness to pay considerable effort toward the organization.

In analyzing these factors, Meyer and Allen (1991) have further developed a three-component model of organizational commitment, namely affective commitment, continuance commitment and normative commitment.

- Affective commitment refers to identification with and emotional attachment to the
organization.

- The continuance commitment concerns aspects such as costs perceived by the employees of leaving the organization from an economic and/or emotional standpoint.
- The normative commitment which refers to the employees’ loyalty to their organization.

Figure 2.7 Three Component Model of Organizational Commitment (Meyer & Allen 1991)

In addition to these three distinct types of commitments, Vallejo-Martos (2011) further suggested identification; involvement and loyalty of the employee in the family business should also be taken into account when considering organizational commitment.

- Identification - the employees working in family firms identify more with the cultural values of their firm.
- Involvement – the employees of family firms are usually more involved.
- Loyalty – A high degree of loyalty is found in the employees of the family firm in comparing with the non-family firm.
Chen, Tsui, and Farh (2002) proved that loyalty to supervisors and its stronger effects on employee outcomes (relative to commitment to the organization) is an epic phenomenon (i.e., it generally has across cultural setting), and its extended dimensions would be more strongly associated with employee performance in settings, where there is a high respect for and obedience to those in positions of authority. Michael (2004) also emphasized that loyalty is espoused as a core value and tends to reinforce itself over time, as the family legacy grows.

The leadership style has a positive, and significant relationship with organizational commitment whereas organizational commitment has a significant negative relationship with job satisfaction in eastern studies (Yiing & Ahmad, 2009). However, Susanj and Jakopec (2012) suggested that the leader may also be able to build commitment among their subordinates through fair treatment, which leads to higher levels of their job satisfaction. The leadership style indirectly affects employee’s organizational commitment, fairness perceptions, and overall job satisfaction. Lam and Eleanor (2012) indicated that the effectiveness of leadership can be measured by its employees’ outcomes which comprise work performance, job satisfaction, organizational commitment and (low) job stress. However, Vallejo and Langa (2010) pointed out that family firms can ensure continuity only by achieving a “shared dream”, in other words a vision of the future that embraces the aspirations of both the older and younger generations, as well as those of their predecessors, without which they would be incapable of generating the energy and enthusiasm that the family needs to ensure the survival of the business. Thus, the organizational commitment of newcomers is vital to the family business. In the family business, Sorenson (2000) identified four kinds of leadership commonly adopted by family business which are participative leadership, autocratic leadership, laissez-faire/mission leadership and referent and expert leadership. Moreover, he also suggested the contribution of family business leadership should be measured by its financial performance, family outcomes and satisfaction and commitment. Furthermore, participative leadership is proven to be positively related to the desired outcome in employee satisfaction and commitment. Sorenson (2000) concluded that the common literature outcomes to both family and business success are satisfaction and commitment which are a gauge of willingness in contributing to the organization beyond role expectation and concurs with the previous study of Mowday et al. (1979) of job satisfaction and organizational commitment relating to employee
experience. Furthermore, the value of the family business is always dependent on the quality of organizational commitment (Vallejo-Martos, 2011) and concludes that a higher level of employee commitment exists in family firms than in non-family firms (Vallejo & Langa, 2010).

In the recent research of Vallejo-Martos (2011), most family businesses tend to adopt paternalistic leadership to pursue a greater commonality between its own objectives and those of their employees. In particular, the morality leadership should maintain the relationship between employer and employee and not only be based on economic aspects but also on affective, symbolic, and normative aspects. The study of Lok and Crawford (2004) found that the personal relationship could command higher employees’ commitment, and the paternalistic approach would generate greater job satisfaction. Pellegrini, Scandura and Jayaraman (2007) also suggested paternalistic leadership significantly and positively influences employees’ organizational commitment in the North American.

Figure 2.8 The Effect of Paternalistic Leadership on Organizational Commitment (Vallejo& Langa, 2010)

Yeh, Hsin, and Chiou (2008) indicated that paternalistic leadership has a positive relationship between organizational commitment and job satisfaction which will improve organizational performance. In the paternalistic relationship, employees would be expected to be totally committed and loyal to their leaders, and the employees would not leave their organizations for better payment or promotion.
opportunities. They also suggested that all the paternalistic leadership dimensions had an effect on climate regarding ethics while benevolent, leadership had a moderate effect on affective commitment but a strong effect on continuance commitment (Chen et al., 2011). They also differentiated between the three-dimensional paternalistic leadership on employee performance by measuring the organizational citizenship behaviors (OCBs) of employees including their affective trust, in-role performance, and extra-role performance. The implication of the research shows the importance for leaders to establish a trusting relationship with their followers in an effort to affect performance positively. Recently, Chou (2012) discovered that Benevolent Leadership and Moral Leadership appeared positive predictors of job satisfaction whereas Authoritarian Leadership has an adverse effect on intrinsic job satisfaction.

It is obvious that there is some kind of relationship implicitly existing between organizational commitment and job satisfaction in previous literature reviews, for example, in an earlier study, Bateman and Strasser (1984) proved that a causal correlation exists between job satisfaction and organizational commitment. Besides, there is a significant positive relationship between organizational commitment and job satisfaction in which those employees committed to their organizations are more satisfied with their job and their performance (Ali, Azam, Fakhr e, & Baloch, 2010; Bhatti & Nawab, 2011; Yousef, 2000, 2001). This positive relationship is also indicated that job satisfaction concerned with the intrinsic and/or extrinsic feelings employees had about the job such as self-esteem, enjoyment, fringe benefits, family support, performance and rewards (Al-Hussami, Saleh, Abdalkader & Mahadeen, 2011). Meanwhile, Froese and Xiao (2011) observed that the employees’ commitment to their organizations can be a significant positive relationship between the individual elements of job satisfaction (e.g. job autonomy satisfaction, performance appraisal satisfaction and pay satisfaction) and employees’ organizational commitment. Based on the previous studies, Leow(2011) shows positive relationships between organizational commitment and job satisfaction, organizational empowerment & trust, and organizational justice. In China, the employees’ commitment to their organizations can be significantly affected by the extent of their various facets of job satisfaction and employees’ organizational commitment which also confirms a greater degree of job satisfaction facilitates affective organizational commitment (Froese & Xiao, 2011) while job satisfaction has a significantly positive impact on organizational
commitment of employees (Fu & Deshpande, 2012).

Figure 2.9 The Relationship Between Organizational Commitment and Job Satisfaction (Bateman & Strasser, 1984)

![Diagram showing the relationship between Organizational Commitment and Job Satisfaction](Image)

Source: Bateman & Strasser (1984)

2.7 Employees’ Turnover Intention

The employee turnover is a function both of individual characteristics and organizational integration and can be considered as a measure of key individual variables such as intention, goals, commitment, and satisfaction in adherence to the organizational model of employee persistence (Peterson, 2004). When an employee is dissatisfied with certain job aspects and/or lack of commitment to the organization, it can result in a turnover intention to search for alternative employment in the labor market. Bluedorn (1982) proved that the turnover intention of the employee is voluntary separations or quits from the organization. When the employee is considering leaving the organization, the employee will assess the rewards and costs associated with the current job, measure his or her material and psychological investments in this position, and assess the quality of available alternatives (Rusbult & Farrell, 1983). However, employee turnover is extremely costly to an organization with hiring and training replacement costs being almost 50 percent of the worker’s annual salary (Gemignani, 1998). Furthermore, the visible and hidden cost of employee turnover has been estimated at approximately $11 billion annually (Abbasi & Hollman, 2000) while the effect of turnover on customer relations, disruption of efficiency and decreases in
morale all combine to decrease organizational performance (Watrous, Huffman & Pritchard, 2006). Thus, the employer will try to reduce or avoid the employee turnover in order to save the unnecessary cost to the organization.

Numerous researchers have tried to understand the main cause of employee turnover or turnover intention in order to suggest some preventive measures for the employers. Among the studies, organizational commitment and job satisfaction are both identified to have a strong correlation with staff turnover (Benkhoff, 1997; Chan, Foon, Lim & Osman, 2010; Morrison, 2008). Currivan (1999) also indicated that job satisfaction and organizational commitment have a spurious relationship due to common determinants where both are the intervening variables to turnover. Organizational commitment and job satisfaction are considered to be the strongest predictors of employee turnover (Griffeth, Hom & Gaertner, 2000) and it is a psychological state that characterizes the employee’s relationship with their employer and has implications for the employee’s decision to continue or discontinue working within the company (Meyer & Allen, 1991). Recently, Froese and Xiao (2011) also suggested that the enhancement of job satisfaction and organizational commitment can reduce the high turnover rate of employees in China. Moreover, some studies have also identified some distinctive degree of influence to the employee turnover between these two variables.

In the prevalence of job satisfaction, Tett and Meyer (1993) suggested that job satisfaction and organizational commitment each contribute uniquely to turnover intention/withdrawal cognitions while organizational commitment does not correlate more strongly than satisfaction does with intention/cognitions. Along with the study of Tett and Meyer (1993), Yeh (2007) and Ali et al. (2010) also found that when both organizational commitment and job satisfaction variables are present in the turnover model, job satisfaction is the most important factor in determining employee propensity to leave. Furthermore, Yücel (2012) also emphasized that job satisfaction is one of the most antecedents of organizational commitment and turnover intention where a high level of job satisfaction results in higher commitment and lower turnover.
In contrast, there are many counter proposition in citing organizational commitment having relatively high correlations with withdrawal behaviors (Mathieu & Zajac, 1990; Meyer & Allen, 1991; Mowday et al., 1979; Wagner, 2007). In line with these suggestions, organizational commitment appears a stronger predictor of employee turnover than job satisfaction (Mathieu & Zajac, 1990; Porter et al., 1974). By applying the investment model, Farrell and Rusbult (1981) indicated that the organizational commitment is stronger than job satisfaction to predict the employee turnover but that these two variables always share a close relationship. Among the three-component model of organizational commitment including affective commitment, continuance commitment and normative commitment, some differences in the relationship with employee turnover also exist in the research field. In 2002, Meyer, Stanley, Herscovitch and Topolnytsky demonstrated that all three forms of organizational commitment correlate negatively with withdrawal cognition, turnover intention, and turnover but that they correlate somewhat differently with other work behaviors. Furthermore, Solinger, Van Olffen and Roe (2008) confirmed that three-component model of organizational commitment has benefits in predicting turnover. However, Jaros (1995) argued that the three components of organizational commitment were significantly and negatively related to turnover and that affective commitment had a significantly stronger correlation with turnover intentions than normative or continuance commitment. Subsequently, Meyer et al. (2002) and Jackson, Meyer, and Wang (2013) also suggested that the affective commitment is the most widely recognized conceptualization among
these three components of organizational commitment as it has a stronger impact on employees turnover and performance.

Apart from the comparison of these two variables, more complicated relationships have been proposed by other scholars such as job satisfaction and organizational commitment being negatively related to turnover intentions while satisfaction is positively related to affective commitment (Sims & Kroeck, 1994). Meanwhile, it is also proved that organizational commitment and job satisfaction would not only influence turnover intentions, but would also impact directly on each other (Mathieu & Zajac, 1990; Reed, Kratchman, & Strawser, 1994; Yücel, 2012). In terms of the influence, organizational commitment and job satisfaction have negative relationship with turnover intention while these two factors can influence each other at the same time.

Figure 2.11 The Relationship among organizational commitment, job satisfaction and turnover intention (Mathieu & Zajac 1990)

Source: Mathieu & Zajac (1990)

Some other notable studies examined the relationship between these variables to influence turnover intention such as Ketchand and Strawser (1998) and suggested strengthening the level of organizational commitment of the employee can induce a higher level of job satisfaction and a lower level turnover intentions. Falkenburg and Schyns (2007) concluded that the relationship between job satisfaction and turnover intention is positively moderated by normative commitment while the relationship between job satisfaction and turnover intention is indeed lower for high normative commitment than for low normative commitment. Recently, Aydogdu and Asikgil(2011) suggested that job satisfaction and organizational commitment have a
significant and positive relationship with turnover intent while job satisfaction has a significant and positive relationship with three dimensions of organizational commitment. It can only be concluded that the relationship between organizational commitment and job satisfaction on turnover intention can become more complicated in different situations.

2.8 Gaps in the current literature

Based on the review of many literature in this chapter, it was common to praise the effectiveness of paternalistic leadership in Eastern countries. Apparently, the drawback of paternalistic leadership has not been thoroughly discussed in previous findings that become an ambiguous issue in the leadership fields. Cheng et al. (2004) stressed the interaction of three dimensions of paternalistic leadership would positively affect the outcome of the employee. Meanwhile, they also cited the authoritarian leadership is disappearing by diminishing of authority orientation in Chinese societies. In this connection, it seems the interaction of three dimensions becomes controversial issue among previous studies. In this study, the researcher will also examine the effectiveness of each dimension of paternalistic leadership in order to re-examine the previous findings. It would also benefit the study of paternalistic leadership in future.

In a rapidly changing business environment, the value and culture of family business have been continuously affected by modernization, industrialization and globalization. With more than a century of administration of the British Government, the Chinese culture in Hong Kong has been influenced by the western culture and has become one of the most respected and widely recognized international cities in the world. However, the Confucian culture is still rooted in the business community of Hong Kong (Chen, 2004) which has also continuously nurtured the paternalistic leadership among the business organization in Hong Kong. Since Cheng et al. (2000) has conducted an extensive study in the paternalistic leadership in Taiwan, the following studies have been focused in Chinese societies such as Taiwan and China. Cheung and Chan (2008) further agreed Chinese managers in Hong Kong combine both Chinese and Western leadership styles, whereas the Chinese leadership style was diluted by westernization and globalization. Since these extensive researches of similar studies are not evident for the Chinese community in Hong Kong, it seems the effectiveness of paternalistic leadership to be a questionable issue to
Hong Kong family businesses without any further study. Therefore, the aim of the research is examining the effectiveness of paternalistic leadership in Hong Kong family businesses to address this research gap in the current published literature. As the turnover is become more and more important to the organization in terms of increasing the heavy cost to the organization, it is more worth to measure the effectiveness of paternalistic leadership by exploring the effects on the employees’ turnover intention.

2.9 Theoretical Framework

The theoretical framework of this study draws on the previous studies among the relationship of paternalistic leadership, turnover intention, organizational commitment and job satisfaction in order to examine the effectiveness of paternalistic leadership on turnover intention of employee in Hong Kong family businesses. These relationships are integrated with the following prepositions.

(1) The negative effect of paternalistic leadership on turnover intention suggested by Aycan(2006) –(Refer to Figure 2.3);
(2) The positive effect of paternalistic leadership on organizational commitment suggested by Vallejo and Langa (2010) – (Refer to Figure 2.7);
(3) The relationship between organizational commitment and job satisfaction suggested by Bataman and Strasser (1984) – (Refer to Figure 2.8); and
(4) The impact of job satisfaction and organizational commitment on turnover intention suggested by Tett and Meyer(1993) – Figure 2.9

Subsequently, the researcher concluded all relationships among the above variables to draw the theoretical framework shown in figure 2.11.
Based on the study of Cheng et al. (2000), paternalistic leadership has deep roots in traditional Chinese culture, which is focused on the centrality of the vertical relationship between superiors and followers. They constructed a paternalistic leadership scale (PLS) to identify three-dimensional leadership element framework including benevolent leadership, moral leadership, and authoritarian leadership. In this research, now to be put forward, it will first attempt to replicate the model of Cheng et al. (2000) to identify the behavior of paternalistic leadership by testing the subordinate response to the three-dimensional leadership of paternalism. Furthermore, it will also explore the opportunity for using the advanced model of Cheng et al. (2004) and Chen et al. (2011) to validate the result of the behavior of paternalistic leadership by eliminating common trait of transformational leadership. Following the study of Aycan (2006), the beneficial outcome of paternalistic leadership can be reducing turnover and improving commitment, loyalty and teamwork whereas the most people who work for paternalistic leaders would not leave their organizations for better payment or promotion opportunities (Erben & Güneşer, 2008). When an employee dissatisfied with certain aspects of the job and/or lack of commitment to the organization, he or she can be caused a turnover intention to search for alternatives in the labor market (Peterson, 2004). Meanwhile, organizational
commitment and job satisfaction are both identified to have a strong correlation with staff turnover intention (Benkhoff, 1997; Chan et al., 2010; Morrison, 2008). Mobley (1977) theorized that job satisfaction led to thinking about quitting in terms of job searching which could then lead to an intention to quit and eventually result in a turnover. Tett and Meyer (1993) suggested that job satisfaction and organizational commitment each contributes uniquely to employee turnover intention. Furthermore, higher job satisfaction and organizational commitment will avoid turnover intention of the employee (Aydogdu & Asikgil, 2011; Narimawati, 2007; Peters, Bhagat, & O'Connor, 1981; Sims & Kroeck, 1994). Thus, job satisfaction and organizational commitment have been acknowledged to be key factors to affect the decision of the employee in leaving the organization. The research is based on the triad model of paternalistic leadership developed by Cheng et al. (2000) to examine the efficacy of turnover intention under the mediating effect of the variable factor of organizational commitment and job satisfaction.

2.10 Research Question/ Hypotheses

Since the objective of this study will focus on the efficacy of paternalistic leadership on the employees’ retention in a family-owned business. The research question of this study is

“Can paternalistic leadership directly or indirectly retain the employees in Hong Kong family business?”

Based on the literature above, the structural equation modeling (SEM) will be employed to explore the causal relationship among paternalistic leadership, organizational commitment, and job satisfaction in order to examine turnover intention of employees for Hong Kong Family Business. In this research model, we can use SEM to test the following hypotheses in relation to non-family member employees in Hong Kong family-owned business.

H1: Paternalistic leadership is negatively related to turnover intention

H2: Paternalistic leadership is positively related to organizational commitment

H3: Paternalistic leadership is positively related to job satisfaction
H4: The relationship between organizational commitment and job satisfaction is positively correlated.

H5: Turnover intention is negatively related to organizational commitment

H6: Turnover intention is negatively related to job satisfaction

H7: Organizational commitment mediates the relationship between paternalistic leadership and turnover intention

H8: Job Satisfaction mediates the relationship between paternalistic leadership and turnover intention
CHAPTER 3 - METHODOLOGY

3.0 Introduction

This chapter describes the methodology to be applied to this study including research design, the justification for the paradigm and methodology, research strategy, measurement, data collection, pilot test, data processing, reliability and validity, ethical consideration and limitation. The purpose of this study is to investigate the effectiveness of paternalistic leadership on employees’ turnover intention in Hong Kong family business. It aims to answer the research question by exploring the direct and indirect effect of paternalistic leadership on employee retention in Hong Kong family business. In accordance with the theoretical framework model of this study, the dominant factors affecting the relationship between paternalistic leadership and turnover intention of employee, namely organizational commitment and job satisfaction represent the independent variables of this study with the turnover intention being the dependent variable of the study. In order to investigate the relationship among these four variables simultaneously, the researcher is employing a quantitative methodology to investigate the causal relationship between paternalistic leadership, organizational commitment and job satisfaction to answer the research question.

3.1 Research Design

Following the previous theories, the research will collect the data to confirm or reject the explicit hypothesis set out in this study. The deductive study is the suitable approach to viewing the nature of the relationship between theories and research. The central issue in this study is the question of whether or not the family businesses can and should be studied according to the same principles, procedures, and ethos as natural sciences in which the positivism is necessary to be taken to affirm the importance of imitating the natural sciences. Furthermore, the objectivism is required to adopt to assert paternalistic leadership and turnover intention to have an existence that is independent or separate from the individual employee. In summing up the aforesaid positions of

“All men can see these tactics whereby I conquer, but what none can see is the strategy out of which victory is evolved.”

Sun Tzu, 512 BC
study, quantitative research can be construed as a research strategy to this study in the collection and analysis of data based on following reasons suggested by Bryman and Bell(2011).

- Entails a deductive approach to the relationship between theories and research, in which the accent is placed on the testing of theories;
- Has incorporated the practices and norms of the natural scientific model and of positivism in particular; and
- Embodies a view social reality as an external, objective reality.

According to the literature review in Chapter Two, the researcher has identified two factors affecting the relation between paternalistic leadership, and turnover intention based on previous research findings. The theoretical framework has also been proposed to evaluate the relationship among the variables where eight hypotheses are set out to answer the research question of this study.

H1: Paternalistic leadership is negatively related to turnover intention

H2: Paternalistic leadership is positively related to organizational commitment

H3: Paternalistic leadership is positively related to job satisfaction

H4: The relationship between organizational commitment and job satisfaction is positively correlated.

H5: Turnover intention is negatively related to organizational commitment

H6: Turnover intention is negatively related to job satisfaction

H7: Organizational commitment mediates the relationship between paternalistic leadership and turnover intention

H8: Job Satisfaction mediates the relationship between paternalistic leadership and turnover intention

Based on the study of Cheng et al. (2000) and Cheng et al. (2004) , this research has applied three dimensions of paternalistic leadership to explore further the effect on turnover intention in order to better understand the differential effect of individual leadership among the respondents. These three dimensions of organizational
commitment and two factors of job satisfaction will be also applied to this study to improve understanding of the relationship between paternalistic leadership and turnover intention of employees in Hong Kong family business. The following research model is designed to illustrate the relationship among the variables to understand the effects by answering the six hypotheses.

Figure 3.1 Proposed Research Model
3.2 Justification for the paradigm and methodology

In order to explore the relationship between the single dependent variable of turnover intention and a set of independent observed variables in the research model, the multiple regression method may not be the desired tool as regression models are additive without relational design and measurement error is not taken into account in the course of analysis. A correlational design is suitable to investigate the extent to which variations in one factor correspond with variations in one or more factors based on correlation coefficients (Isaac & Michael, 1971). Structural equation modeling (SEM) consists of a set of linear equations that test two or more relationships among directly observable and/or unmeasured latent variables simultaneously which can also perform a unique function to examine a series of dependence relationships and evaluate the path relation among the variables simultaneously (Grace, 2008; Shook, Ketchen, Hult, & Kacmar, 2004). Furthermore, the structural equation modeling is one of the most rigorous methodological approaches to examine the relationship among various variables in using correlation coefficients (Byrne, 2001). Leveraging on the unique function of structural equation modeling, the relationship among the variable of paternalistic leadership, turnover intention, organizational commitment and job satisfaction can be examined simultaneously while the path relation among these four variables can be also evaluated during the process.

3.3 Research Strategy

In this research methodology, a quantitative survey research technique is used as it is easier to generalize the result from a sample to a population (Cooper, Schindler, & Sun, 2006). The detail of research strategy is described in the following sections.

3.3.1 Respondent Selection

In order to reach a large number of Hong Kong family companies, the researcher accessed public business contacts with more than 120,000 local suppliers contact database produced by the service center of Hong Kong Trade Development Council (HKTDC). Since the study is focused on the non-family member employees of Hong Kong family business, this database can provide a mass contact of these employees
working in Hong Kong. Based on the contact information listed in the Hong Kong Trade Development Council (HKTDC), the non-family member employees in Hong Kong family businesses were invited to participate in the study. The initial contact targeted marketing managers or specific fund raising contacts to the organizations that is publicly available.

### 3.3.2 Data Collection Strategy

Since the scale of four measurements of this study can be measured by using written set of questions, the questionnaires would be the most appropriate method to collect the data in an efficient manner (Sekaran & Bougie, 2010). The invitation email was directly sent to potential participants in which are to provide the information of research aims and participant information statement with the hyperlink for online survey access for their consideration and participation. In the participation information statement, the purpose of the study, statement of confidentiality and extend the appreciation to the respondent was all stated including the methods of returning the questionnaire. In order to enlarge the sample size, the researcher also encourages the potential participants to forward the invitation email to their colleagues and friends for participation.

### 3.3.3 Sampling Method

In order to distinguish between family-owned and non-family owned business, sufficient numbers of observations in both groups require to be obtained from various industries in Hong Kong. For those hypotheses, the surveys are conducted with employees who are employed by the Hong Kong family-owned business and non-family members of the owner. In consideration of resource and time constraints, simple random sampling is adopted to the survey. Although the sample size is a critical issue in statistical analysis, there is no consensus to be found in previous literature regard the appropriate sample size for SEM (Weston & Gore, 2006). However, some of scholars suggested that the simple SEM models could be tested meaningfully even if sample size is quite small where N=100 - 150 is normally considered as the minimum sample size for conducting SEM (Anderson & Gerbing, 1988; Hoyle, 1999; Hoyle & Kenny, 1999; Marsh, Hau, Balla, & Grayson, 1998; Tabachnick & Fidell, 2001; Tinsley & Tinsley,
Furthermore, some scholars consider a larger sample size to be more appropriate for SEM such as N=200 (Boomsma & Hoogland, 2001; Weston & Gore, 2006).

### 3.4 Measurements

For testing the hypotheses of this research, the researcher utilized the instrument suggested in previous literature described in Chapter 2 to measure the effects of paternalistic leadership on employees’ turnover intention in Hong Kong Family Business. These measurements are discussed in detail as follows.

#### 3.4.1 Screening for the suitable respondent

The initial five questionnaire questions relate to the nature of employment and company background of the respondent in order to assess their suitability. Following scrutiny of the initial assessment, the respondents with a positive result were selected to participate in the survey, otherwise, the respondent would be rejected.

#### 3.4.2 The Scale of Paternalistic Leadership

For the measure of paternalistic leadership, respondents were asked in a 26 point questionnaire to rate the leadership style of their immediate supervisor by using the scale developed by Cheng et al. (2000) and further enhanced by Cheng et al. (2004). These 26 questions set out to measure the three dimensions of paternalistic leadership, authoritarian leadership, benevolent leadership and moral leadership, using a six-point Likert-type scale (1=strongly disagree; 6= strongly agree) to avoid the central tendency bias. From the total of 26 answers 11, 6 and 9 items respectively were used to measure the leadership of benevolence, morality and authoritarianism respectively. According to the suggestion of Cheng et al. (2004), these three dimensions of paternalistic leadership are measured by the questions shown as follows.
### Three dimensions of Paternalistic Leadership

<table>
<thead>
<tr>
<th><strong>Benevolent leadership</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B1.</strong> My supervisor is like a family member when he/she gets along with us.</td>
<td></td>
</tr>
<tr>
<td><strong>B2.</strong> My supervisor devotes all his/her energy to taking care of me.</td>
<td></td>
</tr>
<tr>
<td><strong>B3.</strong> Beyond work relations, my supervisor expresses concern about my daily life.</td>
<td></td>
</tr>
<tr>
<td><strong>B4.</strong> My supervisor ordinarily shows a kind concern for my comfort.</td>
<td></td>
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<tr>
<td><strong>B5.</strong> My supervisor will help me when I’m in an emergency.</td>
<td></td>
</tr>
<tr>
<td><strong>B6.</strong> My supervisor takes very thoughtful care of subordinates who have spent a long time with him/her.</td>
<td></td>
</tr>
<tr>
<td><strong>B7.</strong> My supervisor meets my needs according to my personal requests.</td>
<td></td>
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<tr>
<td><strong>B8.</strong> My supervisor encourages me when I encounter arduous problems.</td>
<td></td>
</tr>
<tr>
<td><strong>B9.</strong> My supervisor takes good care of my family members as well.</td>
<td></td>
</tr>
<tr>
<td><strong>B10.</strong> My supervisor tries to understand what the cause is when I don't perform well.</td>
<td></td>
</tr>
<tr>
<td><strong>B11.</strong> My supervisor handles what is difficult to do or manage in everyday life for me.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th><strong>Moral Leadership</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B12.</strong> My supervisor never avenges a personal wrong in the name of public interest when he/she is offended. (Reversed)</td>
<td></td>
</tr>
<tr>
<td><strong>B13.</strong> My supervisor employs people according to their virtues and does not envy others' abilities and virtues.</td>
<td></td>
</tr>
<tr>
<td><strong>B14.</strong> My supervisor uses his/her authority to seek special privileges for himself/herself. (Reversed)</td>
<td></td>
</tr>
<tr>
<td><strong>B15.</strong> My supervisor doesn't take the credit for my achievements and contributions for himself/herself.</td>
<td></td>
</tr>
<tr>
<td><strong>B16.</strong> My supervisor does not take advantage of me for personal gain.</td>
<td></td>
</tr>
<tr>
<td><strong>B17.</strong> My supervisor does not use guanxi (personal relationships) or back-door practices to obtain illicit personal gains.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Authoritarian leadership</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B18.</strong> My supervisor asks me to obey his/her instructions completely.</td>
<td></td>
</tr>
<tr>
<td><strong>B19.</strong> My supervisor determined all decisions in the organization whether</td>
<td></td>
</tr>
</tbody>
</table>
they are important or not.

**B20.** My supervisor always has the last say in the meeting.

**B21.** My supervisor always behaves in a commanding fashion in front of employees.

**B22.** I feel pressured when working with him/her.

**B23.** My supervisor exercises strict discipline over subordinates.

**B24.** My supervisor scolds us when we can’t accomplish our tasks.

**B25.** My supervisor emphasizes that our group must have the best performance of all the units in the organization.

**B26.** We have to follow his/her rules to get things done. If not, he/she punishes us severely.

### 3.4.3 The Scale of Organizational Commitment

A three-dimensional model of organizational commitment developed by Meyer and Allen (1991) is used to identify the distinction of each component of organizational commitment existing in the responses including affective commitment, continuance commitment, and normative commitment. A six-point Likert-type scale ranging from (1) strongly disagree to (6) strongly agree are used to measure the three components of organizational commitment scales by responding 18 survey questions. In these questions, each component is identified by six items shown as follows.

#### Three Component of Organizational Commitment

<table>
<thead>
<tr>
<th>Affective Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C1.</strong> I would be very happy to spend the rest of my career with this organization.</td>
</tr>
<tr>
<td><strong>C2.</strong> I really feel as if this organization's problems are my own.</td>
</tr>
<tr>
<td><strong>C3.</strong> I do not feel a strong sense of &quot;belonging&quot; to my organization. (Reversed)</td>
</tr>
<tr>
<td><strong>C4.</strong> I do not feel &quot;emotionally attached&quot; to this organization. (Reversed)</td>
</tr>
<tr>
<td><strong>C5.</strong> I do not feel like &quot;part of the family&quot; at my organization. (Reversed)</td>
</tr>
<tr>
<td><strong>C6.</strong> This organization has a great deal of personal meaning for me.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Continuance Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C7.</strong> Right now, staying with my organization is a matter of necessity as much as desire.</td>
</tr>
</tbody>
</table>
C8. It would be very hard for me to leave my organization right now, even if I wanted to.
C9. Too much of my life would be disrupted if I decided I wanted to leave my organization now.
C10. I feel that I have too few options to consider leaving this organization.
C11. If I had not already put so much of myself into this organization, I might consider working elsewhere.
C12. One of the few negative consequences of leaving this organization would be the scarcity of available alternatives.

Normative Commitment

C13. I do not feel any obligation to remain with my current employer. (Reversed)
C14. Even if it were to my advantage, I do not feel it would be right to leave my organization now.
C15. I would feel guilty if I left my organization now.
C16. This organization deserves my loyalty.
C17. I would not leave my organization right now because I have a sense of obligation to the people in it.
C18. I owe a great deal to my organization.

3.4.4 The Scale of Job Satisfaction

In order to measure the scale of job satisfaction, the short form of the Minnesota Job Satisfaction Questionnaire developed by Weiss, Dawis, England, and Lofquist (1967) is deployed to assess the variable with 20 items requesting the respondent to give feedback on their feeling about the overall nature of their job. A five-point Likert-type scale ranging from (1) strongly disagree to (5) strongly agree is used to measure three constructs comprising general satisfaction indices, namely 12 items of intrinsic satisfaction and six items of external satisfaction. The aforesaid items of constructs are shown as follows.

<table>
<thead>
<tr>
<th>General Intrinsic Satisfaction</th>
<th>D1. Being able to keep busy all the time</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>D2. The chance to work alone on the job</td>
</tr>
<tr>
<td></td>
<td>D5. The way my boss handles people</td>
</tr>
<tr>
<td>External Satisfaction</td>
<td>D6. Competence of my supervisor in making decisions</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>D9. The chance to do things for others</td>
</tr>
<tr>
<td></td>
<td>D10. The chance to tell people what to do</td>
</tr>
<tr>
<td></td>
<td>D12. The way company policies are put into practice</td>
</tr>
<tr>
<td></td>
<td>D13. My pay and the amount of work I do</td>
</tr>
<tr>
<td></td>
<td>D16. The chance to try my own methods of doing the job</td>
</tr>
<tr>
<td></td>
<td>D18. The way coworkers get along with each other</td>
</tr>
<tr>
<td></td>
<td>D19. The praise I get for doing a good job</td>
</tr>
<tr>
<td>General Satisfaction</td>
<td>D7. Being able to do things that don't go against my conscience</td>
</tr>
<tr>
<td></td>
<td>D8. The way my job provides for steady employment</td>
</tr>
<tr>
<td></td>
<td>D11. The chance to do something that makes use of my abilities</td>
</tr>
<tr>
<td></td>
<td>D14. The chances for advancement on this job</td>
</tr>
<tr>
<td></td>
<td>D15. The freedom to use my own judgment</td>
</tr>
<tr>
<td></td>
<td>D17. The working conditions</td>
</tr>
<tr>
<td></td>
<td>D20. The feeling of accomplishment I get from the job</td>
</tr>
</tbody>
</table>

3.4.5 The Scale of Turnover Intention

For measuring employees’ turnover intention, the three-item turnover intention scale developed by Mobley (1977) is used to identify the relationship with other variables in this study. It also uses a six-point Likert-type scale ranging from (1) strongly disagree to (6) strongly agree to express the intention of respondents to leave their organization. These three items are shown as follows.

<table>
<thead>
<tr>
<th>Turnover Intention</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.1 I think a lot about leaving the organization</td>
</tr>
<tr>
<td>E.2 I am actively searching for an alternative to the organization</td>
</tr>
<tr>
<td>E.3 As soon as it is possible, I will leave the organization.</td>
</tr>
</tbody>
</table>

In addition, demographic variables considered are gender, age, education, job
position, and service years with the company. These demographic variables may also provide an opportunity to explore any other effects among the relationship of variables in the future study.

3.5 Data Collection

A self-administrated online anonymous questionnaire was designed for the surveys which can easily maintain the integrity of data by eliminating the human error during input process (Sekaran & Bougie, 2010). By using survey-monkey service, the online survey link is sent to the potential respondents to enable them to access the website of an online questionnaire. All correspondent data is initially collected and saved on the server of the service provider in the absence of respondent identity. In receipt of completed questionnaires, the electronic data can be directly imported into SPSS for analysis in order to avoid the data integrity and human error problem.

3.6 Translation of Questionnaire Items

In dealing with the majority of Chinese respondents, the researcher provided bilingual choices of language in English, and Chinese to the respondent and the translation was also certified by Hong Kong Management Association (See Appendix C for translation certificate).

3.7 Pilot Test

The researcher conducted a pilot test with a small number of colleagues to test the understanding of items of the questionnaire as well as the Chinese translation. The result of understanding was satisfactory without any question raised during the test. Subsequently, the testing data was also input to the SPSS 21 to validate the consistency, and the result was also satisfactory.

3.8 Data Processing

The descriptive statistical figures such as means, standard deviations, and correlations among all variables will be analyzed by SPSS 21. In order to understand the effects of paternalistic leadership on the intention of employees’ turnover, a quantitative
research methodology was used to verify the relationship between paternalistic leadership and employee turnover intention under the influence of organizational commitment and job satisfaction of employees.

The data is analyzed using structural equation modeling with the use of SPSS 21 and AMOS 21 to test the causal relationship among the variables. The causal model structure is shown in Fig. 3.1 is shaped for testing the relationship among the paternalistic leadership, organizational commitment and job satisfaction impacts on turnover intention of employees. Meanwhile, the result of the unsaturated model is simultaneously examined the proposed hypothesis in this study. A two-step approach is required to conduct testing the cause-effect relationships among the main constructs of the hypothesized model, which includes the measurement and structural models. For the measurement models, it assesses the linear functions between latent variables and its observed indicators in the model followed by an examination of the relationship between exogenous variables and endogenous variables. For the structural model, it links the latent variables through a series of recursive and non-recursive relationships. Furthermore, the researcher employs Confirmatory Factor Analysis (CFA) to find the overall model fit of the unsaturated model by measuring Chi-square, the Goodness of Fit Index (GFI), the Normal Fit Index (NFI), the Comparative Fit Index (CFI) and the Root Mean Square Error of Approximation (RMSEA). In order to fulfill the overall fit measures, the following absolute fit measures are taken into account in this study.

- The overall degree of fit is measured by the goodness of fit index (GFI) in which the value of GFI should be larger than 0.9(Bentler, 1992; Hu & Bentler, 1999).
- The Normal fit Index (NFI) is a measure ranging from 0(no fit at all) to 1(perfect fit) where the value should be larger than 0.9(Bentler, 1992).
- The Comparative Fit Index (CFI) is another support indicator to represent the comparison between the estimated model and an independence model where the value should be larger than 0.9(West, Finch, & Curran, 1995)
- The Root-Mean-Square Error of Approximation (RMSEA) is to represent per
degree of freedom where the value should be less than 0.05 to indicate good fit (Browne & Cudeck, 1993). A mediocre fit has values between 0.08 to 0.10 while more than 0.10 is considered a poor fit indicator (MacCallum, Browne, & Sugawara, 1996). While the sample size is relatively small, the value of 0.06 should be treated as a good fit (Hu & Bentler, 1999).

In addition, the AMOS 21 software package can be used to examine the direct effect, indirect effect and total effect among variables for the hypotheses of the study. For the indirect effect, job satisfaction and organizational commitment can be regarded as the mediator in structural equation models. The 95% of the confidence interval is adopted for all applicable analyzes in this study.

3.9 Reliability and Validity

In order satisfy high reliability and validity of those variables with multipoint-scaled items, the confirmatory factor analysis (CFA) is also used to test the structure of the factor loadings and intercorrelations. Confirmatory Factor Analysis is a statistical method to propose links or relations between the observed indicator variables and the underlying latent variables/factors to confirm the hypothesized factorial structure in this research model (Wang & Wang, 2012). In order to obtain appropriate dimensions for the hypothesized model, confirmatory factor analysis may reduce the data dimensionality of the existing scales among the items of the survey instrument. According to the study of Andrews, Robinson, Shaver, and Wrightsman (1991), the reliability of the measure is confirmed by acceptable inter-item correlation which for each scale exceeded the 0.50. The Cronbach’s coefficient alpha for each of the scales is computed where the acceptable level will be set above 0.7 for maintaining its goodness of a measure, whereas the range of value indices between 0.76 and 0.93 should indicate a high internal consistency of the measure. Otherwise, some particular items below 0.3 require to be eliminated to maintain its goodness of a measure (Nunally, 1978). In the result of structural equation modeling analysis, it is possible to find the relationship among variables that can also examine the acceptance of all hypotheses. As such, the result could help us answer the research question that the paternalistic leadership can directly or indirectly reduce employee turnover intention in Hong Kong family-owned
business. In contrast, however, it could show that the paternalistic leadership style may not be an effective leadership style to retain our talent in Hong Kong family business whereas the acceptance of the employee on paternalistic leadership may be affected by other factors.

3.10 Ethical Considerations

An anonymous survey approach is conducted in this quantitative research methodology in which the researcher sends an invitation to all potential respondents with an electronic questionnaire. The respondents are required to read the Participant Information Statement attached to acknowledge the information of personal privacy before the commencement of survey. All collected data will be input to SPSS 21 to build a data file using security features to protect the data properly. This set of data is a backup and stored at the University of Newcastle network drive accessible only to the researcher and his supervisor. Since the survey is conducted anonymously, the identity of respondents is not required therefore fully protecting the personal privacy of respondents and the entire process of data collection strictly follows the regulation of the university. In addition, the University Ethics Review Committee granted the prior approval in reviewing all ethical aspects in the entire process of the survey.

3.11 Researcher Credibility

The researcher is a senior executive in a large corporation with extensive experience in managing all shared services to the whole organization to promote efficiency, value generation, cost savings and improved service toward the accomplishment of the organizational goals. In his management career, he has acquired an extensive hands-on experience in conducting business research for improving the performance of leadership skill. Apart from his solid educational background acquired from his Bachelor degree in Business Administration, the researcher also gained empirical quantitative research experience from his MBA project related to the supply chain management. In order to pursue his continuous improvement and maintain his professional status, the researcher is also being a professional member of Hong Kong Institute of Human Resources Management and Hong Kong Computer Society.
3.12 Limitations of the study

In this study, the consideration of other variable factors of the response of employees such as the compensation or cultural background of the employee may increase the complexity of the study. In particular, some employees may have adopted the Western culture due to their living experience and educational background in Western countries. For those employees with Western culture background, they may put some arguments on the paternalistic leadership which affect the result of employee outcomes. Therefore, the comparison may not be fully appropriate for all variables as it may not be found in each case. Furthermore, this study will not identify the different kind of leadership but only three-dimensional paternalistic leadership. Therefore, this study will assume that the comparison will only focus on the family-owned business, paternalistic leadership, job satisfaction, organizational commitment and turnover intention. For these four issues, the demographical information of respondents will also be collected which may provide some interesting insights on this topic such as the perception of different gender and education level on paternalistic leadership.

3.13 Conclusion

This chapter has presented the methodology to be employed to answer the research questions of this study. Firstly, a quantitative research design was selected to examine the effectiveness of paternalistic leadership on turnover intention of employee in Hong Kong family business in relation to their organizational commitment and job satisfaction. Secondly, by exploring the relationship among paternalistic leadership, turnover intention, organizational commitment and job satisfaction, the structural equation modeling (SEM) method was suggested to employ to analysis the data collected from the online anonymous questionnaire. Finally, the reliability and validity issues were also discussed under the consideration of the ethical issue.
“When you know a thing, to hold that you know it, and when you do not know a thing, to allow that you do not know it – this is knowledge.”

Confucius

CHAPTER 4 – ANALYSIS OF DATA

4.0 Introduction

This chapter analyzes the research data gathered by using the research methodology, design and implementation methods discussed in Chapter 3. The prime objective of this study is to explore the relationship among four variables of paternalistic leadership, turnover intention, organizational commitment and job satisfaction in order to confirm or reject the six hypotheses to answer the research question of this study.

“Can paternalistic leadership directly or indirectly retain the employees in Hong Kong family business?”

This chapter presents the data analysis results of the study. This chapter is divided into three parts which are organized as (a) descriptive statistics; (b) the reliability and validity of each sub-model for paternalistic leadership, organizational commitment, job satisfaction and turnover intention; and (c) the evaluation of the hypothesized model for testing the hypotheses set in the previous chapter in order to answer the research question of this study. As mentioned in the previous chapter, the software package of SPSS version 21 and AMOS 21 were used to analysis the collected data which the software could simultaneously evaluate the descriptive statistics, confirmatory factor analysis (CFA) and structural equation modeling (SEM) for providing various indices to understand the relationship and effects among the variables.

4.1 Descriptive Statistics

The descriptive statistic for each variable provides frequencies, measures of central tendency, and dispersion of data (Sekaran & Bougie, 2010). The following sections are to provide the result of descriptive statistics for 1) demographic of respondents; 2) paternalistic leadership; 3) job satisfaction; 4) organizational commitment; and 5) turnover intention.
4.1.1 Demographic of Respondents

More than 800 questionnaires were distributed to marketing managers or specific fund raising contacts for the business organizations in Hong Kong. A total of 167 respondents completed and returned the questionnaire of which 17.4% (29) respondents return questionnaires were exclude due to employment in non-family business or being a family member of business owner. Thus, there are 138 qualified responses to be used in the data analysis process. In dealing with the sufficient observations to Structural Equation Model, Anderson and Gerbing (1984) suggested that three or more indicators per factor, a sample size of 100 will usually be sufficient for convergence and a sample size of 150 will be sufficient for convergent and proper solution. Since three indicators were coexisted in this study, 138 respondents were treated as sufficient for convergence in the study.

Among the 138 qualified respondents, 58.7% (81) and 41.3% (57) were males and females respectively. There are 70.3% (97) of respondents in the age group of 33 to 49 years old while the age groups of others were 2.2% (3) 18 to 25 years old, 24.6% (34) 26 to 32 years old and 2.9% (4) in 50 or above years old. The education background of respondents was varied indicating 7.2 % (10) at secondary school or below, 20.3% (28) at post-secondary, 43.5% (60) at university and 29% (40) at master’s degree or above. The job position of respondents were distributed in descending order by 37.7% (52) of management staff, 29.7% (41) of general staff, 18.8% (26) of supervisory staff, 7.2% (10) of professional staff and 6.5% (9) of executive staff. The highest rate of respondents working with their supervisors between 6 to 10 years was 31.2% (43) while 23.2% (32) worked with their supervisors 3 to 5 years, 18.8% (26) between 11 to 20 years, 13.8% (19) between 1 to 2 years and 13% (18) less than one year. The demographic results above of respondents are tabularized as follows.
Table 4.1  The Descriptive Statistic of Respondents

<table>
<thead>
<tr>
<th>Item</th>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>81</td>
<td>58.7%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>57</td>
<td>41.3%</td>
</tr>
<tr>
<td>Age</td>
<td>18-25</td>
<td>3</td>
<td>2.2%</td>
</tr>
<tr>
<td></td>
<td>26-32</td>
<td>34</td>
<td>24.6%</td>
</tr>
<tr>
<td></td>
<td>33-49</td>
<td>97</td>
<td>70.3%</td>
</tr>
<tr>
<td></td>
<td>50 or above</td>
<td>4</td>
<td>2.9%</td>
</tr>
<tr>
<td>Level of</td>
<td>Secondary School or below</td>
<td>10</td>
<td>7.2%</td>
</tr>
<tr>
<td>Education</td>
<td>Post-secondary</td>
<td>28</td>
<td>20.3%</td>
</tr>
<tr>
<td></td>
<td>University</td>
<td>60</td>
<td>43.5%</td>
</tr>
<tr>
<td></td>
<td>Master or above</td>
<td>40</td>
<td>29%</td>
</tr>
<tr>
<td>Job Position</td>
<td>General Staff</td>
<td>41</td>
<td>29.7%</td>
</tr>
<tr>
<td></td>
<td>Supervisory staff</td>
<td>26</td>
<td>18.8%</td>
</tr>
<tr>
<td></td>
<td>Management staff</td>
<td>52</td>
<td>37.7%</td>
</tr>
<tr>
<td></td>
<td>Executive staff</td>
<td>9</td>
<td>6.5%</td>
</tr>
<tr>
<td></td>
<td>Professional staff</td>
<td>10</td>
<td>7.2%</td>
</tr>
<tr>
<td>Service Year</td>
<td>Less than 1 year</td>
<td>18</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td>1 - 2 years</td>
<td>19</td>
<td>13.8%</td>
</tr>
<tr>
<td></td>
<td>3 – 5 years</td>
<td>32</td>
<td>23.2%</td>
</tr>
<tr>
<td></td>
<td>6 – 10 years</td>
<td>43</td>
<td>31.2%</td>
</tr>
<tr>
<td></td>
<td>11 – 20 years or above</td>
<td>26</td>
<td>18.8%</td>
</tr>
</tbody>
</table>

4.1.2  Paternalistic Leadership

The scale of paternalistic leadership was developed by Cheng et al. (2000) and further enhanced by Cheng et al. (2004) to measure the leadership style of the respondents’ immediate supervisor. The three dimensions of paternalistic leadership i.e. authoritarian, benevolent, and moral leadership were measured using 26 items based on a six-point Likert scale ranging from 1 to 6 (1=strongly disagree; 6=strongly agree). The mean score of the paternalistic leadership scale was 3.80 with a standard deviation of ±0.46. The overall mean score for the paternalistic leadership was computed by averaging the sum of all items. The item scoring the highest average was “My
supervisor does not use guanxi (personal relationships) or back-door practices to obtain illicit personal gains” (M=4.54, SD±1.11) while “We have to follow his/her rules to get things done. If not, he/she punishes us severely” (M=3.04 SD±1.20) was rated with the lowest average score.

For the dimension of benevolent leadership, the mean score was 3.76 with a standard deviation of ±0.82. The item of the highest score was “My supervisor will help me when I'm in an emergency” (M=4.54, SD±1.11) while the item of “My supervisor takes good care of my family members as well” was rated as the lowest average score (M=3.11, SD±1.17) among the relevant items.

For the dimension of moral leadership, the mean score was 4.19 with a standard deviation of ±0.85. The item of the highest average score was “My supervisor does not use guanxi (personal relationships) or back-door practices to obtain illicit personal gains” (M=4.54, SD±1.11) while the item of “My supervisor uses his/her authority to seek special privileges for himself/herself. (Reversed item)” was rated as the lowest average score (M=3.78, SD±1.25) among the relevant items.

For the dimension of authoritarian leadership, the mean score was 3.59 with a standard deviation of ±0.81. The item of the highest average score was “My supervisor always has the last say in the meeting.” (M=4.09, SD±1.20) while the item of “We have to follow his/her rules to get things done. If not, he/she punishes us severely” was rated as the lowest average score (M=3.04, SD±1.20) among the relevant items. The results of above descriptive statistical analysis are shown in Table 4.2.

Table 4.2  Descriptive Analysis of Paternalistic Leadership Scale

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1.</td>
<td>My supervisor is like a family member when he/she gets along with us.</td>
<td>3.66</td>
</tr>
<tr>
<td>B2.</td>
<td>My supervisor devotes all his/her energy to taking care of me.</td>
<td>3.73</td>
</tr>
<tr>
<td>B3.</td>
<td>Beyond work relations, my supervisor expresses concern about my daily life.</td>
<td>3.70</td>
</tr>
<tr>
<td>B4.</td>
<td>My supervisor ordinarily shows a kind concern for my comfort.</td>
<td>3.75</td>
</tr>
<tr>
<td>B5.</td>
<td>My supervisor will help me when I'm in an emergency.</td>
<td>4.39</td>
</tr>
<tr>
<td>B6.</td>
<td>My supervisor takes very thoughtful care of subordinates who have spent a long time with him/her.</td>
<td>4.04</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Score</td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>B7.</td>
<td>My supervisor meets my needs according to my personal requests.</td>
<td>3.67</td>
</tr>
<tr>
<td>B8.</td>
<td>My supervisor encourages me when I encounter arduous problems.</td>
<td>4.18</td>
</tr>
<tr>
<td>B9.</td>
<td>My supervisor takes good care of my family members as well.</td>
<td>3.11</td>
</tr>
<tr>
<td>B10.</td>
<td>My supervisor tries to understand what the cause is when I don't perform well.</td>
<td>3.96</td>
</tr>
<tr>
<td>B11.</td>
<td>My supervisor handles what is difficult to do or manage in everyday life for me.</td>
<td>3.15</td>
</tr>
<tr>
<td>B12.</td>
<td>My supervisor never avenges a personal wrong in the name of public interest when he/she is offended.</td>
<td>4.12</td>
</tr>
<tr>
<td>B13.</td>
<td>My supervisor employs people according to their virtues and does not envy others' abilities and virtues.</td>
<td>4.03</td>
</tr>
<tr>
<td>B14.</td>
<td>My supervisor uses his/her authority to seek special privileges for himself/herself.</td>
<td>3.78</td>
</tr>
<tr>
<td>B15.</td>
<td>My supervisor doesn't take the credit for my achievements and contributions for himself/herself.</td>
<td>4.25</td>
</tr>
<tr>
<td>B16.</td>
<td>My supervisor does not take advantage of me for personal gain.</td>
<td>4.42</td>
</tr>
<tr>
<td>B17.</td>
<td>My supervisor does not use guanxi (personal relationships) or back-door practices to obtain illicit personal gains.</td>
<td>4.54</td>
</tr>
<tr>
<td>B18.</td>
<td>My supervisor asks me to obey his/her instructions completely.</td>
<td>3.86</td>
</tr>
<tr>
<td>B19.</td>
<td>My supervisor determined all decisions in the organization whether they are important or not.</td>
<td>3.41</td>
</tr>
<tr>
<td>B20.</td>
<td>My supervisor always has the last say in the meeting.</td>
<td>4.09</td>
</tr>
<tr>
<td>B21.</td>
<td>My supervisor always behaves in a commanding fashion in front of employees.</td>
<td>3.39</td>
</tr>
<tr>
<td>B22.</td>
<td>I feel pressured when working with him/her.</td>
<td>3.62</td>
</tr>
<tr>
<td>B23.</td>
<td>My supervisor exercises strict discipline over subordinates.</td>
<td>3.53</td>
</tr>
<tr>
<td>B24.</td>
<td>My supervisor scolds us when we can't accomplish our tasks.</td>
<td>3.54</td>
</tr>
<tr>
<td>B25.</td>
<td>My supervisor emphasizes that our group must have the best performance of all the units in the organization.</td>
<td>3.79</td>
</tr>
<tr>
<td>B26.</td>
<td>We have to follow his/her rules to get things done. If not, he/she punishes us severely.</td>
<td>3.04</td>
</tr>
</tbody>
</table>

### 4.1.3 Organizational Commitment

The 18-item organizational commitment scale developed by Meyer and Allen (1991) was used to measure the sub-scales of three dimensions which consist of affective, continuance and normative commitment. A six-point Likert-type scale ranging from (1) strongly disagree to (6) strongly agree was used to measure the perception of respondents in the sense of identification, involvement, and loyalty with the organization. The mean score of overall organizational commitment was 3.60 with a standard deviation of ±0.59. The item of the highest average score was “This
organization has a great deal of personal meaning for me” (M=4.15, SD±0.85) while the item of “I owe a great deal to my organization” was rated as the lowest average score (M=2.22, SD±1.08) among the relevant items.

Among the three dimensions of organizational commitment, the mean score of affective commitment was 3.95 with a standard deviation of ±0.76. The item of the highest average score was “This organization has a great deal of personal meaning for me” (M=4.15, SD±0.85) while “I do not feel "emotionally attached" to this organization. (Reversed)” (M=3.78, SD±0.91) was rated with the lowest average score.

For the dimension of continuance commitment, the mean score was 3.57 with a standard deviation of ±0.79. The item of highest average score was “It would be very hard for me to leave my organization right now, even if I wanted to” (M=3.96, SD±1.06) while the item of “I feel that I have too few options to consider leaving this organization” was rated as the lowest average score (M=3.30, SD±1.11).

For the dimension of normative commitment, the mean score was 3.51 with a standard deviation of ±0.78. The item of the highest average score was “I would not leave my organization right now because I have a sense of obligation to the people in it” (M=3.78 SD±1.16) while the item of “I owe a great deal to my organization” was rated as the lowest average score (M=2.22, SD±1.08). The results of above descriptive statistical analysis are shown in Table 4.3.

Table 4.3  Descriptive Analysis of Organizational Commitment Scale

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1. I would be very happy to spend the rest of my career with this organization.</td>
<td>3.98</td>
<td>1.077</td>
</tr>
<tr>
<td>C2. I really feel as if this organization's problems are my own.</td>
<td>3.93</td>
<td>0.964</td>
</tr>
<tr>
<td>C3. I do not feel a strong sense of &quot;belonging&quot; to my organization.</td>
<td>3.85</td>
<td>0.973</td>
</tr>
<tr>
<td>C4. I do not feel &quot;emotionally attached&quot; to this organization.</td>
<td>3.78</td>
<td>0.910</td>
</tr>
<tr>
<td>C5. I do not feel like &quot;part of the family&quot; at my organization.</td>
<td>3.99</td>
<td>1.036</td>
</tr>
<tr>
<td>C6. This organization has a great deal of personal meaning for me.</td>
<td>4.15</td>
<td>0.854</td>
</tr>
<tr>
<td>C7. Right now, staying with my organization is a matter of necessity as much as desire.</td>
<td>3.55</td>
<td>0.990</td>
</tr>
<tr>
<td>C8. It would be very hard for me to leave my organization right now, even if I wanted to.</td>
<td>3.96</td>
<td>1.063</td>
</tr>
<tr>
<td>C9. Too much of my life would be disrupted if I decided I wanted to leave my organization now.</td>
<td>3.62</td>
<td>1.148</td>
</tr>
<tr>
<td>C10. I feel that I have too few options to consider leaving this organization.</td>
<td>3.30</td>
<td>1.105</td>
</tr>
<tr>
<td>C11. If I had not already put so much of myself into this organization, I might consider working elsewhere.</td>
<td>3.60</td>
<td>0.978</td>
</tr>
<tr>
<td>C12. One of the few negative consequences of leaving this organization would be the scarcity of available alternatives.</td>
<td>3.38</td>
<td>1.089</td>
</tr>
<tr>
<td>C13. I do not feel any obligation to remain with my current employer.</td>
<td>3.65</td>
<td>.877</td>
</tr>
<tr>
<td>C14. Even if it were to my advantage, I do not feel it would be right to leave my organization now.</td>
<td>3.35</td>
<td>1.051</td>
</tr>
<tr>
<td>C15. I would feel guilty if I left my organization now.</td>
<td>3.03</td>
<td>1.087</td>
</tr>
</tbody>
</table>
4.1.4 Job Satisfaction

The researcher asked respondents to give feedback on 20 items using the short form of the Minnesota Job Satisfaction Questionnaire developed by Weiss et al. (1967) in expressing their feeling about the overall nature of their job. A five-point Likert-type scale ranging from (1) strongly disagree to (5) strongly agree is used to measure the scale of overall job satisfaction which consisted of 12 items for intrinsic satisfaction, six items for extrinsic satisfaction and two items for general satisfaction. The mean score of job satisfaction scale (20 items) was 3.56 with a standard deviation of ±0.45. The item with the highest average score was “The way my job provides for steady employment” (M=3.91, SD±0.67) while the item with the lowest average score was “The chances for advancement on this job” (M=3.02, SD±0.87).

For the dimension of intrinsic satisfaction, the mean score was 3.53 with a standard deviation of ±0.46. The item of the highest average score was “The way coworkers get along with each other” (M=3.83 SD±0.77) while the item of “Being able to keep busy all the time” was rated as the lowest average score (M=3.23, SD±0.92). For the dimension of extrinsic satisfaction, the mean score was 3.58 with a standard deviation of ±0.49. The item of the highest average score was “The way my job provides for steady employment” (M=3.91, SD±0.67) while the item of “The chances for advancement on this job” (M=3.02, SD±0.87). The results of above descriptive statistical analysis are shown in Table 4.4.

<table>
<thead>
<tr>
<th>Item Description</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1. Being able to keep busy all the time</td>
<td>3.23</td>
<td>.915</td>
</tr>
<tr>
<td>D2. The chance to work alone on the job</td>
<td>3.75</td>
<td>.703</td>
</tr>
<tr>
<td>D3. The chance to do different things from time to time</td>
<td>3.62</td>
<td>.881</td>
</tr>
<tr>
<td>D4. The chance to be somebody in the community</td>
<td>3.68</td>
<td>.715</td>
</tr>
<tr>
<td>D5. The way my boss handles people</td>
<td>3.49</td>
<td>.898</td>
</tr>
<tr>
<td>D6. Competence of my supervisor in making decisions</td>
<td>3.57</td>
<td>.903</td>
</tr>
<tr>
<td>D7. Being able to do things that don't go against my conscience</td>
<td>3.67</td>
<td>.962</td>
</tr>
<tr>
<td>D8. The way my job provides for steady employment</td>
<td>3.91</td>
<td>.672</td>
</tr>
<tr>
<td>D9. The chance to do things for others</td>
<td>3.77</td>
<td>.665</td>
</tr>
<tr>
<td>D10. The chance to tell people what to do</td>
<td>3.73</td>
<td>.634</td>
</tr>
<tr>
<td>D11. The chance to do something that makes use of my abilities</td>
<td>3.62</td>
<td>.794</td>
</tr>
<tr>
<td>D12. The way company policies are put into practice</td>
<td>3.30</td>
<td>.770</td>
</tr>
<tr>
<td>D13. My pay and the amount of work I do</td>
<td>3.07</td>
<td>.933</td>
</tr>
</tbody>
</table>
4.1.5 Turnover Intention

The three-item turnover intention scale developed by Mobley (1977) was used to measure the employees’ intention of leaving the organization based on a six-point Likert-type scale ranging from (1 strongly disagree to (6) strongly agree. The mean score of the turnover intention scale was 3.25 with a standard deviation of ±1.16. The item of the highest average score was “I think a lot about leaving the organization” (M=3.59, SD=1.19) while “I am actively searching for an alternative to the organization” (M=3.08 SD=1.27) was rated with the lowest average score. The results of above descriptive statistical analysis are shown in Table 4.5.

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I think a lot about leaving the organization</td>
<td>3.59</td>
<td>1.194</td>
</tr>
<tr>
<td>I am actively searching for an alternative to the organization</td>
<td>3.08</td>
<td>1.273</td>
</tr>
<tr>
<td>As soon as it is possible, I will leave the organization.</td>
<td>3.09</td>
<td>1.281</td>
</tr>
</tbody>
</table>

4.2 Data Analysis

This section describes the result of a data process of each variable for examining the hypotheses developed in Chapter 2. The results will also be utilized for facilitating the discussion in Chapter 5.

4.2.1 Reliability and Validity Assessments of the Instrument

A confirmatory factor analysis was conducted using AMOS 21 which implements the general linear model and common factor analysis known as structural equation modeling (SEM). Arbuckle (2012) argued that SEM opens the door for non-statisticians to solve estimation and hypothesis testing problems that once required the services of a specialist. AMOS integrates an easy-to-use graphical interface with an advanced computing engine for SEM. In this study, four measurement sub-models are required to examine its reliability and validity which are namely (a) Paternalistic Leadership, (b) Organizational Commitment, (c) Job Satisfaction and (d) Turnover Intention. Using the reliability and validity assessment of four sub-models, these four sub-models were
integrated to form a hypothesized model to exanimate all lantern and observed variables in order to measure simultaneously model and structural relationships among variables. By using SEM, we can also identify the strength of prediction in the model with multiple dependent variables while the direct and indirect effect among the variables can be established and analyzed.

In the AMOS 21 system, Chi-square is represented by CMIN which is a reasonable measure of fit for the model with about 75 to 200 observations (Bentler, 1990). Meanwhile, some indices of absolute fit should be reported such as the Goodness-of-Fit Index (GFI) (Bentler, 1992), Normal Fit Index (NFI) (Bentler, 1992), Comparative Fit Index (CFI) (West et al. 1995) and Root-Mean-Square Error of Approximation (RMSEA) (Browne & Cudeck, 1993). The 95% of the confidence interval is adopted for all above analysis (p<.05).

### 4.2.1.1 Paternalistic Leadership

All 26-items comprising three dimensions of paternalistic leadership reduced to 25 items due to multiple CFAs in the samples. Item 14 of Moral Leadership required deleting in order to improve the reliability as well as absolute fitness. The result of indices of absolute fit and Cronbach’s alpha (α) are tabulated in Table 4.6.

Table 4.6 Confirmatory Factor Analyses for three dimensions of Paternalistic Leadership

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Observed Variables</th>
<th>Items</th>
<th>CMIN</th>
<th>GFI</th>
<th>NFI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>(α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paternalistic Leadership</td>
<td>Benevolence Leadership</td>
<td>1,2,3,4,5,6,7,8,9,10,11</td>
<td>4.972</td>
<td>.799</td>
<td>.814</td>
<td>.844</td>
<td>.170</td>
<td>.926</td>
</tr>
<tr>
<td></td>
<td>Moral Leadership</td>
<td>12,13,14,15,16,17</td>
<td>5.817</td>
<td>.888</td>
<td>.883</td>
<td>.900</td>
<td>.188</td>
<td>.854</td>
</tr>
<tr>
<td></td>
<td>Authoritarian Leadership</td>
<td>18,19,20,21,22,23,24,25,26</td>
<td>3.778</td>
<td>.905</td>
<td>.873</td>
<td>.902</td>
<td>.142</td>
<td>.885</td>
</tr>
</tbody>
</table>

The hypothesized model is shown in Figure 4.1.
4.2.1.2 Organizational Commitment

The 18-items comprising three dimensions of organizational commitment reduced to 15 items due to multiple CFAs in the samples. Item 7 and item 11 of continuance commitment and item 18 of normative commitment required to delete due to the low reliability found. Meanwhile, the Cronbach’s alpha was improved which the result of reliability and indices of absolute fit are tabulated in Table 4.7.

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Observed Variables</th>
<th>Items</th>
<th>CMIN</th>
<th>GFI</th>
<th>NFI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>(α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>Affective Commitment</td>
<td>1,2,3,4,5</td>
<td>8.901</td>
<td>.847</td>
<td>.831</td>
<td>.845</td>
<td>.240</td>
<td>.875</td>
</tr>
<tr>
<td></td>
<td>Continuance Commitment</td>
<td>7,8,9,10,11,12</td>
<td>4.158</td>
<td>.913</td>
<td>.841</td>
<td>.871</td>
<td>.152</td>
<td>.777</td>
</tr>
<tr>
<td></td>
<td>Normative Commitment</td>
<td>13,14,15,16,17,18</td>
<td>3.414</td>
<td>.920</td>
<td>.901</td>
<td>.932</td>
<td>.098</td>
<td>.794</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13,14,15,16,17,</td>
<td>2.042</td>
<td>.959</td>
<td>.924</td>
<td>.959</td>
<td>.087</td>
<td>.811</td>
</tr>
</tbody>
</table>

The hypothesized model is shown in Figure 4.2.
4.2.1.3 Job Satisfaction

The 18-items comprising two dimensions of job satisfaction reduced to 15 items due to multiple CFAs in the samples. Item 1 and item 19 of intrinsic satisfaction and item 7, 8 and 17 of extrinsic satisfaction required to delete due to the low reliability found. Furthermore, item 9, 10 and 18 of intrinsic satisfaction due to the factor loading were lower than 0.5 (Hair et al., 1998). As such, the Cronbach’s alpha of reliability and fitness of model were also improved which the result are tabulated in Table 4.8.

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Observed Variables</th>
<th>Items</th>
<th>CMIN</th>
<th>GFI</th>
<th>NFI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>(α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment</td>
<td>Affective Commitment</td>
<td>1,2,3,4,5</td>
<td>8.901</td>
<td>.847</td>
<td>.831</td>
<td>.845</td>
<td>.240</td>
<td>.875</td>
</tr>
<tr>
<td></td>
<td>Continuance Commitment</td>
<td>7,8,9,10,11,12</td>
<td>4.158</td>
<td>.913</td>
<td>.841</td>
<td>.871</td>
<td>.152</td>
<td>.777</td>
</tr>
<tr>
<td></td>
<td>Normative Commitment</td>
<td>13,14,15,16,17,18</td>
<td>3.414</td>
<td>.920</td>
<td>.901</td>
<td>.932</td>
<td>.098</td>
<td>.794</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13,14,15,16,17</td>
<td>2.042</td>
<td>.959</td>
<td>.924</td>
<td>.959</td>
<td>.087</td>
<td>.811</td>
</tr>
</tbody>
</table>
The hypothesized model is shown in Figure 4.3.

Figure 4.3 The Model of Job Satisfaction between Observed and Latent Variables

4.2.1.4 Turnover Intention

The 3-items comprising three dimensions of Turnover Intention were retained for measuring the model since the Cronbach’s alpha is .921 and the entire factor loadings are greater than .5 (Hair et al., 1998). The result of indices of absolute fit is tabulated in Table 4.9.

Table 4.9 Confirmatory Factor Analyses for Turnover Intention

<table>
<thead>
<tr>
<th>Absolute Fit Measures</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Chi-Square</td>
<td>.341 with DF=1, P=.559</td>
</tr>
<tr>
<td>2. Goodness of Fit Index (GFI)</td>
<td>.998</td>
</tr>
<tr>
<td>3. Normal Fit Index (NFI)</td>
<td>.999</td>
</tr>
<tr>
<td>4. Comparative Fit Index (CFI)</td>
<td>1.000</td>
</tr>
<tr>
<td>5. Root-Mean-Square Error of Approximation (RMSEA)</td>
<td>.000</td>
</tr>
</tbody>
</table>
The hypothesized model is shown in Figure 4.4.

**Figure 4.4 The Model of Turnover Intention between Observed and Latent Variables**

4.2.2 The Relationships of Research Variables

In this study, structure equation modeling (SEM) was applied to assess the quality of measurement and to examine the causal relationships among the constructs of paternalistic leadership, organizational commitment, job satisfaction and turnover intention simultaneously. Besides, SEM is able to perform the following functions to examine the hypotheses in this study.

1) Modeling multiple dependent variables simultaneously; and
2) Testing overall model fit, direct effect and indirect effect between the measured variables and the hypothesized model by using with paths analysis;

4.2.3 The Hypothesized Model

The result of the AMOS 21 analysis in the hypothesized model is shown and the regression weights for the variables are listed in figure 4.5 and table 4.11.
The hypothesized model shown in figure 4.5 was used to test the relationship among paternalistic leadership, organizational commitment and job satisfaction in achieving participants’ perceptions of turnover intentions. Initially, the hypothesized model was designed to test the following hypothesis of this study.

H1: Paternalistic leadership is negatively related to turnover intention

H2: Paternalistic leadership is positively related to organizational commitment

H3: Paternalistic leadership is positively related to job satisfaction

H4: The relationship between organizational commitment and job satisfaction is positively correlated.

H5: Turnover intention is negatively related to organizational commitment

H6: Turnover intention is negatively related to job satisfaction
H7: Organizational commitment mediates the relationship between paternalistic leadership and turnover intention

H8: Job Satisfaction mediates the relationship between paternalistic leadership and turnover intention

The result of indices of absolute fit measures is tabulated on table 4.10.

<table>
<thead>
<tr>
<th>Absolute Fit Measures</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Chi-Square</td>
<td>100.084 with DF=22, P=.000</td>
</tr>
<tr>
<td>2. Goodness of Fit Index (GFI)</td>
<td>.857</td>
</tr>
<tr>
<td>3. Normal Fit Index (NFI)</td>
<td>.819</td>
</tr>
<tr>
<td>4. Comparative Fit Index (CFI)</td>
<td>.849</td>
</tr>
<tr>
<td>5. Root-Mean-Square Error of Approximation (RMSEA)</td>
<td>.161</td>
</tr>
</tbody>
</table>

### 4.2.4 Regression Weights of the Variables

The result of regression weights of the latent variables is shown in Table 4.11 where the estimate displays the covariance between two latent variables. The S.E. column is an estimate of the standard error of the covariance. The critical ratio (C.R.) is the values of the covariance estimate divided by an estimate of its standard error. This ratio is relevant to the null hypothesis where if this hypothesis is true, the ratio should be greater than the estimate of the covariance. The P column is to give an approximate Two-tailed $p$-value for testing the null hypothesis that the parameter value is 0 in the population. In this study, the significance $p$-value is set from 0.01 to 0.051 level with a sample size of 100 to 150 (Arbuckle, 2012) which means more than 95% confidence interval will be an acceptable level of the population covariance. The first estimate (Estimate) shown in the table is the covariance between Organizational Commitment and Paternalistic Leadership where the value of covariance is estimated as .473 with the standard error of the covariance (S.E.), .067. The critical ratio (C.R.) was calculated by dividing the covariance estimate by its standard error ($7.029=/.473/.067$) which is an
observation on a random variable with approximate standard normal distribution. The
Two-tailed $p$-value for the covariance between Organizational Commitment and
Paternalistic Leadership is significantly different from 0 with $p$-value = .001. Thus, the
probability of getting a critical ratio as large as 7.029 in absolute value is less than 0.001.
In other words, the regression weight for Paternalistic Leadership in the prediction of
Organizational Commitment is significantly different from zero at 0.001 level. As a
result, we should accept the hypothesis H2 in rejecting the null hypotheses with $p$-value
less than .05. In contrast, the regression weight for Paternalistic Leadership in the
prediction of turnover intention shown in the fourth row of the table is not significantly
different from zero at the 0.05 level having a critical ratio as large as 1.232 in absolute
value is .218. Therefore, we should reject the hypothesis H1 in accepting the null
hypotheses with $p$-value more than .05.

Table 4.11 Regression Weights of the Latent Variables

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Commitment --- Paternalistic Leadership</td>
<td>.473</td>
<td>.067</td>
<td>7.029</td>
<td>***</td>
<td>par_9</td>
</tr>
<tr>
<td>Job Satisfaction --- Paternalistic Leadership</td>
<td>.352</td>
<td>.152</td>
<td>2.319</td>
<td>.020</td>
<td>par_6</td>
</tr>
<tr>
<td>Job Satisfaction --- Organizational Commitment</td>
<td>-.031</td>
<td>.253</td>
<td>-.121</td>
<td>.903</td>
<td>par_12</td>
</tr>
<tr>
<td>Turnover Intention --- Paternalistic Leadership</td>
<td>.476</td>
<td>.386</td>
<td>1.232</td>
<td>.218</td>
<td>par_7</td>
</tr>
<tr>
<td>Turnover Intention --- Job Satisfaction</td>
<td>-.775</td>
<td>.366</td>
<td>-2.118</td>
<td>.034</td>
<td>par_8</td>
</tr>
<tr>
<td>Turnover Intention --- Organizational Commitment</td>
<td>-1.684</td>
<td>.581</td>
<td>-2.900</td>
<td>.004</td>
<td>par_10</td>
</tr>
</tbody>
</table>

Table 4.12 Regression Weights of Between the Latent and Observed Variables

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benevolent Leadership --- Paternalistic Leadership</td>
<td>.663</td>
<td>.068</td>
<td>9.759</td>
<td>***</td>
<td>par_1</td>
</tr>
<tr>
<td>Moral Leadership --- Paternalistic Leadership</td>
<td>.590</td>
<td>.077</td>
<td>7.641</td>
<td>***</td>
<td>par_2</td>
</tr>
<tr>
<td>Intrinsic Satisfaction --- Job Satisfaction</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extrinsic Satisfaction --- Job Satisfaction</td>
<td>1.059</td>
<td>.134</td>
<td>7.918</td>
<td>***</td>
<td>par_3</td>
</tr>
<tr>
<td>Normative Commitment --- Organizational Commitment</td>
<td>1.191</td>
<td>.162</td>
<td>7.359</td>
<td>***</td>
<td>par_4</td>
</tr>
<tr>
<td>Continuance Commitment --- Organizational Commitment</td>
<td>.548</td>
<td>.138</td>
<td>3.977</td>
<td>***</td>
<td>par_5</td>
</tr>
<tr>
<td>Affective Commitment --- Organizational Commitment</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TI --- Turnover Intention</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authoritarian Leadership --- Paternalistic Leadership</td>
<td>-.254</td>
<td>.078</td>
<td>-3.252</td>
<td>.001</td>
<td>par_11</td>
</tr>
</tbody>
</table>

4.2.5 Correlations of the Variables

In order to understand the relationship among the observed variables, all data
was processed by SPSS 21 software to present the correlation matrix as shown in Table
4.13.
Table 4.13  Intercorrelations Matrix of Observed Variables

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Benevolent Leadership</td>
<td>1</td>
<td>.514**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Moral Leadership</td>
<td>-.256**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Authoritarian Leadership</td>
<td>.470**</td>
<td>.391**</td>
<td>-.118</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Affective Commitment</td>
<td>.166*</td>
<td>.077</td>
<td>.295**</td>
<td>.289**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Continuance Commitment</td>
<td>.704**</td>
<td>.475**</td>
<td>-.087</td>
<td>.645**</td>
<td>.459**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Normative Commitment</td>
<td>.426**</td>
<td>.511**</td>
<td>-.361**</td>
<td>.420**</td>
<td>.063</td>
<td>.454**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Intrinsic Satisfaction</td>
<td>.409**</td>
<td>.397**</td>
<td>-.338**</td>
<td>.352**</td>
<td>.014</td>
<td>.449**</td>
<td>.677**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>8. Extrinsic Satisfaction</td>
<td>-.361**</td>
<td>-.423**</td>
<td>.184*</td>
<td>-.637**</td>
<td>-.204**</td>
<td>-.552**</td>
<td>-.414**</td>
<td>-.424**</td>
<td>1</td>
</tr>
<tr>
<td>9. Turnover Intention</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

4.2.6 Residual Covariance of the Variables

The residual covariance shows the differential which exists between the observed data and the hypothesized model. The residual covariance matrix is shown in Table 4.14. The second residual covariance is shown as 0.44 which means the sample covariance between Authoritarian Leadership and General Satisfaction to be 0.44 larger than the model-implied covariance.

Table 4.14  Residual Covariance

<table>
<thead>
<tr>
<th></th>
<th>Authoritarian Leadership</th>
<th>Turnover Intention</th>
<th>Affective Commitment</th>
<th>Continuance Commitment</th>
<th>Normative Commitment</th>
<th>Extrinsic Satisfaction</th>
<th>Intrinsic Satisfaction</th>
<th>Moral Leadership</th>
<th>Benevolent Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authoritarian Leadership</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>.028</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective Commitment</td>
<td>.046</td>
<td>-.141</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuance Commitment</td>
<td>.245</td>
<td>.056</td>
<td>-.008</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normative Commitment</td>
<td>.090</td>
<td>.034</td>
<td>-.013</td>
<td>.043</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extrinsic Satisfaction</td>
<td>-.085</td>
<td>.015</td>
<td>.003</td>
<td>-.084</td>
<td>.009</td>
<td>.000</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intrinsic Satisfaction</td>
<td>-.081</td>
<td>.010</td>
<td>.022</td>
<td>-.060</td>
<td>-.002</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Moral Leadership</td>
<td>-.093</td>
<td>-.100</td>
<td>-.010</td>
<td>-.102</td>
<td>-.019</td>
<td>.016</td>
<td>.060</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Benevolent Leadership</td>
<td>-.003</td>
<td>.045</td>
<td>-.023</td>
<td>-.073</td>
<td>.043</td>
<td>-.027</td>
<td>-.030</td>
<td>-.014</td>
<td>.000</td>
</tr>
</tbody>
</table>

4.2.7 Direct Effect, Indirect Effect and Total Effect of Latent Variables

In order to explain the total effect of latent variables, the AMOS 21 simultaneously analyzed both direct and indirect effect among the latent variables. The analyzes of direct, indirect and total effects are shown in Table 4.15.
Table 4.15 Direct Effect, Indirect Effect and Total Effect of Latent Variables

<table>
<thead>
<tr>
<th>Direct Effect</th>
<th>Paternalistic Leadership</th>
<th>Job Satisfaction</th>
<th>Organizational Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>.352</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>.473</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>.476</td>
<td>-.775</td>
<td>-1.684</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indirect Effect</th>
<th>Paternalistic Leadership</th>
<th>Job Satisfaction</th>
<th>Organizational Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>-.015</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>-1.057</td>
<td>.000</td>
<td>.024</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Effects</th>
<th>Paternalistic Leadership</th>
<th>Job Satisfaction</th>
<th>Organizational Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Satisfaction</td>
<td>.337</td>
<td>.000</td>
<td>-.031</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>.473</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Turnover Intention</td>
<td>-.581</td>
<td>-.775</td>
<td>-1.660</td>
</tr>
</tbody>
</table>

4.3 Hypotheses Testing for Study

4.3.1 The relationship between Paternalistic Leadership and Turnover Intention

For hypothesis H1, paternalistic leadership is not negatively related to employees’ turnover intention. According to the AMOS 21 analysis results between paternalistic leadership and turnover intention shown in Table 4.11, the turnover intention is not correlated significantly with paternalistic leadership as indicated with an estimate = .476 and $p = .218 > .05$. Therefore, it supports to reject the hypothesis H1. Meanwhile, the result shown in Table 4.15 indicate that paternalistic leadership could not directly affect turnover intention, but there is an indirect and negative effect (estimate = -1.057) on turnover intention through organizational commitment and job satisfaction. As a result, the total negative effects of paternalistic leadership on turnover intention have increased to -.581 (-1.057 – .476 = -.581). Among the three dimensions of paternalistic leadership, the result of intercorrelations of observed variables shown in Table 4.13 indicates that the benevolent leadership (−.361) and moral leadership (−.423) were significantly negatively related to turnover intention while authoritarian leadership (.184) were significantly positively related to turnover intention.

4.3.2 The Relationship between Paternalistic Leadership and Organizational Commitment

For hypothesis H2, paternalistic leadership is positively related to organizational commitment. According to the result of the AMOS 21 analysis between paternalistic
leadership and organizational commitment shown in Table 4.11, organizational commitment is significantly correlated with paternalistic leadership with an estimate = .473 and \( p = .000 < .05 \). Therefore, it supports to accept the hypothesis H2. Among the three dimensions of paternalistic leadership and three dimensions of organizational commitment, the result of intercorrelations of observed variables shown in Table 4.13 indicates that benevolent leadership ( .470 for affective commitment and .704 for normative commitment) and moral leadership ( .391 for affective commitment and .704 for normative commitment) were significantly positively related to affective commitment and normative commitment while authoritarian leadership ( .166) were significantly and positively related to continuance commitment.

4.3.3 The Relationship between Paternalistic Leadership and Job Satisfaction

For hypothesis H3, paternalistic leadership is positively related to job satisfaction. According to the result of the AMOS 21 analysis between paternalistic leadership and job satisfaction shown in Table 4.11, job satisfaction is significantly correlated with paternalistic leadership having estimate = .352 and \( p = .020 < .05 \). Therefore, it supports to accept the hypothesis H3. Meanwhile, the result shown in Table 4.15 indicates that paternalistic leadership could only directly affect job satisfaction in the absence of any indirect factor. Among the three dimensions of paternalistic leadership and job satisfaction, the result of intercorrelations of observed variables shown in Table 4.13 indicates that benevolent leadership and moral leadership were significantly positively related to all individual dimensions of job satisfaction whereas authoritarian leadership were significantly negatively related to all individual dimensions of job satisfaction.

4.3.4 The Relationship between Organizational Commitment and Job Satisfaction

For hypothesis H4, organizational commitment is not positively related to job satisfaction. According to the result of the AMOS 21 analysis between organizational commitment and job satisfaction shown in Table 4.11, organizational commitment is significantly correlated with job satisfaction having estimate = -.531 and \( p = .903 > .05 \). Therefore, it does not support to accept the hypothesis H4. Among the three dimensions of organizational commitment and job satisfaction, the result of intercorrelations of observed variables shown in table 4.13 indicates that affective commitment and
normative commitment were significantly and positively related to all individual dimension of job satisfaction whereas continuance commitment were insignificantly related to all individual dimension of job satisfaction.

4.3.5 The Relationship between Turnover Intention and Organizational Commitment

For hypothesis H5, organizational commitment is negatively related to turnover intention. According to the result of the AMOS 21 analysis between organizational commitment and turnover intention shown in Table 4.11, organizational commitment is significantly correlated with turnover intention having estimate \(=-1.684\) and \(p = .004 <.05\). Therefore, it supports to accept the hypothesis H5. Meanwhile, the result shown in Table 4.15 indicates that organizational commitment could only directly affect turnover intention in the absence of any indirect factor. Among the three dimensions of paternalistic leadership and job satisfaction, the result of intercorrelations of observed variables shown in Table 4.13 indicates that all individual dimensions of organizational commitment were significantly and negatively related to turnover intention.

4.3.6 The Relationship between Turnover Intention and Job Satisfaction

For hypothesis H6, job satisfaction is not significantly related to turnover intention. According to the result of the AMOS 21 analysis between job satisfaction and turnover intention shown in Table 4.11, job satisfaction is negatively correlated with turnover intention having estimate \(=-.775\) and \(p = .034 <.05\). Therefore, the result supports to accept the hypothesis H6. Among the two dimensions of job satisfaction and turnover intention, the result of intercorrelations of observed variables shown in Table 4.13 indicates that all individual dimension of job satisfaction was significantly and negatively related to turnover intention.

4.3.7 The mediation effect between the relationship of Paternalistic Leadership and Turnover Intention

The result is shown in 4.4.1 indicating the indirect and negative effect of paternalistic leadership on turnover intention through organizational commitment and job satisfaction, a further investigation is needed to identify the nature of this effect.
Griffith (2004) and Wells and Peachey (2011) both indicated that the mediating effect of organizational commitment and/or job satisfaction are always present among the leadership style and turnover intention. Thus, the following data analysis explores the mediating effect of organizational commitment and job satisfaction based on the original data analysis.

For the organizational commitment, the value of paternalistic leadership influencing turnover intention shows direct effects = .476, indirect effect = -1.057 and total effect = -.581. Following on from the method suggested by Gunzler, Chen, Wu, and Zhang (2013); Martin and Roodt (2008); Omar and FauziHussin (2013), the mediator model of organizational commitment were shown in Figure 4.6(i) and 4.6(ii) with the estimate regression weights shown in Table 4.16.

Model I – the direct effect of paternalistic leadership on turnover intention
Model II – the direct effect paternalistic on turnover intention under the influence of organizational commitment

The comparison of relative fit between these models is shown in Table 4.17 where the comparison between regression weight of direct and indirect paths of organizational commitment in the relationship between paternalistic leadership and turnover intention are displayed. These two paths show that the indirect effects are lower than the direct effect whereas organizational commitment is a significant mediator for this relationship. Furthermore, the \( p \)-value of Model I and Model II are significant \( (p<0.05) \) so that the organizational commitment is partially mediating the relationship between paternalistic leadership and turnover intention. Thus, the result suggests to accept the hypothesis H7.
Table 4.16 The Comparison of regression weight between two Models

<table>
<thead>
<tr>
<th>Variable and Model</th>
<th>Regression Weights Direct Path</th>
<th>Regression Weights Indirect Path</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model I</td>
<td>$.618(***)</td>
<td></td>
</tr>
<tr>
<td>Model II</td>
<td>-.176(.04)</td>
<td>$.381 x -.951 = -.36</td>
</tr>
</tbody>
</table>

*** Correlation is significant at the 0.001 level (2-tailed).

For job satisfaction, the value of paternalistic leadership influencing turnover intention is shows direct effects = .476, indirect effect = -1.057 and total effect = -.581. Following the method suggested by Gunzler et al. (2013); Martin and Roodt (2008); Omar and FauziHussin (2013), the mediator model of job satisfaction are shown in Figure 4.7(i) and 4.7(ii) with the estimate regression weights shown in Table 4.17.

Model I – the direct effect of paternalistic leadership on turnover intention
Model II – the direct effect of paternalistic leadership on turnover intention under the influence of job satisfaction

The comparison of relative fit between these models is shown in Table 4.17 where the comparison between regression weight of direct and indirect paths of job satisfaction in the relationship between paternalistic leadership and turnover intention can be observed. These two paths show that the indirect effects are lower than the direct effect whereas job satisfaction is a significant mediator for this relationship. In addition, the \( p \)-value of Model I is significant \( (p<0.05) \) while the \( p \) value of Model II is in significant \( (p=0.04<0.05) \). Therefore, the result suggests to accept the hypothesis H8 that the job satisfaction is fully mediating the relationship between paternalistic leadership and turnover intention.
Table 4.17 The Comparison of regression weight between two Models

<table>
<thead>
<tr>
<th>Variable and Model</th>
<th>Regression Weights Direct Path</th>
<th>Regression Weights Indirect Path</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model I</td>
<td>-0.618(***</td>
<td></td>
</tr>
<tr>
<td>Model II</td>
<td>-0.445(0.04)</td>
<td>1.216 x -0.149 = -0.180</td>
</tr>
</tbody>
</table>

*** Correlation is significant at the 0.001 level (2-tailed).

However, the direct relationship between paternalistic leadership and turnover intention of the hypothesized model is not significantly related ($p = 0.218 > 0.05$) while this relationship can be significantly varied according to the level of organizational commitment and job satisfaction. The moderating effect of organizational commitment and job satisfaction can be established in the hypothesized model as the moderation effect occurs in the relationship between two variables to be depended on a third variables (Baron & Kenny, 1986). In addition, according to the study of Baron and Kenny (1986) and Edwards and Lambert (2007), mediated moderation effect can be identified when a moderating effect is transmitted through a mediator variable. Therefore, the mediated moderation effect is existed in the hypothesized model as the moderating effect is transmitted through two mediating variables of organizational commitment and job satisfaction to affect the relationship between paternalistic leadership and turnover intention.
4.4 Conclusion

In assessing the research questions, there were several statistical analysis tools employed in this study. In the descriptive statistical analysis, the mean score of authoritarian leadership was rated as the lowest among the three dimensions of paternalistic leadership. The highest mean score was found in affective commitment while the continuance commitment was rated as the lowest one among the three dimensions of organizational commitment. For job satisfaction, the mean score of intrinsic satisfaction was higher than extrinsic satisfaction.

By using structural equation modeling, the reliability and validity of four constructs were fully examined through confirmatory factor analysis. Furthermore, the correlations among four constructs of paternalistic leadership, organizational commitment, job satisfaction and turnover intention were formed in the hypothesized structured model for testing the hypotheses resulting as shown.

H1: Paternalistic leadership is not negatively related to turnover intention

H2: Paternalistic leadership is positively related to organizational commitment

H3: Paternalistic leadership is positively related to job satisfaction

H4: The relationship between organizational commitment and job satisfaction is not positively correlated.

H5: Turnover intention is negatively related to organizational commitment

H6: Turnover intention is negatively related to job satisfaction

H7: Organizational commitment mediates the relationship between paternalistic leadership and turnover intention

H8: Job Satisfaction mediates the relationship between paternalistic leadership and turnover intention
CHAPTER 5 – DISCUSSION AND IMPLICATIONS

5.0 Introduction

The purpose of this chapter is to investigate the relationship between paternalistic leadership, organizational commitment, job satisfaction and turnover intention in order to examine the effect of paternalistic leadership on employees’ turnover intention in Hong Kong family business. By reviewing the findings of this research, it is hope that the management of family business can improve their paternalistic leadership in order to retain their talented employee effectively as well as achieve their desired outcomes through their team.

In Chapter 1, it introduced the background of this study to explore the research question on paternalistic leadership based on the previous literature.

It also explained the importance of research for the management of family business in retaining their talented employee.

In Chapter 2, it built a theoretical foundation to the research by reviewing the relevant literature to identify the relationship between paternalistic leadership and turnover intention where also explored the impact of organizational commitment and job satisfaction on the turnover intention. By summarizing all relevant literature, the hypotheses were developed for addressing the research question.

“Can paternalistic leadership directly or indirectly retain the employees in Hong Kong family business?”

In Chapter 3, it defined the research methodology and design and to introduce the quantitative research methodology to collect the data for answering the hypotheses. In the research methodology, it also developed the appropriate research strategy, measurement, data collection and data processing.

In Chapter 4, it presented the result of data processing in Chapter 3 and analyzed
them for answering the hypotheses set in Chapter 2. All the results were tabularized and the significant findings were also identified in this section.

The results and data analysis are used in this chapter to summarize and discuss the findings including the result of the hypothesis tested and the theoretical and managerial implications of the findings. Apart from the review of the results in the discussion section, some limitations and recommendations for future research are also presented.

5.1 The three dimensions of paternalistic leadership

This section discusses the findings of the analysis of the three dimensions of benevolent, moral and authoritarian attributed to paternalistic leadership. As shown in figure 4.12, the moral leadership and benevolent leadership had positive beta coefficient (\( \beta = .590, p < 0.001 \); \( \beta = .663, p < 0.001 \)) toward paternalistic leadership while the authoritarian leadership had a negative beta coefficient (\( \beta = -.254, p < 0.001 \)). This finding suggests that the moral leadership has the most significant and positive effect on the employees’ responses to their immediate supervisor’s traits seen to be superior personal virtues, self-discipline, and unselfishness (Cheng et al., 2000). In contrast, authoritarian leadership has a significant negative effect on the employees’ responses which was characterized by low, or even nonexistent authority levels of their immediate supervisors. These findings are consistent with the previous study of Cheng et al. (2004) which concluded that the influence of authoritarian leadership on paternalistic leadership is negatively affecting the paternalistic leadership so that more and more Chinese are turning away from authoritarian orientation by the influence of modernization, industrialization and globalization continue. In particular, the Chinese culture in Hong Kong has been strongly influenced during the last century by western culture which viewed the authoritarian leadership restrict individual’s rights to exercise autonomy and choice(Pellegrini & Scandura, 2008). In the recent study of paternalistic leadership in Hong Kong, Sheer (2013) also cited authoritarian leadership seemed effective to a certain degree in China but not entirely ineffective in Hong Kong employees. Thus, it is not surprising to observe why moral and benevolent leadership has become more important in Hong Kong family businesses.
5.2 The relationship between paternalistic leadership and organizational commitment

The relationship between paternalistic leadership and organizational commitment was analyzed in the hypothesized model by using AMOS 21. In this model, all regression weights on every path among the latent variables were clearly identified to illustrate the relevant effect of paternalistic leadership on organizational commitment. The findings indicated that paternalistic leadership is positively related to organizational commitment by obtaining estimate = .473 and p = .001 < .05 (see Table 4.11). This finding is also consistent with the previous studies of Pellegrini et al. (2007) and Vallejo-Martos (2011) that paternalistic leadership significantly and positively influences employees’ organizational commitment and it is believed this style of management can improve the organizational commitment of employees in Hong Kong family business. Among the three dimensions of paternalistic leadership, the findings indicated the existence of different effects on the three-components of organizational commitment proposed by Meyer and Allen (1991). Benevolent leadership has a stronger effect on normative commitment when compared to moral leadership which enhances the employees’ feelings of obligation to remain with the organization. Meanwhile, both leadership styles also have a positive effect on the affective commitment of employees therefore enhancing the employees’ emotional attachment to, identification with, and involvement with the organization. Although authoritarian leadership may not be easily found among the supervisors, it is surprising to observe the positive effect of continuance commitment is only found in authoritarian leadership. This further strengthens the argument that authoritarian leadership can only retain employees within the organization based on economic factors.

5.3 The relationship between paternalistic leadership and job satisfaction

In the study of Pellegrini and Scandura (2008), they revealed that paternalistic leadership has a strong and positive relationship with job satisfaction. The results of this study also suggest that there is a strong positive relationship between paternalistic leadership and job satisfaction by obtaining estimate = .352 and p = .020 < .05 (see table 4.11). In the hypothesized model, the variable of paternalistic leadership is significantly related to intrinsic and extrinsic satisfaction. Thus, paternalistic leadership can cause the employees to feel positive towards their work thus achieving a higher performance in
their job due to better pay, promotions, verbal recognition, working conditions, the work itself, supervision and the work group in their workplace (Locke, 1976). Among the three dimension of paternalistic leadership, the result shown in Table 4.13 confirms that benevolent and moral leadership have positive effects on intrinsic and extrinsic satisfaction. By comparison, the behavior of benevolent and moral leadership promotes the acquisition of achievement, self-dignity, self-determination and the interactive relationship between the supervisors and subordinates which provides a higher job satisfaction working environment to the employees (Chou, 2012). In contrast, authoritarian leadership has negative effects on both satisfactions which is consistent with the finding of Farh et al. (2006). The behavior of authoritarian leadership gives less autonomy to their subordinates which could possibly reduce the achievement, self-dignity and self-determination of employees (Cheng, Jiang, & Riley, 2003; Chou, 2012) but in reviewing the above findings, paternalistic leadership has a positive effect on job satisfaction of the employees in this study.

5.4 The relationship between turnover intention and organizational commitment

Organizational commitment has been widely recognized as one of the important predictors of turnover intention by many scholars (Benkhoff, 1997; Chan et al., 2010; Griffeth et al., 2000; Morrison, 2008). When an employee is dissatisfied with certain aspects of the job and/or feels a lack of commitment to the organization, it will most probably result in turnover intention to search for alternatives in the labor market (Peterson, 2004). Meanwhile, some previous studies have also suggested that high-level organizational commitment results in a lower turnover employee rate (Mathieu & Zajac, 1990; Meyer & Allen, 1991; Mowday et al., 1979; Wagner, 2007; Yücel, 2012). For investigation of the relationship between turnover intention and organizational commitment, the findings of this study also show that the organizational commitment has a significant and strong negative relationship to turnover intention by obtaining estimate = -1.684 with p-value = .004 < 0.05 (see Table 4.11). In addition, the study also shows that the three-component of organizational commitment also has a negative relationship on turnover intention where affective ($\beta = -0.637$, $p<0.001$) and normative commitments ($\beta = -0.552$, $p<0.001$) have a higher negative relationship on turnover intention (see Table 4.13). In the study of Jaros (1995) and Meyer et al. (2002), they also suggested that the affective commitment has a stronger impact on
employees turnover and performance in which the employee experiences higher loyalty to the organization resulting in a significantly reduce intention to leave the organization.

5.5 **The relationship between turnover intention and job satisfaction**

Apart from the effect of organizational commitment on turnover intention, job satisfaction is also recognized as another important factor which encourages the employee to stay with the organization (Benkhoff, 1997; Chan et al., 2010; Griffeth et al., 2000; Morrison, 2008). In comparing the effect of organizational commitment on turnover intention, job satisfaction has a significant negative relationship to turnover intention in this study ($\beta = -.775, p < 0.01$) (see Table 4.1). For the two individual rewards of job satisfaction, intrinsic satisfaction has significant negative effect on turnover intention ($\beta = -.414, p < 0.01$) while extrinsic satisfaction has a higher negative effect on turnover intention ($\beta = -.424, p < 0.01$) (see Table 4.13). Thus, a higher extrinsic job satisfaction can reduce the probability of an employee leaving the organization by increasing their feeling of achievement and offering more recognition from their supervisor.

5.6 **The relationship between organizational commitment and job satisfaction**

In many studies, the positive relationship between organizational commitment and job satisfaction can be observed where the employees are committed to their organizations and are more satisfied with their job (Ali et al., 2010; Bateman & Strasser, 1984; Bhatti & Nawab, 2011; Yousef, 2000). In this study, the result is consistent with these previous studies where organizational commitment is not significantly related to job satisfaction by obtaining estimate = -.031 with p-value = .903 > 0.05 (see Table 4.11). This result is caused by the relationship between continuance commitment and both dimension of satisfaction where the insignificant relationship of continuance commitment with intrinsic satisfaction ($\beta = .063, p < 0.05$) and extrinsic satisfaction ($\beta = .014, p < 0.05$) is found both in Table 4.13. Among the three-component of organizational commitment, affective and normative commitments are all positively and significantly related to intrinsic and extrinsic satisfaction. When the employees perceive more intrinsic and extrinsic satisfaction from their job, they will feel greater identification, emotional attachment and loyal to their organization. In contrast,
continuance commitment is not significantly related to both satisfactions and has shown to have a negative association with extrinsic satisfaction. In this connection, the employees do not receive sufficient extrinsic satisfaction such as pay raise, promotions, and verbal appreciation from their supervisors, which may increase the employees’ intention to leave the organization.

5.7 The effect of paternalistic leadership on turnover intention of employees in Hong Kong family business

It is now apparent that the effect of leader-member exchange and leadership style significantly affects the employee turnover intention (Liu et al., 2013). Furthermore, Dimaculangan and Aguiling (2012) cited that the positive attitude of leader could also create a lower turnover employee rate. The findings of this study also suggests that paternalistic leadership cannot enhance the retention of employees in the organizations without significant negative direct effect on turnover intention. However, the findings indicated that paternalistic leadership style could not directly and negatively affect ($\beta = .476$) turnover intention of employees solely but it has a total effect ($\beta = -.581$) on turnover intention by considering the indirect effects ($\beta = -1.057$) and its direct effect ($\beta = .476$). The result of the hypothesized model also suggests that the most indirect effect between paternalistic and turnover intention is organizational commitment, which has contributed to the prominent indirect effect ($\beta = -1.684$) when compared to job satisfaction ($\beta = -.775$). In the results of further investigations, both organizational commitment and job satisfaction have played a mediating role to moderate in the relationship between paternalistic leadership and turnover intention of the employees clearly illustrating that paternalistic leadership cannot effectively reduced the turnover intention of employee in Hong Kong family business in the absence of organizational commitment and job satisfaction.

In the view of the above findings, paternalistic leadership style has a negative impact on the employees’ intention to leave the Hong Kong family business by having a direct result of its organizational commitment and job satisfaction. The high level of organizational commitment and job satisfaction under the influence of paternalistic leadership has been transferred to a lower level of turnover intention of the employee. In
the three-dimension of paternalistic leadership, the findings of this study suggest that authoritarian leadership could not be relatively considered as an effective leadership style for Hong Kong family business employees with regard to the perception of turnover intention, organizational commitment, and job satisfaction. Furthermore, benevolent leadership and moral leadership have played a significant impact in reducing the turnover intention of respondents due to its positive influence on affective commitment, normative commitment, and intrinsic satisfaction. The behavior of benevolent leadership has a moderate effect on affective commitment (Erben & Güneşer, 2008) where the emotional attachments can improve the employee’s intention to stay with the organization. Meanwhile, the behavior of benevolent has also inspired enhancement of focus of employees to reinforce their intrinsic satisfaction in helping them to accomplish the difficult tasks to increase their intention to stay with the organization (Chou, 2012). The moral leadership has given a strong identification to the employee by demonstrating fairness behavior which is also being a strong recognition to the employees in order to stay with the organization. Following on the study of Farh, Cheng, and Chou (2006), it is not difficult to understand the reason of paternalistic leadership affecting the turnover intention as follows.

1) The benevolent leader generates bonding with the employees encouraging them to stay with the organization by providing the identification of the employee in the organization;

2) The benevolent leadership leads to emotional attachments by the employee as well as evaluating the costs associated with leaving the organizations whereby most people who work for paternalistic leaders would not leave their organizations for better payment or promotion opportunities; and

3) The moral leadership is broadly depicted as a leader’s behavior that demonstrates superior moral character and integrity through acting unselfishly and leading by example.

5.8 Theoretical Implications

The findings of this study is consistent with the findings of Cheng et al. (2004) that the influence of authoritarian leadership on paternalistic leadership is negatively affecting so that more and more Chinese are turning away from these management
styles as modernization, industrialization and globalization increase in pace. It also agrees with the study of Aycan (2006) that paternalistic leadership can benefit an organization by improving commitment and turnover intention of the employees. Paternalistic leadership is also one of the effective leadership styles to boost the level of job satisfaction of employees which is consistent with the study of Yousef (2000) and Pellegrini and Scandura (2008). However, previous studies of paternalistic leadership have never investigated the relationship among organizational commitment, job satisfaction and turnover intention of employees but it is believed that the findings of this study can begin to answer some of these questions and be used as a basis to conduct further investigations into the effectiveness of paternalistic leadership in Chinese ethnic communities. Since the findings of this study suggest that the authoritarian leadership has most negative effects on job satisfaction, organizational commitment and employee retention, the implication of authoritarian leadership having a negative effect subordinates outcomes be remained unchanged as suggested by Cheng et al. (2004); Chun, Wang, and Cheng (2009); Chen et al. (2011) and Chou (2012).

5.9 Managerial Implications

Since the most important finding of this study demonstrates that paternalistic leadership can improve employee retention in Hong Kong family business by boosting strong organizational commitment and job satisfaction, the managers of Hong Kong family business should consider taking a more active role in caring for their subordinates’ personal and familial well-being whilst also displaying strong moral leadership to their subordinates in addition to their daily duties. This strong iconic leadership behavior will also improve job satisfaction and organizational commitment of their subordinates. Thus, the manager should consider giving their helping hand to their subordinates when they encounter difficulties in their daily work which will enhance their job satisfaction by acquiring the feeling of accomplishment. Besides, the leader behavior of caring leader would also cause a strong feeling of identification and emotional attachment within their subordinates that would also improve the retention of subordinates. This study also suggests that the behavior of benevolent and moral leadership will increase the loyalty of subordinates and job satisfaction which will ultimately improve their intention to stay with the organization. By contrast, the power of absolute authority should be the last resort for the superior to control their
subordinates as this kind of leadership behavior may not be well received by subordinates and reduce their long-term intention of staying with the organization. As Aycan (2006) suggest, the superior should provide care, protection and guidance to the subordinate both in work and non-work related issues in return for loyalty, respect and a strong work attitude instead of demanding unquestionable obedience from their subordinates.

5.10 Limitations

The main objective of this study is to understand the effectiveness of paternalistic leadership on turnover intention of employees in Hong Kong family business through the exploration of the relationship among paternalistic leadership, organizational commitment, job satisfaction and turnover intention. However, there were some limitations encountered in this study which need to be considered rather than using the findings as a general solution for all family settings. The common method variance could exist since the response of paternalistic leadership is only based on the feelings of the employee without any identification of organization employed. The common method variance may cause the variance that is attributable to the measurement method rather than to the constructs the measures represent (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Since the respondents of this study were only working with Hong Kong family business, the paternalistic leadership model will only fit to the organization under family control in Hong Kong. In this study, the consideration of other variable factors of employee responses such as compensation or cultural background of the individual may increase the complexity of study as in the case of employees already adopting Western culture through their living experience and educational background. For those employees with Western culture background, they may put some arguments on the paternalistic leadership which can affect the result of employee outcomes leading to comparisons which may not be valid given all the variables under consideration. Furthermore, this study did not identify all the different kinds of leadership but only three-dimensional paternalistic leadership and assumed that the comparison only focused on the family-owned business, paternalistic leadership, job satisfaction, organizational commitment and turnover intention. For these four issues, the demographical information of respondents which were also collected which might provide an interesting insight on this topic such as the perception of different gender and education level of paternalistic leadership.
5.11 Implication for Future Research

This study was mainly structured to focus on the relationship among paternalistic leadership, organizational commitment, job satisfaction and turnover intention of the employees in Hong Kong family business. It is recommended that future study can be conducted to collect and examine the data in different regions of other Asian countries. Based on the findings among these relationships in this model, it suggests investigating the moderating effects among the relationship in future. Since the other effects of leadership behavior have not yet been included in this study, a similar investigation could be conducted with other variables in future such as trust, leader-member exchange, organizational citizenship behaviors, etc. The demographical factor of respondents has not been examined the relationships among the variables which may also provide an opportunity to conduct further investigation to the effect of the background of respondents such as gender, age, education, etc. since these variables may deliberately form some cohorts with their unique culture by holding varied acceptance of paternalistic leadership. This study has shown that the paternalistic model findings were fully consistent with the previous studies and also showed that the authoritarian leadership style is playing negative effect toward paternalistic leadership as more and more Chinese are rejecting this leadership style in the face of continued modernization, industrialization and globalization. It is also suggested that additional benefit could be obtained by revisiting the three dimensions of paternalistic leadership or even to redevelop the paternalistic leadership behavior scale in future.

5.12 Summary

The result of this study demonstrated a negative relationship is existed between paternalistic leadership and turnover intention of employee in Hong Kong Family Business. This negative effect of paternalistic leadership on turnover intention of employee in Hong Kong Family Business is mainly caused by the mediating effect of organizational commitment and job satisfaction. As such, this result suggests the answer of research question that paternalistic leadership can indirectly retain the employees in Hong Kong family business. Besides, this research provides a better understanding of paternalistic leadership in Hong Kong family business. It supports that the influence of authoritarian leadership on paternalistic leadership is disappearing while the Chinese
culture in Hong Kong has been strongly influenced during the last century by western culture. In contrast, the moral and benevolent leadership on paternalistic leadership have become more important in Hong Kong family businesses. Furthermore, the importance of organizational commitment and job satisfaction are clearly identified in the relationship between paternalistic leadership and turnover intention of employee in Hong Kong family business. The result also demonstrated that the popularity of moral and benevolent leaderships is existed among the employees in Hong Kong family business. Thus, it suggests that managers of Hong Kong family businesses can consider embracing these two leadership styles in their human resource strategy to winning the talented war in the market. For future study, the composition of paternalistic leadership can be further investigated as the behavior of authoritarian leadership on paternalistic leadership is diminishing in Chinese societies.


Science, 2(18).


Journal of Leadership & Organizational Studies, 3(1), 3-16.


rehabilitation, No. XXII. Industrial Relations Center: University of Minnesota.


The effect of paternalistic leadership on employee retention in Hong Kong

**Part A – Employment Background**

In order to ensure your contribution to be valid to our survey, the following questions will help us to understand your employment background to determine your suitability.

Please choose the answer to describe your employment background.

A.1 You are a part-time or full-time employee in Hong Kong.
- [ ] True
- [ ] False

A.2 Your company is registered and operated in Hong Kong.
- [ ] True
- [ ] False

A.3 You are not the shareholder of the company.
- [ ] True
- [ ] False

A.4 You don't have any family relationship with the employer.
- [ ] True
- [ ] False

A.5 Your company is owned or controlled by a single family with more than 20% of voting right at the board level.
- [ ] True
- [ ] False
### Part C - Organizational Commitment

Please choose the most suitable answer to rate your feeling with your organization by ranging from the lowest (1) to the highest (6), representing "strongly disagree", "disagree", "slightly disagree", "slightly agree", "agree" and strongly agree.

<table>
<thead>
<tr>
<th>Part C - Organizational Commitment</th>
<th>1 strongly disagree</th>
<th>2 disagree</th>
<th>3 slightly disagree</th>
<th>4 slightly agree</th>
<th>5 agree</th>
<th>6 Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1. I would be very happy to spend the rest of my career with this organization.</td>
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<td>C2. I really feel as if this organization’s problems are my own.</td>
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<td>C3. I do not feel a strong sense of &quot;belonging&quot; to my organization.</td>
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<tr>
<td>C4. I do not feel &quot;emotionally attached&quot; to this organization.</td>
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<td>C5. I do not feel like &quot;part of the family&quot; at my organization.</td>
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<td>C6. This organization has a great deal of personal meaning for me.</td>
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<td>C7. Right now, staying with my organization is a matter of necessity as much as desire.</td>
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<td>C8. It would be very hard for me to leave my organization right now, even if I wanted to.</td>
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<td>C9. Too much of my life would be disrupted if I decided I wanted to leave my organization now.</td>
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<td>C10. I feel that I have too few options to consider leaving this organization.</td>
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<td>C11. If I had not already put so much of myself into this organization, I might consider working somewhere else.</td>
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<td>C12. One of the few negative consequences of leaving this organization would be the scarcity of available alternatives.</td>
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<tr>
<td>C13. I do not feel any obligation to remain with my current employer.</td>
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<tr>
<td>C14. Even if it were to my advantage, I do not feel it would be right to leave my organization now.</td>
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<td>C15. I would feel guilty if I left my organization now.</td>
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<td>C16. This organization deserves my loyalty.</td>
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<td>C17. I would not leave my organization right now because I have a sense of obligation to the people in it.</td>
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<tr>
<td>C18. I owe a great deal to my organization.</td>
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</table>
# The effect of paternalistic leadership on employee retention in Hong Kong

**Part B - Paternalistic leadership scales**

Please choose the most suitable answer to rate your supervisor’s behavior by ranging from the lowest (1) to the highest (5), representing "strongly disagree", "disagree", "slightly disagree", "slightly agree", "agree" and strongly agree.

**Part B - Paternalistic Leadership Scale**

<table>
<thead>
<tr>
<th></th>
<th>1. strongly disagree</th>
<th>2. disagree</th>
<th>3. slightly disagree</th>
<th>4. slightly agree</th>
<th>5. agree</th>
<th>strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>My supervisor is like a family member when he/she gets along with us.</td>
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<td>B2</td>
<td>My supervisor devotes all his/her energy to taking care of me.</td>
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<td>B3</td>
<td>Beyond work relations, my supervisor expresses concern about my daily life.</td>
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<tr>
<td>B4</td>
<td>My supervisor ordinarily shows a kind concern for my comfort.</td>
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<td>B5</td>
<td>My supervisor will help me when I’m in an emergency.</td>
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<td>B6</td>
<td>My supervisor takes very thoughtful care of subordinates who have spent a long time with him/her.</td>
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<tr>
<td>B7</td>
<td>My supervisor meets my needs according to my personal requests.</td>
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<td>B8</td>
<td>My supervisor encourages me when I encounter difficulties.</td>
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<tr>
<td>B9</td>
<td>My supervisor takes good care of my family members as well.</td>
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<tr>
<td>B10</td>
<td>My supervisor tries to understand what the cause is when I don't perform well.</td>
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<td>B11</td>
<td>My supervisor handles what is difficult to do or manage in everyday life for me.</td>
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<tr>
<td>B12</td>
<td>My supervisor never avenges a personal wrong in the name of public interest when he/she is offended.</td>
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<td>B13</td>
<td>My supervisor employs people according to their virtues and does not envy others' abilities and virtues.</td>
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<tr>
<td>B14</td>
<td>My supervisor uses his/her authority to seek special privileges for himself/herself.</td>
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<tr>
<td>B15</td>
<td>My supervisor doesn’t take the credit for my achievements and contributions for himself/herself.</td>
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<td>B16</td>
<td>My supervisor does not take advantage of me for personal gain.</td>
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<tr>
<td>B17</td>
<td>My supervisor does not use guilt (personal relationships) or back-door practices to obtain illicit personal gains.</td>
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<td>B18</td>
<td>My supervisor asks me to obey his/her instructions completely.</td>
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<tr>
<td>B19</td>
<td>My supervisor determined all decisions in the organization whether they are important or not.</td>
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<td>B20</td>
<td>My supervisor always has the last say in the meeting.</td>
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<tr>
<td>B21</td>
<td>My supervisor always behaves in a commanding fashion in front of employees.</td>
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<tr>
<td>B22</td>
<td>I feel pressured when working with him/her.</td>
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<tr>
<td>B23</td>
<td>My supervisor exercises strict discipline over subordinates.</td>
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<tr>
<td>B24</td>
<td>My supervisor scolds us when we can’t accomplish our tasks.</td>
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<tr>
<td>B25</td>
<td>My supervisor emphasizes that our group must have the best performance of all the units in the organization.</td>
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<tr>
<td>B26</td>
<td>We have to follow his/her rules to get things done. If not, he/she punishes us severely.</td>
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</tbody>
</table>
The effect of paternalistic leadership on employee retention in Hong Kong

**D. Job Satisfaction**

Please choose the best answer to rate how satisfied you feel about the aspect of your job described by the following statement in ranging from the lowest (1) to the highest (5), representing “strongly dissatisfied”, “dissatisfied”, “Neither Satisfied nor Dissatisfied”, “Satisfied” and “Very Satisfied”

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<tbody>
<tr>
<td>01</td>
<td>Being able to keep busy all the time</td>
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<tr>
<td>02</td>
<td>The chance to work alone on the job</td>
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<td>03</td>
<td>The chance to do different things from time to time</td>
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<tr>
<td>04</td>
<td>The chance to be somebody in the community</td>
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<td>05</td>
<td>The way my boss handles people</td>
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<td>06</td>
<td>Competence of my supervisor in making decisions</td>
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<tr>
<td>07</td>
<td>Being able to do things that don’t go against my conscience</td>
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<td>08</td>
<td>The way my job provides for steady employment</td>
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<td>09</td>
<td>The chance to do things for others</td>
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<td>10</td>
<td>The chance to tell people what to do</td>
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<td>11</td>
<td>The chance to do something that makes use of my abilities</td>
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<td>12</td>
<td>The way company policies are put into practice</td>
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<td>13</td>
<td>My pay and the amount of work I do</td>
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<td>14</td>
<td>The chances for advancement on this job</td>
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<td>15</td>
<td>The freedom to use my own judgment</td>
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<td>16</td>
<td>The chance to try my own methods of doing the job</td>
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<td>17</td>
<td>The working conditions</td>
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<tr>
<td>18</td>
<td>The way counsellors get along with each other</td>
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<td>19</td>
<td>The praise I get for doing a good job</td>
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<td>20</td>
<td>The feeling of accomplishment I get from the job</td>
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</table>
The effect of paternalistic leadership on employee retention in Hong Kong

**Part F - Basic Information**

**F1. What is your gender?**
- 1. Female
- 2. Male

**F2. What is your age?**
- 1. 18-25
- 2. 26-32
- 3. 33-49
- 4. 50 or above

**F3. What is the highest level of education you have completed?**
- 1. Primary School or below
- 2. Secondary School
- 3. Post-secondary
- 4. University
- 5. Master or above

**F4. What is your current job position?**
- 1. General staff
- 2. Supervisory staff
- 3. Management staff
- 4. Executive staff
- 5. Professional staff

**F5. How many years have you been employed at this company?**
- 1. Less than 1 year
- 2. 1 - 2 years
- 3. 3 - 5 years
- 4. 6 - 10 years
- 5. 11 - 20 years
- 6. 21 years or over
家長式領導對挽留香港家族企業員工的有效性

1. Part A – 就業背景

為了確保您的參觀是對我們的研究是有效的，以下問題將幫助我們了解您的就業背景，以確定您是否適合參與。

請選擇答案來描述您的就業背景。

A.1 你是一個在香港的兼職或全職僱員

○ 正確
○ 不正確

A.2 你的公司是在香港註冊及營運。

○ 正確
○ 不正確

A.3 你不是你的公司股東。

○ 正確
○ 不正確

A.4 你與你的僱主沒有任何家族關係

○ 正確
○ 不正確

A.5 從你的認知下，你的公司是由單一一個家族擁有或在董事局控制超過20％的投票權。

○ 正確
○ 不正確
家長式領導對挽留香港家族企業員工的有效性

2. Part B - 領導的行為 (第一部分)

請選填以下的表示來評價你對上司的行為，評分範圍由最低的(1)至最高的(6)，表示"1. 非常不同意"，"2. 不同意"，"3. 有點不同意"，"4. 有點同意"，"5. 同意" 及 "6. 非常同意"。

Part B - 領導的行為

<table>
<thead>
<tr>
<th>項目</th>
<th>1. 非常不同意</th>
<th>2. 不不同意</th>
<th>3. 有點不同意</th>
<th>4. 有點同意</th>
<th>5. 同意</th>
<th>6. 非常同意</th>
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<td>B11.</td>
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<td>B13.</td>
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<td>B14.</td>
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<td>B15.</td>
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108
### 3. Part B - 領導的行為 (第二部分)

請根據你對各項的評估，選填適當的選定 (第5至最高，第1至最低)。
評分標準為：1. 非常不同意；2. 不同意；3. 有點不同意；4. 有點同意；5. 同意及6. 非常同意。

#### Part B - 領導的行為

<table>
<thead>
<tr>
<th>項目</th>
<th>1. 非常不同意</th>
<th>2. 不同意</th>
<th>3. 有點不同意</th>
<th>4. 有點同意</th>
<th>5. 同意</th>
<th>6. 非常同意</th>
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</table>
家長式領導對挽留香港家族企業員工的有效性

4. Part C - 機構承諾

請選擇最佳答案評估你與您的機構的感覺。評分範圍從最低的（1）至（6）最高評級。

1. 非常反對， 2. 不同意， 3. 有點不同意， 4. 有點同意， 5. 同意， 6. 非常同意。

<table>
<thead>
<tr>
<th>問題</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1. 我會很願意以現時機構作為我的終生工作地方。</td>
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<td>C2. 如果這個機構遇到問題時，就如尋自己的親人。</td>
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<td>C3. 我不覺得對我的機構有一份強烈的歸屬感。</td>
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<td>C4. 我並不覺得我屬於這個機構的一份子。</td>
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<td>C5. 我並不會在我屬於機構的一份子。</td>
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<td>C6. 這個機構有許多對我來說是很有意義的。</td>
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<td>C7. 现時，留存機構對我是一種責任，甚至是一件希望。</td>
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<td>C8. 假如現時離開這個機構，這對我是否是很難作出決定。</td>
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<td>C9. 如果機構決定是想離開這個機構，這將會對我的生活造成很大影響。</td>
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<td>C10. 我覺得我目前並沒有太多理由考慮離開這個機構。</td>
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<td>C11. 如果我現在這個機構已經投入金錢或時間，我可能會考慮在其他地方工作。</td>
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<td>C12. 我留在這個機構的原因是其他機構不能提供現在的同等的待遇。</td>
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<tr>
<td>C13. 我不覺得我在現時機構能有現時的顧客工作。</td>
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<tr>
<td>C14. 假如我現在有其他更好的待遇，我不會現時離棄我的機構是一個正確的选择。</td>
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<td>C15. 如果我在現時離棄了我的機構，我會感到內疚。</td>
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<tr>
<td>C16. 這個機構是否令你不再重視。</td>
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<tr>
<td>C17. 我現時不會離棄我機構的機構，因為現時機構其他有更佳資質。</td>
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<td>C18. 我對欠長的機構太多。</td>
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</table>
家長式領導對挽留香港家族企業員工的有效性

5. Part D. - 工作滿意度

請填答以下各題，回答您目前工作滿意度的高低，您覺得的滿意程度，由最低至最高分（1）至（5）分，其中1.非常不滿；2.不滿意；3.無意見；4.滿意；5.非常滿意

請問一下自己：我對工作這一方面的滿意度如何？

<table>
<thead>
<tr>
<th>題目</th>
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</thead>
<tbody>
<tr>
<td>D1. 我對工作評量的高低</td>
</tr>
<tr>
<td>D2. 在工作上擁有發展機會</td>
</tr>
<tr>
<td>D3. 在工作上能做不同的事情</td>
</tr>
<tr>
<td>D4. 在工作上能受到認可</td>
</tr>
<tr>
<td>D5. 我的意見沒有被重視</td>
</tr>
<tr>
<td>D6. 我的工作的穩定性</td>
</tr>
<tr>
<td>D7. 工作表現受決定我的薪資的事情</td>
</tr>
<tr>
<td>D8. 我的工作的穩定性</td>
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<td>D9. 我的工作的重要性</td>
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<td>D10. 我的工作的機會</td>
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<td>D19. 我的工作的機會</td>
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<tr>
<td>D20. 我的工作的機會</td>
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</table>

1. 非常不滿 2. 不滿意 3. 無意見 4. 滿意 5. 非常滿意
### 6. Part E - 工作意圖

請選擇最佳答案評價你對您的組織機構的意圖。評分範圍從最低的（1）至最高的（6）最高分級，"1. 非常反對"、"2. 不同意"、"3. 有點不同意"、"4. 有點同意"、"5. 同意" 和 "6. 非常同意"。

<table>
<thead>
<tr>
<th>項目</th>
<th>1. 非常不同意</th>
<th>2. 不同意</th>
<th>3. 有點不同意</th>
<th>4. 有點同意</th>
<th>5. 同意</th>
<th>6. 非常同意</th>
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</table>
家長式領導對挽留香港家族企業員工的有效性

7. Part - F. 基本資料

F1. 你的性別
- A. 女性
- B. 男性

F2. 你的年齡層
- A. 18-25
- B. 26-32
- C. 33-49
- D. 50歲或以上

F3. 你的最高教育程度
- A. 小學或以下
- B. 中學
- C. 大專
- D. 學士學位
- E. 碩士學位或以上

F4. 你目前的工作崗位
- A. 普通職位人員
- B. 助理人員
- C. 管理人員
- D. 行政助理人員
- E. 領導工作人員

F5. 在這家公司的年資
- A. 1年或以下
- B. 1-2年
- C. 3-5年
- D. 6-10年
- E. 11-20年
- F. 21年或以上
Appendix C

THE HONG KONG MANAGEMENT ASSOCIATION
FARMOYST HOUSE, 14TH FLOOR,
5 COTTON TREE DRIVE, CENTRAL, HONG KONG.
TEL: 2526 6516  FAX: 2502 4387
INTERNET: http://www.hkma.org.hk
E-MAIL: hkma@hkma.org.hk

香港管理專業協會

Circular No.  DBAS05 - Ethics Application  Date  22 August 2013

Translation Verification

This serves to confirm that the attached Chinese copies of Questionnaire and Participant Information Sheet submitted by Mr. Lau Yiu Fai Steven (student no.: 3152812), is a true and accurate translation of the English version.

Should you have any queries, please feel free to contact Mickey Lau of the local Newcastle DBA Secretariat of the Hong Kong Management Association on (852) 27748513 or by email at mickeylau@hkma.org.hk.
HUMAN RESEARCH ETHICS COMMITTEE

Notification of Expedited Approval

To Chief Investigator or Project Supervisor: Dr Paul Markham
Co-Cr-investigators / Research Students: Mrs Yiu Fai Steven Lau
Re Protocol: The effect of paternalistic leadership on employee retention in Hong Kong Family Businesses

Date: 05-Mar-2014
Reference No: H-2014-0013
Date of Initial Approval: 05-Mar-2014

Thank you for your Response to Conditional Approval (minor amendments) submission to the Human Research Ethics Committee (HREC) seeking approval in relation to the above protocol.

Your submission was considered under Expedited review by the Ethics Administrator.

I am pleased to advise that the decision on your submission is Approved effective 05-Mar-2014.

In approving this protocol, the Human Research Ethics Committee (HREC) is of the opinion that the project complies with the provisions contained in the National Statement on Ethical Conduct in Human Research, 2007, and the requirements within this University relating to human research.

Approval will remain valid subject to the submission, and satisfactory assessment, of annual progress reports. If the approval of an External HREC has been "noted" the approval period is as determined by that HREC.

The full Committee will be asked to ratify this decision at its next scheduled meeting. A formal Certificate of Approval will be available upon request. Your approval number is H-2014-0013.

If the research requires the use of an Information Statement, ensure this number is inserted at the relevant point in the Complaints paragraph prior to distribution to potential participants. You may then proceed with the research.

Conditions of Approval

This approval has been granted subject to you complying with the requirements for Monitoring of Progress, Reporting of Adverse Events, and Variations to the Approved Protocol as detailed below.

PLEASE NOTE:
In the case where the HREC has "noted" the approval of an External HREC, progress reports and reports of adverse events are to be submitted to the External HREC only. In the case of Variations to the approved protocol, or a Renewal of approval, you will apply to the External HREC for approval in the first instance and then Register that approval with the University’s HREC.
• Monitoring of Progress

Other than above, the University is obliged to monitor the progress of research projects involving human participants to ensure that they are conducted according to the protocol as approved by the HREC. A progress report is required on an annual basis. Continuation of your HREC approval for this project is conditional upon receipt, and satisfactory assessment, of annual progress reports. You will be advised when a report is due.

• Reporting of Adverse Events

1. It is the responsibility of the person first named on this Approval Advice to report adverse events.

2. Adverse events, however minor, must be recorded by the investigator as observed by the investigator or as volunteered by a participant in the research. Full details are to be documented, whether or not the investigator, or his/her deputies, consider the event to be related to the research substance or procedure.

3. Serious or unforeseen adverse events that occur during the research or within six (6) months of completion of the research, must be reported by the person first named on the Approval Advice to the (HREC) by way of the Adverse Event Report form (via RIMS at https://rims.newcastle.edu.au/logon.aspx) within 72 hours of the occurrence of the event or the investigator receiving advice of the event.

4. Serious adverse events are defined as:
   - Causing death, life threatening or serious disability.
   - Causing or prolonging hospitalisation.
   - Overdoses, cancers, congenital abnormalities, tissue damage, whether or not they are judged to be caused by the investigational agent or procedure.
   - Causing psycho-social and/or financial harm. This covers everything from perceived invasion of privacy, breach of confidentiality, or the diminution of social reputation, to the creation of psychological fears and trauma.
   - Any other event which might affect the continued ethical acceptability of the project.

5. Reports of adverse events must include:
   - Participant's study identification number;
   - date of birth;
   - date of entry into the study;
   - treatment arm (if applicable);
   - date of event;
   - details of event;
   - the investigator's opinion as to whether the event is related to the research procedures; and
   - action taken in response to the event.

6. Adverse events which do not fall within the definition of serious or unexpected, including those reported from other sites involved in the research, are to be reported in detail at the time of the annual progress report to the HREC.

• Variations to approved protocol

If you wish to change, or deviate from, the approved protocol, you will need to submit an Application for Variation to Approved Human Research (via RIMS at https://rims.newcastle.edu.au/logon.aspx). Variations may include, but are not limited to, changes or additions to investigators, study design, study population, number of participants, methods of recruitment, or participant information/consent documentation. Variations must be approved by the (HREC) before they are implemented except when Registering an approval of a variation from an external HREC which has been designated the lead HREC, in which case you may proceed as soon as you receive an acknowledgement of your Registration.

Linkage of ethics approval to a new Grant
HREC approvals cannot be assigned to a new grant or award (i.e., those that were not identified on the application for ethics approval) without confirmation of the approval from the Human Research Ethics Officer on behalf of the HREC.

Best wishes for a successful project.

Professor Allyson Holbrook  
Chair, Human Research Ethics Committee

For communications and enquiries:
Human Research Ethics Administration  
Research Services  
Research Integrity Unit  
The Chancellery  
The University of Newcastle  
Callaghan NSW 2308  
T +61 2 492 17094  
F +61 2 492 17164  
HumanEthics@newcastle.edu.au


Linked University of Newcastle administered funding:

<table>
<thead>
<tr>
<th>Funding body</th>
<th>Funding project title</th>
<th>First named investigator</th>
<th>Grant Ref</th>
</tr>
</thead>
</table>

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Appendix E

Participant Information Statement

Dr. Paul A. Markham
Newcastle Business School
Faculty of Business and Law
The University of Newcastle
Level 3, University House
Auckland Street
Newcastle, NSW 2300
Ph 61 2 4921 5600; Fax 61 2 4921 7398
Email: paul.markham@newcastle.edu.au

Information Statement for the Research Project:

The effect of paternalistic leadership on employee retention in Hong Kong family businesses

Document Version PIS-01; dated 30/06/2013

You are invited to participate in the research project identified above which is being conducted by Steven Y.F. Lau, a DBA Doctoral candidate from the Newcastle Business School at the University of Newcastle. The research is part of Mr. Lau’s Doctor of Business Administration studies at the University of Newcastle, supervised by Dr. Paul A. Markham from Newcastle Business School at the University of Newcastle.

Why is the research being done?
The aim of this study is to explore whether paternalistic leadership correlates to intended employee turnover in Hong Kong family businesses. Employees in Hong Kong family businesses will be invited to complete an online survey by examining the degree of paternalistic leadership style of their supervisor performed in affecting their turnover intention on their employment term. The central research question is to ascertain the effectiveness of using the paternalistic leadership style as it pertains to retaining key employees. This research study will deploy quantitative research methodology to examine the effect of paternalistic leadership on employees’ retention through their organizational commitment and job satisfaction. Finally, the results may provide insight into the types of strategies required to improve employee retention and improve overall corporate productivity and profitability.

Who can participate in the research?
You have been invited to participate in this research because you may meet the following selection criteria:

1. You are an over 18 of age employee of the company which is registered and operated in Hong Kong.
2. You do not have any family relationship with the owner of the company.
3. The company you employed is owned or controlled by a single family with more than 20% of voting right
4. You are able to understand English or Chinese

What choice do you have?
Participation in this research is entirely your choice. Since it is an anonymous survey, your consent is implied upon completion and return of the survey. Whether or not you decide to participate, your decision will not disadvantage you.

What would you be asked to do?
If you agree to participate, you will be asked to engage in an online anonymous survey comprising of 75 questions related to the topic of paternalistic leadership. You are required to follow the instruction provided in the questionnaire. Upon the completion, you are also required to confirm and submit your answer by clicking the "submission" button.

If you want to withdraw from the survey during the course of survey, you can anonymously exit without giving any reason. Subsequently, the previous response shall be permanently erased and shall not be
used for the survey. Due to the anonymous nature of the survey, you will not be able to withdraw your response once it has been submitted.

**How much time will it take?**
The survey is conducted online and will take about 25 minutes.

**What are the risks and benefits of participating?**
There are no risk and direct benefits to respondents since it is an anonymous survey. However, the community will generally get more understanding on the paternalistic leadership in Hong Kong family business which also can help the employer to manage their employee effectively.

**How will your privacy be protected?**
Since the survey is conducted anonymously, there is no any personal data can be identified by whatever means. All collected data will be input to SPSS to build a data file with using password security feature to protect the data properly and a set of data will be backup and stored on the researcher’s laptop computer. Data will be retained by the University for five years after conferring the DBA and the data will be erased properly.

**How will the information collected be used?**
The data will be analyzed to find out the effectiveness of paternalistic leadership on the employee outcome. The finding of research will be reported in the student researcher’s DBA dissertation of the university. It may be published in scholar publication if the quality of research is widely recognized by the academic community. If you would like to receive a summary of the research findings, you can send an email to the student researcher after December of 2014. A summary of the findings will be forwarded to you subject to confirmation of the University for the acceptance of the dissertation.

**What do you need to do to participate?**
Please read this Information Statement and be sure you understand its contents before you participate the survey. If there is anything you do not understand, or you have questions, please contact the researcher. If you would like to participate, please complete and submit the online questionnaire available at the link below.


**Further information**
If you would like further information, please contact the student researcher at yufaisleven.lau@acn.edu.au or on +65 96553877 or the Project Supervisor at paul.markham@newcastle.edu.au or on +61 2 4621 5000.

Thank you for considering this invitation.

**Complaints about this research**
This project has been approved by the University’s Human Research Ethics Committee, Approval No. H-2014-0013.

Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, it may be given to the researcher, or, if an independent person is preferred, to the Human Research Ethics Officer, Research Office, The Chancellery, The University of Newcastle, University Drive, Callaghan NSW 2308, Australia, telephone +61 2 49216333, email Human-Ethics@newcastle.edu.au.

Dr. Paul A. Markham
Project Supervisor

Steven Y.F. Lau
DBA-Candidate
The University of Newcastle, Australia

Research Project Proposal

Project Title: Family Business in Hong Kong: Family Influence

Date: 16th May 2013

1. Introduction

The objective of this research is to examine the impact of family influence on company performance and the role of family members in decision-making processes. The study aims to explore the extent to which family influence affects the company's financial performance and the effectiveness of family involvement in management decisions.

2. Methodology

The research methodology involves a qualitative approach using in-depth interviews with family business owners and managers. The interviews will be conducted in Hong Kong to gain insights into the unique challenges and opportunities faced by family businesses in the region.

3. Research Objectives

The research objectives are as follows:

- To understand the role of family influence in decision-making processes
- To assess the impact of family influence on company performance
- To explore the factors that contribute to the effectiveness of family involvement in management

4. Research Design

The research design will follow a case study approach, focusing on specific family businesses in Hong Kong. The study will involve a detailed examination of the company's financial records, as well as interviews with family members and key stakeholders.

5. Data Collection

Data collection will involve a combination of qualitative methods, including interviews, focus groups, and document analysis.

6. Data Analysis

The data collected will be analyzed using thematic analysis, focusing on identifying key themes and patterns within the data.

7. Limitations

The research is limited by the availability of data, the time constraints, and the potential for bias in data collection and analysis.

8. Ethical Considerations

The research will adhere to ethical guidelines, ensuring confidentiality and obtaining informed consent from all participants.

9. Consent Form

Participants will be provided with a consent form to ensure they understand the research objectives and the implications of their participation.

10. Data Protection

All data collected will be stored securely and will be anonymized to protect the confidentiality of the participants.

11. Data Sharing

Data will be shared with the research team and with the university's institutional review board.

12. Conclusion

The research will provide valuable insights into the role of family influence in Hong Kong's family businesses, contributing to the understanding of family business dynamics and management practices.

13. Acknowledgments

The research is funded by the University of Newcastle's Research Grants Scheme. The project team would like to thank all participants for their contribution to this study.

14. References

[List of relevant references]

15. Appendices

[Include any additional materials or appendices]

16. Appendices

[Include any additional materials or appendices]
參與的研究系奉行方式進行，受試者是沒有任何風險及直接利益。然而，社會辦事家長或無障礙在香港企業展開更多的研究，也可以幫助企業領導人有效監管他們的團隊。

您的隱私如何得到保護
由於研究系在署名進行的，任何個人資料在任何方法下都不能識別出來。所有收集到的數據將會輸入到設有安全密碼保護功能的 SPSS 軟體建立數據庫進行分析，有關數據將由只存儲在研究者的桌面上。電工；數據將被保留至大學宣誓授予工商管理碩士學位五年後，數據將被永久刪除。

所收集的資料將如何被使用？
這些數據將被分析及找出家長或無障礙對員工表現的有效性。研究結果將發表於大學學生研究的工商管理博士論文中。研究報告可能會在學術期刊上發表。如若閣下已參與研究並希望獲得研究結果報告，你可以在 2014 年 12 月 24 日前將電子郵件至學生研究員提交報告。當大學收到研究報告後，研究結果將會以公平和客觀方式完結報告。

你需要做什麼來參加
在參與研究之前，請仔細閱讀本資料並確認您的情況。如有任何不明白或有疑問時，請聯繫研究員。如果您想參加，請按下以下連結到連結進行研究項目以提交並提交以下表格。

進一步的資料
如果您想了解更多信息，請聯繫研究員電郵 yuifa@au.com 或電話 032-95508877
或聯絡項目產業電郵至 Paul.Markham@Newcastle.edu.au 或電話 01 2 4921 5000。

在這裡，感謝您考慮這項邀請。

有關對項目的受護
該項目已經由大學的人類研究倫輯委員會批准，批號號 M-2014-0013

如果您對作為本研究參與者的權利有任何疑問，或您對研究進行方式有任何投訴，您可寫信聯絡研究
員。地址：MNA - 300，沃爾夫士大學，新南威爾士大學研究人，人類研究倫輯委員會，大學

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項目主管

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