Research Article

Paternalistic Leadership in Korean Small and Medium Scale Enterprises: Applicability of a Turkish Paternalism Scale

Kore Küçük ve Orta Ölçekli İşletmelerinde Paternalistik Liderlik: Türkçe Paternalizm Ölçeğinin Uygulanabilirliği

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ABSTRACT

Social and cultural exchange between Korea and Turkey has been rapidly increasing and is expected to be accelerated for the future. Especially business exchange is interest of many people in both countries. This paper aims to provide insights for business people in Korea and Turkey to understand each country's cultural aspects. Among different perspectives, paternalism is focused in the study. Paternalism is an important intersection of both cultures but it did not receive much attention. Even though both Turkish and Korean leaders are paternalistic, the origin of the characteristic is based on different background. The current studies of paternalism in Korea are based on Confucianism and economic crisis whereas those of Turkey are based on nomadic history, military Coup d'Etat, complicated bureaucracy, and economic instability. Using a paternalism scale developed with Turkish sample, this study measured Korean employees' perception on paternalism and paternalistic leadership. The results showed that the scale is applicable in Korean organizations as well.

MAKALE BİLGİSİ

ÖZ

Kore ve Türkiye arasındaki sosyal ve kültürel değişimler hızlı bir şekilde artmakta ve bu artışın gelecekte daha da devam edeceği beklenmektedir. Özellikle işletme alanındaki değişimler iki ülke için önem arz etmektedir. Bu çalışmada Kore ve Türkiye'deki iş dünyasına karşılıklı ülke kültürlerini anlamaları açısından yardımcı olacak içgörüler sağlamak hedeflemiştir. Bunun için önemli bir kültürel unsur olan paternalizm incelenmiştir. Paternalizm iki kültür için önemli bir kesişme noktası olmakla beraber yeterince incelenmemiş bir kavramdır. Türk ve Kore liderleri paternalist olmakla beraber, sahip oldukları bu özelliklerin arkasında farklı sebepler vardır. Kore'deki paternalizm çalışmaları Konfüçyüsçülük ve ekonomik krizin etkilerine dayanmaktayken, Türkiye'deki çalışmalar ise göçebelik geçmişi, askeri darbeler, karmaşık bürokrasi ve ekonomik istikrarsızlığa dayanmaktadır. Çalışmada Türk bir örneklem için düzenlenmiş olan bir paternalizm ölçeği kullanılarak Kore'deki çalışanların paternalizm ve paternalist liderlik üzerine olan algıları ölçülmüştür. Çalışmanın sonuçları ölçeğin Kore örgütlerinde de uygulanabilir olduğunu göstermiştir.

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1. INTRODUCTION

The world is changing into a new paradigm of continuously increasing economic activity of Asia. And in this new world, focus of the world is increasingly moving toward East Asia. Among East Asian countries, Korea provides a good example of a strong dynamic economy that aims for continuous growth. As part of this dynamism Korea's economic and cultural activities reach all over the globe. Among these activities, interaction between Turkey and Korea has unique characteristics. These two countries of two opposite corners of the Asia have a brotherhood relation dating back to the times of the Korean War. And lately cultural and business exchange between Korea and Turkey has been increasing more than ever. Turkish President and Prime Minister made official visits to Korea for the sake of increasing the international trade between the countries. Istanbul-Gyeongju World Culture Expo 2013 was held in Istanbul on September for a month, with the contents such as opening K-pop program Music Bank concert in Ülker Arena, presenting Korea-Turkey literature symposium, and exhibition of picture works of Korean photographers on Eminönü square (Bae, 2013). When it comes to entertainment, numerous Korean soap operas have been broadcasted on many Turkish TV channels such as TRT and FOX, Korean movie 'A moment to remember' has been adopted by Turkish writers and actors, and Korean entertainment program 'We got married' was produced and broadcasted on ShowTV as '*Evcilikoyunu*' in Turkey.

According to Republic of Turkey Ministry of Economics (2013), South Korea is Turkey's 44th largest export market. The goods are such as natural and manufactured gas, medicinal and pharmaceutical products, petroleum and related products, and chemicals and apparels. Also, South Korea is Turkey's 10th largest supplier of goods import such as telecommunications, sound-recording equipment, road vehicles, plastics, transport equipment, electrical machinery and appliances.

Together with FTA which is enforced from May 2013, the range of business interchange in both countries has been widened from large corporations to small and medium-sized enterprises. Turkey's national investment promotion agency signed Memorandum of Understanding with Korea's Trade-Investment Agency expecting to encourage the operations of companies in both countries (Invest in Turkey, 2013). Textile industry made an agreement to build a stronger relationship on textile trade and development of the industry in both countries ("Turkey's TCMA," 2013). Construction

machinery industry signed contract including support of industry field, infrastructure facilities, labor force and personnel training program ("Korea Turkey," 2013). Hyundai Engineering & Construction won the bid for building the third Bosporus Bridge in Istanbul cooperating with SK Engineering & Construction ("Hyundai E&C," 2013). GS Engineering & Construction, the forth-largest builder in Korea has won $1.03 billion order to build an oil refinery plant in Izmir ("GS E&C," 2013). Last but not the least, electronic products of Samsung and LG are seen in almost every electronic shop in Turkey and with aggressive marketing strategies, their market share in home appliance sector and mobile set sector are expected to increase. As a part of recent of economic developments, we have seen that on 27 February 2015, free trade agreement has been widened to include services, investments and joint operations in a third country.

Considering all these factors, it is very likely that the business exchange between Turkey and Korea will grow further. The players in the interchange will not be limited only as large corporations but also small and medium-sized enterprises. Therefore, it is important to comprehend the values and characteristics of each other for encouraging the future exchanges. By studying the two cultures and organizational characteristics based on the cultural value, this study is expected to be helpful for business owners, business buyers, investors, and anyone who is interested in the exchange of both countries.

2. LITERATURE REVIEW

2.1. Korean Organizational Culture

Korean corporate culture consists of several factors. One of the strongest factors is Confucianism. Confucianism emphasizes several values such as respect for the old; loyalty to superiors; distinguished gender role; distinctive hierarchy; and importance on family such as the youth should support the elders in the family. Ethical value suggested by Confucius consists of two parts; personal order which implies leadership philosophy and socio-political order which refers organizational culture (J. K. Lee, 2001). Therefore, a leader in Confucianism is expected to both love the subordinates and know the subordinates. According to Kee (2008), most of large Korean conglomerates named *Chaebol* could reach the current success with a founder who thinks himself as a head of family and perceives company workers as family members. Founders have shown their hard working

attitude and leadership to the employees treating them as family members and employees were expected to sacrifice their personal interest to company benefit in return.

In order to understand Korean corporate culture, *Chaebol* is a must to be considered. *Chaebol* is a unique terminology which refers Korean conglomerates. The study of S. M. Lee and Yoo (1987) showed that *Chaebol* was formed in the time of rapid economic growth and contributed significantly in the development of Korean economy. Samsung, LG, and Hyundai are the very examples of *Chaebol*; they were established by founders who succeeded on his own, with governmental support at the beginning of exports in Korean economy. This unique organization form has been originated from Japanese conglomerates named *Zaibatsu*. According to S. M. Lee and Yoo, when it comes to the percentage that they consist in the economy and capital amounts, it appears that Korean *Chaebol* and Japanese *Zaibatsu* are similar. However, there are differences between them. *Chaebol*'s organization is owned by family members who are only restricted as blood relationship, whereas the concept of Japanese family members include not only blood relationship but also *iae* which means household and clan. When it comes to management structure, almost no family members of Zaibatsu has influence on management decision making , whereas those of *Chaebol* have strong influence on management system.

Chaebol has its own business sectors in diverse area. In case of Samsung, they have subsidiaries in numerous sectors owned by family members. For example, subsidiaries working in electronics sector are such as Samsung Electronics, Samsung Display, Samsung SDI, and Samsung SDS; in heavy industry and construction sector such as Samsung Heavy Industries, and Samsung Engineering; in chemical sector as Samsung Fine Chemicals, and Samsung BP Chemicals; in finance sector such as Samsung Life Insurance, Samsung Fire & Marine Insurance, Samsung Card, and Samsung Asset Management Corporation; and in service sector such as Hotel Shilla, Cheil Worldwide (marketing company), Samsung Medical Center, Samsung Biologic and so on (Samsung, 2015).

In addition to Confucianism and uniqueness of *Chaebol*, another important character of Korean corporate culture is collectivism. Hofstede (1997) defined South Korean culture as collectivism and it's characterized in a workplace as employer-employee relationship is understood as family; in-group members have advantage in hiring and promotion process; management process is revolving around groups not individuals; harmony should be maintained while confrontations avoided; and relationship has priority on tasks. This collectivism characteristic is referred as 'dynamic collectivism' in the study of Cho and Yoon (2001). According to Cho and Yoon, traditional collectivism norms are required to only in-group members while excluding out-group members and it results explicit boundary and competition between in-group and out-group.

Centralization and formalization are also important Korean corporate culture. In the process of decision making, most of the time *kyul-jae* is required which means 'approval from upper levels of management'. Many of employees consider the workplace as 'a second home' with CEO as head of the home, and they are agreeable to group norms even though the norms are in conflict with their personal interests. Nepotism, which is called Yon-go relation, is another factor of Korean corporate culture (Mensik, Grainger, &Chatterje, 1999). Nepotism consists of three ties such as blood ties, school ties, and regionalism. Blood ties apply for family members or relatives, school ties refer strong relationship among people who are graduated from the same school, and regionalism explains close relationship among people who were born and grown up from the same region.

2.2. Turkish Organizational Culture

When it comes to Turkish organizational culture, Aldemir, Özmen, Arbak, and Çakar (2004) studied work mentality of Turkish people and categorized the mentality under the three dimensions; 1) 'status-oriented' dimension is based on values such as centralism, rank, position, obedience, and dependence, 2) 'mystic' dimension includes religion, traditionalism, emotionality, fatalism, and family ties and 3) 'hypocrite' dimension refers values such as hypocrisy, skepticism, and favoritism. Turkish Work Mentality Profile (TWMP) values were measured in terms of regional, organizational, and individual level. The study found out that Turkish work mentality represents dual cultural structure since there's positive relation between the Western values and local values. Especially status-oriented values showed positive correlation with Western values.

High power distance is another characteristic of Turkish work culture. Pellegrini (2006) mentioned that people's addressing style in Turkey shows there is high power distance in the society. There's special addressor for people who are not close or not friends. And in work places there are separate places in restaurant, parking lot and restroom according to status of employees. Citing Sargut's study (2001), Pellegrini explained that most of

Turkey's organization structure looks like a pyramid, and there is very little horizontal communication in organizations. Benefits of organizations also differ according to the position in the hierarchy; a manager's beneficial plan includes family of the managers whereas that of an employee does not include employees' family.

2.3. Comparison between Korean and Turkish Organizational Culture

Figure 1 shows the close comparison between Turkish culture and Korean culture under the four dimensions; Power Distance Index (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAI), and Uncertainty Avoidance Index (UAI). (Hofstede,1997).
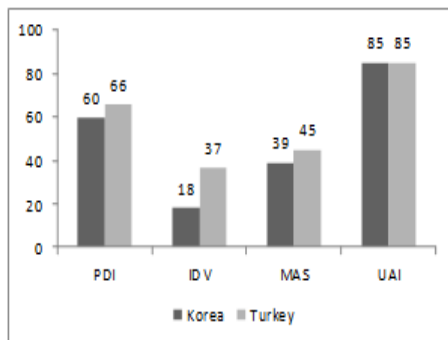

Figure 1: Source. Hofstede, G. (1997). *Cultures and Organizations: Software of the mind.* New York: McGraw.

According to power distance index, both Turkish and Korean organization members accept the fact that there are inequalities among people, and they take hierarchical organization and centralization for granted.Even though the numerical value shows difference in individualistic character, both Turkey and Korea are considered as low individualism, high collectivistic countries. Hofstede (1997) stated that in collectivism cultures, employer-employee relationship is perceived not as contractual but as extended family, and individual's identity is based on group identity. Low masculinity index refers that both countries have feminine values— people work for live not they live for work; managers try to draw consensus from employees; and they avoid fighting, instead prefer negotiation and compromise. Strong uncertainty avoidance represents culture as people are closed to different ideas or behavior, security and belongingness are the most effective factors in motivation, and people avoid facing ambiguous situations and unfamiliar risks. As discussed here,

using such tool as Hofstede's scale has given some results that can be compared between the two cultures. Yet the scale bears some limitations in that these characteristics cannot fully represent both cultures. Therefore, we suggest that to gain a deeper insight into both culture's characteristics we need more specific approaches such as paternalism. Paternalism is an important constituent of both cultures, yet cross-cultural studies in Turkey and Korea did not give much attention to this feature. In the next section, studies that report paternalistic character in Turkey and in Korea will be discussed.

2.4. Paternalism

Considering the organizational cultural values in two countries leads the discussion on 'paternalism'. Paternalism, which is a very remarkable characteristic of traditional Eastern societies such as China, Japan, and Korea, has been understood differently according to national culture. Aycan explained in her study (2006; Aycan, Kanungo, Mendonca, Yu, Deller, Stahl, &Khursid, 2000) that the different perception of paternalism value is based on the two cultural categories; East and West. Eastern culture (Asia, Latin American and Middle-East) have strong traditional, hierarchical, and collectivistic values in the society whereas Western culture (North American, Western, and Northern Europe) have industrialized, egalitarian, and individualistic values. Redding, Norman, and Schlander (1994) referred that Eastern culture hold positive attitude toward paternalism considered as care, protection and guidance. Yet, Western culture shows negative attitude toward paternalism perceiving it as authority, control, and restriction on freedom. Aycan (2006) presented that when paternalism occurs in organizational level, overall firm is perceived as a whole family by both managers and employees. Therefore, managers treat the employees as family members, creating family atmosphere and close relationship with them not only in work-related environment but also in non-work environment. Employees in return are supposed to show loyalty accepting the authority of managers both in work and non-work domains. Zhou (2006) defined paternalistic organizational control as top management's control and care on wide area of the organization such as employees' personnel policies and task arrangements.

Aycan et al. (2000) conducted a study about influence of paternalism in human resource management in 10 countries; Canada, USA, Romania, Germany, Israel, Russia, Turkey, China, Pakistan, and India. The result has revealed that Turkey shows the second highest value on paternalism and power distance after India. Also among the four socio-cultural dimensions

(paternalism, power distance, loyalty towards community, and fatalism), paternalism represented the largest difference among the countries. Paternalism showed positive correlation with work culture which requires high achievement of the task given to employees.

Paternalism values do occur in Korean culture as well. J. K. Lee (2001) studied Korean higher education from the Confucianism point of view and he found out that relationship between teachers and students in Korea shows strong influence of Confucianism. Students consider their teachers as parents showing respect and obedience while teachers show their ethical care and generous attitude toward the students. Paternalism was characterized as one of the sub-values of Confucianism.

Citing Newman and Nollen's (1996) study, S. Kim's (2005) discussion on "we-spirit" also refers paternalistic character in Korean organizations. Korean employees consider the members of the workplace as second family; manager as father and subordinates as sons or daughters. They refer this second family as "our organization" and "our department" and they work together to achieve "our goals".

The study of Form and Bae (1988) also pointed the paternalistic character in Korean culture. Based on Confucianism values, managers and employees are expected to perceive each other as family members; managers are responsible for employees as parents, and employees treat the managers with obligation and authority. The character is also displayed in the Korean Government's Factory New Community Movement (GongjangSaemaulUndong) in 1970s, which was the government's important project to boost the economy with slogan "Treat employees like family. Do factory work as your family's own businesses".

The usage of paternalism concept is not limited only in organizational studies. Discussion on the feature of government as bureaucratic, authoritative yet protector of citizens is perceived as paternalistic (Im, 2013; Padavic& Earnest, 1994; Pellegrini &Scandura, 2008); great amount of interest and passion of Korean parents' on educating their children can be explained as paternalistic (U. Kim & Park, 2000); and government programs which force Korean culture to foreign brides instead of respecting other cultures also feature cultural paternalism (J. K. Kim, 2011). Seo, Kim, and Rhee (2013) stated that coercive intervention on the decision of treatment of the mentally challenged by family members or care taker is justified as paternalism. Hartley, Kwak, Park, and Lee (2011)

suggested that female narcotics tend to have more lenient sentence than male narcotics because male judges are likely to make decision based on paternalism which means that female are weaker, and needed to be protected from harsh punishment.

3. RESEARCH QUESTION

As discussed above, Korean corporate culture is greatly affected by Confucianism, collectivism, centralization, and nepotism values. Turkish organizational culture includes status-oriented values and hypocrite values. Status-oriented values symbolize acceptance of hierarchy, centralization and dependency on higher level. Hypocrite values indicate people's hypocrisy and favoritism. Both cultures' interaction with all these cultural values is closely tied to their paternalistic structure.

Various interpretations on paternalism are possible according to different cultural values. For example,Western cultures don't favor paternalistic values viewing them as authority and control.Due to the different implications and translation of paternalism according to cultures, it is necessary to explore the usage and perception of paternalism in diverse cultures (Aycan, 2006; Cheng et al., 2014; Pellegrini &Scandura, 2008). Cross cultural studies of paternalism between India and US found out that there is possibility that paternalistic leadership can be generalized across cultures (Pellegrini, Scandura, &Jayaraman,2010).

Dimensions used to measure paternalistic leadership have been various in studies. Paternalism used to be measured unidimensional (Aycan et al., 2000; Mathur, Aycan, & Kanungo,1996). Other studies such as Farh and Cheng (2000) proposed paternalism scale with three dimensions such as authoritarianism, benevolence, and morality. Cheng at el. (2014) modified the model with new items into global paternalistic leadership scale to measure paternalism in China, Japan, South Korea and Taiwan.

Aycan (2006) argued that paternalism should not be unidimensional. She constructed a paternalism scale which consists of five dimensions; family atmosphere at work, individualized relationships, involvement in employees' non-work lives, loyalty expectation, and status hierarchy and authority. After developing the paternalistic leadership scale from Turkish sample, she suggested that further studies in different cultures are required to verify the characteristics of paternalism. Pellegrini and Scandura (2008) pointed out that construct validity of paternalism should be established with more

empirical studies. Therefore, this study aims to be another contributor of the trend of paternalism studies and the findings are expected to enrich the empirical background of paternalistic leadership research.

With growing amount of Korea and Turkey's business exchange, understanding organizational culture of the two countries bear significant importance for sustainable future relationship. However, the studies related with the organizational culture of the two countries have gaps to fill. Even though Hofstede's scale is useful for cultural comparison, it doesn't grasp the culturally unique aspects of these two cultures that were mentioned in the literature review. Even in the case of Hofstede's dimensions, the fifth dimension 'Long Term Orientation' which is also known as Confucius connection does not have implication in Turkey.

Based on these ideas, this study aims to enlarge the comprehension of organizational cultures in both countries using paternalism scale developed by Aycan (2006), on Korean small and medium-sized enterprises (SMEs). There are two reasons that SMEs (not large corporations) are discussed in the study. First of all, large conglomerates are excluded due to the fact that Korean conglomerates, also called *Chaebol*, represent very unique characteristic as discussed in the study of S. M. Lee and Yoo (1987). There are large corporations owned by family in Turkey as well, yet their characteristics are not comparable with those of Korea. Second, it is expected that the portion of SMEs in business market will increase in the near future. Their participation in business interchange shows rapid growth. An international industrial R&D matchmaking event between Korea and European countries named Korea Eureka Day 2013 was held in Istanbul on May. Many SMEs from both Turkey and Korea participated in the event and discussed the further interchange. Turkish and Korean governments are taking initiatives in encouraging more operations of SMEs.

Despite the fact that paternalism is prevalent in workplace in Korea, there are few studies exist regarding measurement of paternalism in Korea. The study of Cheng et al. (2014) measured the occurrence of paternalism in four East Asian countries; China, Japan, South Korea, and Taiwan. Selecting five items from original scale constructed by Cheng, Chou, Wu, Huang, and Farh (2004), the researchers created Global Paternalistic Leadership scale which includes three factors; authoritarianism, benevolence, and moral character. The study found out that the three factor model showed great model fit for all of the countries. Even though the fit index of South Korea was slightly lower than those of

Taiwan and China, the scale was proved to be applicable in Korea. However, Korean sample of the study were both from large conglomerates and SMEs. Due to the *Chaebol*'s unique characteristic, it is believed that sample from *Chaebol* and sample from SMEs should be distinguished.

The research question of the paper is, 'Is paternalism scale applicable to SMEs in Korea?' Since paternalism tends to be remarkable in cultures that have high power distance and are highly collectivistic, it is considered that the paternalism scale created by Aycan (2006) can be applicable to Korean SMEs.

4. METHODS

4.1. Samples

Hair, Black, Babin, and Anderson (2010) presented that regarding Structural Equation Modeling analysis, 100 is minimum required sample size for models with five factors. For collecting the data, convenience sampling method was used. Despite the usefulness of the technique for the study, we propose that generalization of the result should be handled carefully since the sample may not represent the whole population. For the study, 150 subordinates working in SMEs in Daegu, Korea were given the questionnaire and 131 employees responded to the survey. Therefore the response rate is 83%. 38.2% of the respondents were working in manufacturing, 16% in sales and distribution, another 16% in public sector, and 12.2% in service sector. The gender ratio of the respondents was quite equal; 48.1% of male and 51.9% of female. The average age of the sample was 35.4 years old and the average working experience of the respondents was 4.8 years.

4.2. Procedure

In order to conduct the study to SMEs in Korea, validity of the questionnaire wastested. Aycan (2006, p.461) presented paternalistic leadership scale in English. We tested validity of the scale by translating the English version into Korean. The translation method implemented was one-way translation. Due to the difficulty of findingmultiple people who are bilingual in English and Korean and at the same time have professional knowledge in this field, using diverse translation method was not feasible. McGorry (2000) pointed that one-way translation method costs less amount of expense and time compared with other methods. Also, as indicated in the study of Cha, Kim, and Erlen (2007), there are no unified standard for translation

methods. Some research environment may not allow application of decentering or committee approach depending on the availability of resources.

However, this does not mean that we overlooked the validity of the translated scale. First, the questions were translated into Korean by a translator who is Korean and fluent in English. Then the translated version was sent to English department in Kyungpook National University together with English version. The department examined Korean and English version of the scale.According to the feedback from English department, five changes were made to make the questionnaire more understandable. Then the revised version of the scale was sent to two Korean native speakers who do not have much English knowledge. They were asked to examine the questionnaire if there are any unnatural words or phrases. This was to confirm that the translated scale does not include awkward literal translation and reflects correct vocabulary and expressions. They requested two minor revisions.

Once the validity process has been completed, the questionnaires were distributed to employees in the Exco district in Daegu, Korea.Daegu is the third largest city in Korea, and Exco district is an important trading zone consists of variety of SMEs.The employees were informed about the purpose of the study and questionnaires were given in person or sent via e-mail and were collected in a similar way.

4.3. Measures

In this research, paternalism scale created by Aycan (2006) was tested. Paternalism or paternalistic leadership refers father-like behaviour or attitude seen from supervisors when he or she treats employees. In other words, paternalistic manager expresses care, affection, or sometimes authority to employees and expects loyalty and faith in return. Answers were formed according to 5-Likert scale (1 = Completely disagree to 5 = Completely agree). The scale has five different dimensions with 21 items; family atmosphere at work, individualized relationships, involvement in employees' non-work lives, loyalty expectation, and status hierarchy and authority. The factor 'Family atmosphere at work' includes items measuring how an employer treats employees like family member such as 'behaves like a family member (father/ mother or elder brother/ sister) toward his/ her employees'. 'Individualized relationship' factor measures the degree of close relationship between an employer and employees such as 'places importance to establishing one-to-one relationship with every employee'. The third factor, 'involvement in employees' non-work lives', have items to examinean employer's care for employees outside of work environment such as 'is ready to help employees with their non-work problems (e.g. housing, education of the children, health etc.) whenever they need it'. 'Loyalty expectation'examines whether an employer values loyalty or performance from employeesas a return for his or her care. The dimension for example, has

Table 1: Psychometric Information of the Measure

Dimensions / characteristics	Family atmosphere at work	Individualized relationships	Involvement in employees' non-work lives	Loyalty expectation	Status hierarchy and authority
Definition	how an employer treats employees like family member	close relationship between employer and employees	employer's care for employees outside of work environment	employer values loyalty or performance from employees as a return for his or her care	employer is authoritarian and wants to make decisions by him/herself
Number of Items	5	4	4	3	5
Standard Deviations	4.734	2.804	3.176	2.287	3.145
Cronbach's Alpha	0.912	0.623	0.785	0.575	0.6

an item 'expects loyalty and deference in exchange for his or her care and nurturance'. Lastly, 'status hierarchy and authority' dimension measures whether an employer is authoritarian and wants to make decisions by him/herself, such as 'wants to control or to be informed about every work-related activity'. The reliability of this studywas .902.

5. RESULTS

5.1. Descriptive Statistics

The average value of the 21 items was 3.222. For the item that showed the highest value of mean score was 'attends special events of employees e.g. weddings, funeral ceremonies, and graduations etc' (3.870). Both male and female agreed on this item. On the contrary, the item with the lowest mean score (2.802) was 'behaves like a family member (father/mother or elder brother/sister) towards his/her employees'. Not only male but also female respondents somewhat disagreed to this item. The item that showed the clear gender difference in the answer was 'is prepared to act as a mediator whenever an employee has problem in his or her private life e. g. marital problems'. Male respondents fairly agreed to this item whereas female respondents neither agree nor disagree on this item. Additionally, psychometric information of the measure is presented on the Table 1.

5.2. Confirmatory Factor Analysis

The model fit was analyzed using AMOS 16.0. Maximum Likelihood solution, which is the most common and default method, was selected for estimation. The data was non-normal. There have been studies that support usage of ML solution with non-normal and relatively small sample size data

(Hau & Marsh, 2004; Olsson, Foss, Troye, & Howell, 2000).

CFA was conducted as the original 5 factor model with 21 items. The analysis revealed that the model fit with Korean samples is acceptable ($df = 179$, $\chi^2 = 415.9$, Comparative Fit Index [CFI] = 0.83, Tucker-Lewis Index [TLI] = 0.80, the Root Means Square Error of Approximation [RMSEA] = 0.101). The factor loading of the item 8 'shows emotional reactions, such as joy, sorrow, anger, in his or her relationships with employees'was low and not significant. Therefore, the item was omitted. The model fit has shown slight increase ($df = 160$, $\chi^2 = 361.3$, CFI = 0.851, TLI = 0.824, RMSEA 0.098). The next item with low factor loading and insignificant p-value was item 19 'asks opinions of employees about work-related issues, however, makes the last decision himself or herself'. After omitting this item, the model fit again has been improved ($df = 142$, $\chi^2 = 314.9$, CFI = 0.87, TLI = 0.843, RMSEA = 0.097).

In order to investigate the model fit, the researchers compared the result with other nested models. When it comes to four factor model, items in the second factor and fifth factor may be perceived similar to Koreans. A manager who wants to care about an employee's personal aspect would want to closely monitor and control the employee's work-related activities as well. Therefore, the second and the fifth factor were grouped together. The fit index of four factor model is indicated on the Table 2. The fit index represented that five factor model is more appropriate than four factor model. However, when delta χ^2 and df were examined from the χ^2 table, the p-value was around .06. This indicates that five factor model is slightly better than four factor model and four factor model is an alternative of five factor model.

Table 2: Fit Index of Nested Models

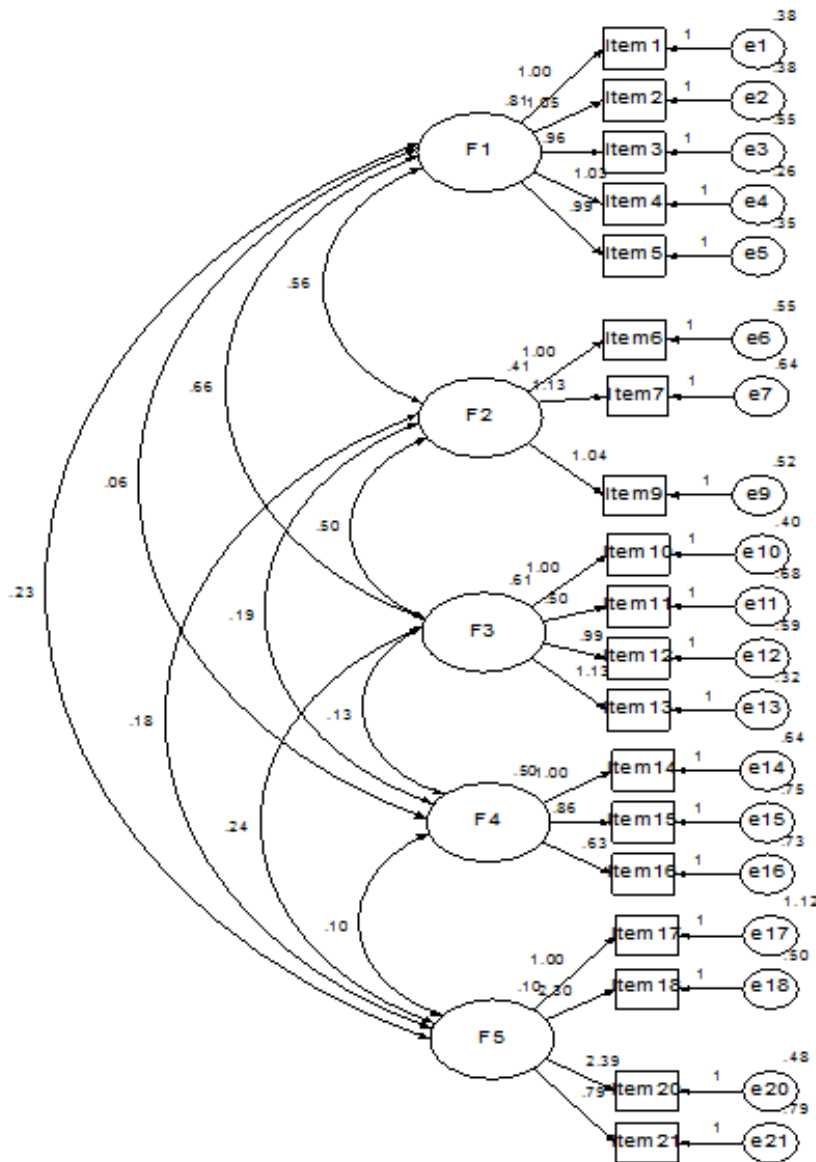| Model	Df	χ^2	χ^2 diff	RMSEA	CFI
Five factor model	142	314.9		.097	.870
Four factor model (second + fifth combined; first; third; fourth)	146	323	8.1	.097	.866
Three factor model (second + third + fifth combined; first; fourth)	149	334	12.9	.098	.860
Two factor model (first + second + third + fifth combined; fourth)	151	363.7	26.2	.104	.839
One factor model	152	397	34	.111	.815

Figure 2: Five Factor Model of Paternalism Scale with 19 Items

In terms of three factor model, adding to second and fifth factor, the third factor 'involvement in employees' non-work lives' was included. A manager who values individual relationship with an employee would appreciate non-work lives of the employee as well.

When an employee has a paternalistic leader, his or her experiencing family atmosphere at work might be originated from maintaining personal relationship with the supervisor. Therefore, the first factor was included for the two factor model. Model fit index of each alternative model are represented on the Table 2.

Hair et al. (2010) suggested that χ^2:df ratio should be 3:1 or less and in that case, the models are considered as better-fitting model. Examining the model fit index from above shows that the model fairly fits the sample. Further discussions on the best model and alternative model are presented in the next section.

6. DISCUSSION

Paternalism is an important issue that needs in-depth examination because definitions of paternalism have some differences according to the culture. In the East Asia which is represented with

Korea, Japan and China, it can be seen that paternalism is prevalent in the work place. Despite the fact that leaders in Korea are likely to show paternalistic character, there have been few studies based on paternalism. Also, there have been requests on cross-cultural studies for building validity on paternalism studies (Aycan, 2006; Pellegrini & Scandura, 2008), but recent studies are mostly revolving around Chinese context (Hsieh & Chen, 2011). Due to the distinctive characteristic of *Chaebol*, large conglomerates were excluded in the study. This study aimed to measure occurrence of paternalism in Korean SMEs. 131 samples were collected from employees in Daegu, Korea. The survey questions were based on paternalism scale developed by Aycan (2006).

According to the result of descriptive statistics, the overall mean value of the answers was lower than expected (3.222). Also the item that showed the lowest value was 'behaves like a family member (father/mother or elder brother/sister) towards his/her employees'. These two results indicate that even though managers in Korea have paternalistic character, the degree of paternalism is not as high as it is generally perceived. The explanation can be applied from the study of Chang (1999). Chang pointed out that the traditional paternalistic culture of Korean organizations began to collapsewhen the organizations laid off great amount of employees during the economic crisis in 1997. Before the crisis, Korean organizations were based on personal relationships and seniority management. However, the intervention of International Monetary Fund changed the government's regulations such that organizations can lay off employees with 60 days prior notice. During the harsh chaos of survival, more than half of organizations implemented huge layoff of employees based on their performance. The economic crisis transformed the foundations of Korean organizational culture from family-like-relationship into competition- and performance-based. Considering the change, it is logical that leaders in nowadays performance-based Korean organizations show less degree of paternalistic character than expected. In a way, it can be said that paternalism of today is a pale shadow of the paternalism of the past.

A supervisor's attendance to employees' family events showed the most of agreement from both male and female employees. Yang's (2006) study supports the finding; Koreans have strong *woori* mentality which refers "we-ness". As a collective society, it is very common in Korean workplace to examine individual differences or identity disappearing inside of a group and the group members call each other *woori*. S. Kim (2005) defined it as "we-spirit";the group norm and group

identityrepresents the whole individuals. Yang (2006) also pointed that *Jeong* is an emotional status that people share between each other. *Jeong*-related emotions are defined into seven concepts such as happiness, anger, worries, sadness, joy, hate, and fear. *Jeong* plays a role as a bridge to connect different individuals in *woori* group. When these cultural aspects occur in workplace, Korean employees enjoy gathering after work, going to have meal or drink together. One of the most common activities employees do for each other is to participate in colleagues' or supervisors' family events such as wedding, funeral, or children's birthday. Oh, Chung, and Labianca (2004) proposed that 'informal social ties' are very important in Korean workplace. The study also presented, by citing the interview with Korean executives, that in Korea it is very important whether one knows another personally, not only in the workplace but also outside of the workplace. Most of important decisions are generally discussed in advance informally, and the formal gathering such as meeting is just a process to officially announce the decision. Therefore, building personal relationship is very important in Korea. The discussions above explain why there was the highest score of attending family events of colleagues' or supervisors'.

When it comes to supervisor's advice or help for personal life, male respondents showed more agreement than female respondents. According to Korean Statistical Information Service (2013), 77% of the managers in Korea are male. Therefore it is considered that since most of supervisors are male, female employees tend to feel that intervention of private life from supervisor is unlikely.

Confirmatory factor analysis presented that the original five factor model is appropriate to study paternalism in Korean workplace. The diagram of five factor model with 19 items is presented on the Figure 2.This finding is considered as evidence for Aycan's assumption that paternalism is multidimensional and paternalism do occur in countries with high collectivism, and high power index (2006; Aycan et al., 2000). Additionally, it is confirmed that the paternalism scale is applicable in Korean SME contexts. The study of Cheng et al. (2014) included Korean private organizations as sample. Yet, there was no distinction between *Chaebol* and SMEs. Considering the remarkable difference between large conglomerates and SMEs, the SMEs-only sample of this study reflects valid results.

As an alternative of the five factor model, the analysis indicated that four factor model might work well in Korean context also, as second and

fifth factor combined. One may be deceived that these two factors are not related due to the name of the factors. However, when items in the two factors considered, it is logical to view that Koreans may perceive the two factors similar with each other. The items in the second factor 'individualized relationships' refers managers who try to build close personal relationship with employees and care for employees' personal developments at the same time. The items in the fifth factor 'status hierarchy and authority' includes manager's character that is generous and understandable but strict at the same time. These characters are parallel with traditional Korean fathers. According to U. Kim and Park (2000), the role of father in Korean family is to maintain the reputation and value of the family. While mother is doing housework and teaching children to respect the father, father has the authority as the head of the family. He is supposed to be strict and benevolent at the same time to protect the children and to prosper the family. Considering the traditional father figure, it is very likely that Koreans perceive the items in the two factors as constituents that share the similar characteristics. A manager in an organization cares for employees and shows the personal interest to employees yet possesses strong authority and power on decision making, just like a father in a family.

Pellegrini and Scandura (2006) provided in depth discussion on paternalistic leadership style in Turkey. They measured paternalism through the 13 items of Aycan's scale, which was preparatory step for the scale used in this study. The study found that Turkish business organizations have paternalistic value and the value works as a moderator between Leader-member exchange and job satisfaction.Previously in literature review, it has been stated that Turkey shows high paternalistic value (Aycan et al., 2000). Therefore, the findings guide us to the point that both Turkish and Korean leaders treat their employees as family members. The reasons for Korean paternalism have been discussed as Confucian values and collectivistic culture. Turkey is also a highly collectivisticcountry (Hofstede, 1997) yet, Confucian value does not exist in Turkey. Pellegrini and Scandura (2006) discussed that the prevalence of paternalism in Turkey might be originated from military *Coup d'Etat*. Due to the high power distance and hierarchical structure in military, experiencing three times of military *Coup d'Etat*in 1960s and 1980s have increased the paternalistic tendency. They also suggested that long lasted Ottoman Empire created complicated bureaucracy system which influence on paternalistic work environment. Another factor suggested was unstable economy. Pellegrini and Scandura proposed that when economy is precarious, employees want to feel secure and protected in their workplace. Paternalistic leadership is an effective strategy to make employees feel that they are cared and protected by their supervisors.

The researchers believe that paternalism in Turkey is originated from its history. Guvenc (1995) wrote that Turks are nomad and nomadic society has army-like structure; clear hierarchy and high power distance. To rule the nomadic society, powerful leader who has strong authority was a must; ancient leader figures such as Atilla the Hun, or Osman Bey were paternalistic leader. In modern Turkey, Ataturk is another leader figure who was strong, powerful, and paternalistic. Not only during the nomadic period, but also Ottoman Empire affected the modern Turkish society in many ways. Aldemir et al. (2000) presented that one of the values of the time was unquestionable 'faith'. Timmerman (2000) stated that the concept of "Father State" (*Devlet Baba*) and "Motherland" (*Anavatan*) were widely accepted in Ottoman Empire which represent patriarchical and paternalistic characteristic of the empire. Mocan-Aydin (2000) also pointed that Turkish people perceive the state as father; therefore, the father state have authority and people respect the authority. Recalling the Turkish history brings the insight on how paternalism value exists in modern Turkish society.

7. CONCLUSIONS AND IMPLICATIONS

This study contributes on building empirical block of studies on paternalism and paternalistic leadership. Considering the fact that few studies have been conducted with respect to Korean paternalism, this study bears significance in comprehending Korean paternalistic leadership. The result of CFA showed that the five factor model of Aycan (2006) is applicable to Korean SMEs andthese factors are appropriate to examine the Korean paternalistic leadership. Even though both Turkish and Korean organizations showed high value on paternalism with some reasons such as collectivism and high power distance, other reasons are originated from different area; Confucianism and experience of economic crisis in Korea and having thousands of years of nomadic army history, military *Coup d'Etat*, complicated bureaucracy, and economic instability in Turkey. Keeping pace with rapidly increasing cultural and business exchange between Turkey and Korea, the study provides insight on similar and different aspects of each culture.

This study has four suggestions. First, the study can be broadened with a larger sample. Larger sample size is expected to create better fit index with the

Paternalism scale. Also, the model fit difference between five factor model and four factor model would increase with larger sample. Second, future studies may consider large conglomerates, so called *Chaebol*. This study included only SMEs due to their characteristic differences. It is assumed that *Chaebol* may have distinctive paternalistic leadership style from that of SMEs. Therefore, studying leadership style in *Chaebol* and compare it with leadership style of SMEs would formulate a meaningful research. Third, since the scale is proved to be applicable in Korea, future studies may collect more data from Turkish SMEs and Korean SMEs and compare the findings. The direct comparison will provide deeper understanding for cross-cultural studies. Lastly, studying how managers or supervisors perceive their own paternalistic leadership behaviour may contribute on paternalism literature. Measuring how paternalistic leadership is conducted by supervisors would provide insights on different perspectives of paternalism. Also, comparison on perception of paternalism between employees and employers would be able to create significant findings in paternalism research.

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