**TRANSFORMING SERVANT LEADERSHIP TO IMPROVE EMPLOYEE PERFORMANCE: PERSPECTIVES ON ORGANIZATIONAL COMMITMENT**

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**Abstract**. *This study aims to investigate the effect of servant leadership on employee performance, the effect of servant leadership on organizational commitment, the effect of organizational commitment on employee performance, and the effect of servant leadership on employee performance through organizational commitment as an intervening variable. The research locus includes five manufacturing companies in Bogor Regency, with a sample of 250 respondents using quota sampling. The study employs a survey method with a quantitative approach and data analysis using Structural Equation Modelling – Partial Least Square (SEM-PLS). The results of the study indicate that servant leadership has a direct, positive, and significant effect on employee performance. This suggests that a leadership style emphasizing service and empowerment of employees can enhance their productivity and work effectiveness. Furthermore, servant leadership also has a direct, positive, and significant effect on organizational commitment. Employees who feel cared for and supported by their leaders tend to exhibit higher loyalty and commitment to the organization. Additionally, the study finds that organizational commitment has a direct, positive, and significant effect on employee performance. Strong commitment to the organization motivates employees to work harder and achieve better results. Moreover, organizational commitment is found to mediate the relationship between servant leadership and employee performance, indicating that the effect of servant leadership on employee performance largely occurs through the enhancement of organizational commitment. This study provides practical implications for managers and organizational leaders to adopt a servant leadership style to improve employee performance. By enhancing organizational commitment, leaders can maximize employee potential and achieve organizational goals more effectively.*

**Keywords**: *Employee Performance; Organizational Commitment;*

*Servant Leadership;Structural Equation Modelling*

# 1. INTRODUCTION

Human resources play a crucial role in the success of organizational activities. This is because human resources are one of the most important factors that will be directly involved in the implementation of organizational activities and play a role in enhancing the organization to achieve its goals. Organizations must manage their human resources to improve their performance. Organizational leaders play an important and influential role in the success of an organization in achieving its goals.

Leadership style is considered the first and most important aspect of the success or failure of an organization. Efforts to improve performance across all employees in a company can be influenced through a leadership style approach, and servant leadership can influence employee performance (Agatha and Go, 2021). This can also be influenced by organizational commitment (Sumiatik, Sarkum, and Ritonga, 2021). Commitment has a strong relationship and emotional connection with the organization.

Servant leadership is a leadership style that prioritizes the needs of employees and encourages them to grow and reach their full potential. Research on servant leadership and its impact on employee performance has become a popular topic in recent years, indicating the importance of this leadership style in a modern organizational context. Greenleaf (1970) introduced the concept of servant leadership as leadership that focuses on serving others first, with attention to employee well-being and personal growth. Recent research by Liden et al. (2014) shows that servant leadership can improve employee performance through increased job satisfaction and employee engagement. This indicates that when leaders prioritize employee well-being, employees are more likely to feel valued and motivated to deliver their best performance.

Organizational commitment, defined as the extent to which employees feel attached to their organization and wish to maintain their membership in the organization (Meyer & Allen, 1991), has been proven to be an intervening variable that strengthens the relationship between leadership style and employee performance. Mathieu & Zajac (1990) and Prasetya & Wardhani, (2016) found that organizational commitment can be an important bridge in enhancing the effectiveness of leadership on employee performance outcomes. However, most research on servant leadership and employee performance does not consider organizational commitment as an intervening variable. For example, research by van Dierendonck (2011) shows that although servant leadership can increase organizational commitment, further research is needed to test how organizational commitment mediates this relationship.

An analysis by Eva et al. (2019) highlights that much servant leadership research focuses on specific industries such as education or healthcare, so cross-industry studies are still rare. This research underscores the need for more comprehensive and cross-sectoral studies to understand how servant leadership and organizational commitment interact in various contexts. This is important because each industry has unique dynamics that can affect the effectiveness of servant leadership. In the context of research in Indonesia, Sinta (2022) stated that servant leadership significantly influences employee performance, whereas research by Randy (2022) stated that servant leadership has no influence and is not significant on employee performance. Research by Dani and Mujanah (2021) stated that organizational commitment affects employee performance, while research by Hendri and Kirana (2021) stated that organizational commitment has a negative and insignificant effect on employee performance.

Servant leadership has significant potential in the manufacturing industry with various substantial benefits. This leadership style enhances employee performance through increased job satisfaction and engagement, which are crucial for productivity and quality output. Additionally, servant leadership can reduce employee turnover rates by creating a supportive and inclusive work environment, thereby increasing organizational commitment (Eva et al, 2019). In an industry that prioritizes safety, leadership focused on employee well-being can foster a safer work culture and strengthen adherence to safety procedures. Moreover, servant leadership encourages innovation and continuous improvement by involving employees in decision-making, and it builds a strong and positive work culture, essential for operational efficiency and organizational alignment. Therefore, the application of servant leadership can help manufacturing companies achieve higher performance and create a harmonious and productive work environment. The problem statement proposed in this research is: "How does organizational commitment mediate the relationship between servant leadership and employee performance in manufacturing industrial contexts?"

# 2. LITERATURE REVIEW

* 1. *Servant Leadership*

Servant leadership focuses on leaders prioritizing the well-being and development of their team members. Greenleaf (1977) introduced the concept, highlighting that servant leaders are characterized by their willingness to serve first and lead second. This leadership style includes attributes like empathy, listening, stewardship, and commitment to the growth of people (Spears, 2004). Recent studies have expanded on these principles, demonstrating that servant leadership positively affects various organizational outcomes, including employee performance, job satisfaction, and organizational citizenship behavior (OCB) (Liden et al., 2014). Van Dierendonck (2011) provided a comprehensive review, emphasizing the multi-dimensional nature of servant leadership and its impact on organizational dynamics.

* 1. *Employee Performance*

Employee performance is a critical measure of organizational success, encompassing both the quality and quantity of work produced by employees. Performance can be influenced by numerous factors, including leadership style, organizational culture, and individual motivation. Servant leadership has been shown to enhance employee performance by fostering a supportive environment that encourages professional growth and intrinsic motivation (Jaramillo et al., 2009). Hunter et al. (2013) found that servant leaders, by prioritizing employees' needs and well-being, create conditions conducive to high performance.

* 1. *Organizational Commitment*

Organizational commitment refers to the psychological attachment and loyalty that employees feel towards their organization. It is typically divided into three components: affective commitment, continuance commitment, and normative commitment (Meyer & Allen, 1991). Servant leadership can enhance organizational commitment by creating a positive work environment where employees feel valued and supported. This increased commitment can, in turn, lead to improved employee performance. Neubert et al. (2008) demonstrated that servant leadership positively affects organizational commitment, which subsequently boosts performance outcomes.

* 1. *Hypothesis Development*

The intervening role of organizational commitment in the relationship between servant leadership and employee performance has been explored in several studies. Organizational commitment acts as a mediator that can explain how and why servant leadership leads to better performance. Liden et al. (2014) conducted a study that highlighted the mediating role of organizational commitment in the relationship between servant leadership and employee performance. Their findings suggest that servant leaders enhance employee commitment, which in turn leads to improved performance. Similarly, Jaramillo et al. (2009) found that organizational commitment mediates the relationship between servant leadership and job performance, indicating that committed employees are more likely to perform better under servant leadership. Thus, the hypotheses proposed are as follows:

H1: There is a positive effect of Servant Leadership on Employee Performance

H2: There is a positive effect of Servant Leadership on Organizational Commitment

H3: There is a positive effect of Organizational Commitment on Employee Performance

H4: There is a positive effect of Servant Leadership on Employee Performance through Organizational Commitment

# To clarify the relationship between variables can be seen in Figure 1 below:

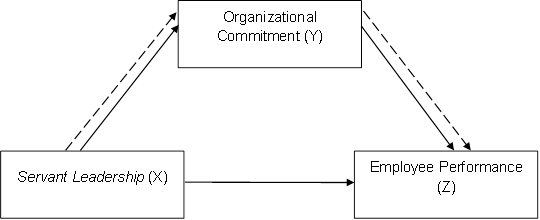


Figure 1. Relation Between Variables

# 3. RESEARCH METHODS

*Research Method*

This study employs a survey method with a quantitative approach. Quantitative research is a type of research that is systematically deep, clearly structured from start to finish. The research method used is causal research, which aims to determine the cause-and-effect relationship between variables.

*Population and Sample*

The research locus consists of five manufacturing companies in Bogor Regency, because in the manufacturing industry, servant leadership is effective as this sector often involves repetitive work that can lead to fatigue. Leadership that focuses on employee well-being helps mitigate this negative impact by ensuring they feel supported and valued. Additionally, manufacturing relies on teamwork and collaboration for production efficiency, and servant leadership strengthens these aspects. This leadership style also encourages employees to feel responsible for their work outcomes, improving quality and reducing production defects. Challenges in employee retention are addressed by building strong relationships and providing consistent support, reducing turnover and retaining valuable skills and experience. The research period started in January 2024 and concluded in June 2024. The population in this study is 4,100 employees. The sampling technique used is quota sampling, with 50 permanent employees taken from each company. Based on this explanation, the sample in the study totals 250 respondents. This determination can be seen in Table 1 below.

Table 1. Research Sample Determination

Source: Processed data in 2024

*Data Collection Technique*

This study uses primary data obtained directly from the distribution of questionnaires. Conversion of ordinal data to interval data using the Method of Successive Intervals (MSI) is a technique frequently employed in social and psychological research (Kulas et al, 2021). This method assumes that each ordinal category can be mapped onto an interval scale with equal or different intervals between categories. The conversion steps include: (1) Ordinal Category Structuring, where the ordinal categories in the data are determined, for example, a Likert scale with 5 levels such as "Strongly Disagree," "Disagree," "Neutral," "Agree," and "Strongly Agree"; (2) Frequency Collection, calculating the frequency of each category which will be used to compute the cumulative distribution; (3) Cumulative Distribution, calculating the cumulative distribution for each category, which is the cumulative percentage of respondents who selected that category or any lower category; (4) Conversion to Z-Scores, using a standard normal distribution table to convert the cumulative distribution into Z-scores representing each category's position on the standard normal scale; and (5) Interval Scaling, determining the interval value for each category based on the calculated Z-scores, allowing these Z-scores to be interpreted as interval values for each ordinal category.

*Research Variables and Operational Variables*

The dependent variable used in this study is employee performance (Z). The independent variable being studied in this research is servant leadership (X), and there is also an intervening variable, which is organizational commitment (Y). To clarify the operational variables, the researcher will describe them in the table:

Table 2. Operational Variables

*Data Analysis Method*

This study employs the SEM-PLS (Structural Equation Modeling – Partial Least Square) data analysis technique, which is a robust method used to assess complex relationships among observed and latent variables. The SEM-PLS approach is particularly advantageous in handling small sample sizes and does not require the data to be normally distributed (Hair et al, 2019;Hensler et al, 2015). The process involves measuring the model (outer model) and evaluating the model. In the outer model, the relationships between latent variables (constructs) and their corresponding observed indicators (measured variables) are examined. For reflective models, this involves assessing indicator reliability by examining loadings, internal consistency reliability using composite reliability (CR) and Cronbach's alpha, convergent validity through average variance extracted (AVE). After validating the outer model, the structural model (inner model) is evaluated to assess the relationships between the latent constructs. This includes checking for collinearity among predictor constructs using the variance inflation factor (VIF), assessing the strength and significance of relationships through path coefficients, and evaluating the explanatory power using the coefficient of determination (R²).

# 4. RESULTS AND DISCUSSION

*Respondent Characteristics*

In this study, the respondent data are categorized based on gender and age. In this study, it can be observed that the majority of respondents are male, accounting for 71.4%, while female respondents make up 28.6%. Based on the study results, it can be concluded that there are more male respondents than female respondents. Furthermore, the age distribution shows that 31.4% of respondents are aged 21-30 years, 40% are aged 31-40 years, 22.9% are aged 41-50 years, and 5.7% are over 50 years old. Based on the study results, it can be concluded that the majority of respondents are in the productive age group of 31-40 years.

# Table 3. Respondent Characteristics

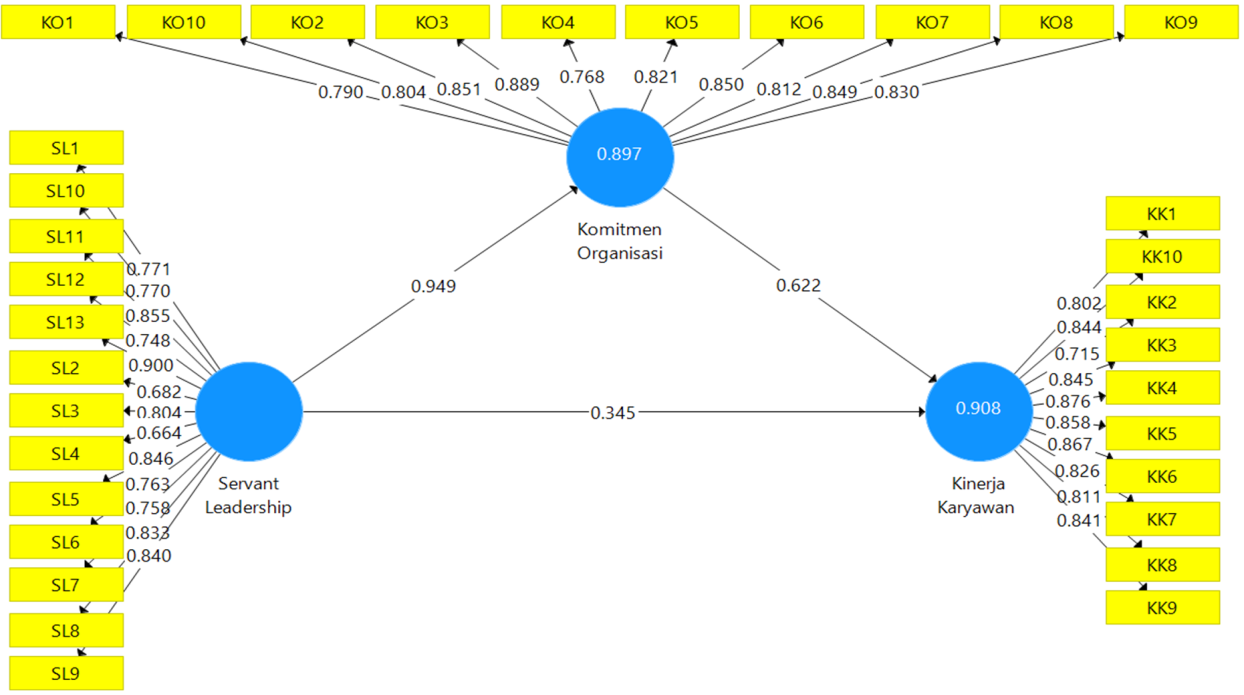
Sources : Processed data in 2024

***Evaluation of the Measurement Model (Outer Model)***

According to Ghozali (2021), the outer model, also known as the Outer Relation or Measurement Model, aims to specify the relationships between latent variables and their indicators.

***Construct Validity***

To evaluate construct validity, the loading factor values are examined, providing an illustration of the strength of the correlation between the construct and its indicators. If the loading factor value is greater than 0.6, the validity is considered to be met, can be seen in figure 2 below.



Employee Performance

Organizational Commitment

Figure 2. Value of Loading Factor

# Sources : Processed data in 2024

# All the statement indicators for each variable have a loading factor value greater than 0.6. Thus, all the statement indicators used for each variable can be declared valid. The validity of a variable can also be determined by the AVE value. The AVE value of each construct indicates which variables act as reflective indicators. A latent variable is considered valid if it has an AVE value greater than 0.5, can be seen in Table 4 below.

Table 4. Root of Square AVE and AVE

|  |  |  |
| --- | --- | --- |
| ***Construct*** | ***Average Variance Extracted* (AVE)** | **Root of Square**  **AVE** |
| Employee Performance | 0,688 | 0,830 |
| Organizational Commitment | 0,684 | 0,827 |
| *Servant Leadership* | 0,624 | 0,790 |

Sources : Processed data in 2024

The test results of the AVE values for the variables of employee performance, organizational commitment, and servant leadership show AVE values greater than 0.50. Thus, all latent variables can be declared valid.

*Discriminant Validity*

For testing discriminant validity, reflective indicators are used, which will be evaluated with cross-loading values. If the cross-loading value of each indicator with its construct is higher than the cross-loading value of each indicator with other constructs, then the PLS model will have good discriminant validity, can be seen in Table 5 below.

Table 5. Value of Cross-Loading

Sources: Processed data in 2024

The test results show that the cross-loading values of each indicator with its construct are higher than the cross-loading values of each indicator with other constructs. Additionally, all cross-loading values for each indicator on the latent variables of employee performance, organizational commitment, and servant leadership are greater than 0.6. Thus, the PLS model in this study has good discriminant validity and is declared valid.

*Construct Reliability*

The evaluation of construct validity can be measured using Cronbach's Alpha and Composite Reliability. A statement indicator can be declared reliable if it has a Cronbach's Alpha value greater than 0.7 and a Composite Reliability value greater than 0.7.

Table 6. Value of Cronbach’s Alpha dan Composite Reliability



Sources : Processed data in 2024

The results show that the variables of employee performance, organizational commitment, and servant leadership have Cronbach's Alpha and Composite Reliability values greater than 0.7. Thus, all variables in this study can be declared reliable.

# *Model Evaluation*

# Model evaluation is used to determine the direct and indirect effects between variables. The R-Square value explains the significant influence of specific exogenous latent variables on endogenous latent variables in hypothesis testing. The higher the R-Square value, the better the proposed prediction model and research model.

# Table 7. Results of R-Square

|  |  |  |
| --- | --- | --- |
| **Variable** | ***R-Square*** | ***R-Square Adjusted*** |
| SL → KK | 0,914 | 0,908 |
| SL → KO | 0,900 | 0,897 |

Sources : Processed data in 2024

In Table 7, the test results show that the direct effect of servant leadership on employee performance has an R-Square value of 0.914 with an Adjusted R-Square value of 0.908. Therefore, it can be concluded that servant leadership influences employee performance by 0.908 or 90.8%, indicating a strong effect. The test results also show that the direct effect of servant leadership on organizational commitment has an R-Square value of 0.900 with an Adjusted R-Square value of 0.897. Therefore, it can be concluded that the effect of servant leadership on organizational commitment is 0.897 or 89.7%, indicating a strong effect.

*Hypothesis Testing*

Hypothesis testing is conducted using bootstrapping techniques. In this method, the model is evaluated by examining the significance values to understand relationships between variables. This study employs a significance level of p-value 0.05 (5%) and a t-statistic > 1.96. For more details, in table 8 below you can see the results of hypothesis testing.

Table 8. Hypothesis Testing Results

Sources: Processed data in 2024

H1: Servant leadership has a direct positive and significant effect on employee performance with a parameter coefficient of 0.345; t-statistic value of 1.990 > 1.96, and p-value of 0.047 < 0.05. Thus, the hypothesis is accepted.

H2: Servant leadership has a direct positive and significant effect on organizational commitment with a parameter coefficient of 0.949; t-statistic value of 55.492 > 1.96, and p-value of 0.000 < 0.05. Thus, the hypothesis is accepted.

H3: Organizational commitment has a direct positive and significant effect on employee performance with a parameter coefficient of 0.622; t-statistic value of 3.615 > 1.96, and p-value of 0.000 < 0.05. Thus, the hypothesis is accepted.

H4: Organizational commitment mediates the indirect effect of servant leadership on employee performance with a parameter coefficient of 0.591; t-statistic value of 3.530 > 1.96, and p-value of 0.000 < 0.05. Thus, the hypothesis is accepted.

**DISCUSSION**

Servant leadership has proven effective in the manufacturing sector by enhancing employee performance and organizational commitment. Recent research indicates that leaders who prioritize the personal growth and well-being of employees create an environment where individuals feel valued and motivated to excel (Eva et al., 2020; Sousa & van Dierendonck, 2017). This leadership style builds trust and loyalty, fostering a sense of community and camaraderie that strengthens organizational commitment (Liden et al., 2014; Van Dierendonck, 2011; Ruslinawati & Prasetya SG, 2021). Organizations that implement servant leadership report increased productivity and work quality because intrinsically motivated employees tend to work more efficiently and produce high-quality output (Neubert et al., 2016). Additionally, servant leadership reduces turnover rates by building strong relationships and providing consistent support, making employees more satisfied and likely to stay with the organization (Hoch et al., 2018). Empirical studies reinforce these benefits, establishing servant leadership as a valuable approach in the manufacturing industry.

Furthermore, servant leadership significantly influences organizational commitment by exemplifying ethical leadership behaviors and providing consistent support to employees (Liden et al., 2015). This leadership style cultivates a strong emotional connection to the organization's goals and values, leading to heightened organizational commitment among employees. Studies consistently show that increased organizational commitment correlates positively with enhanced employee performance, as committed employees demonstrate greater dedication and alignment with organizational objectives (Meyer & Herscovitch, 2019). Moreover, organizational commitment serves as a pivotal mediator in the relationship between servant leadership and employee performance, highlighting its critical role in translating leadership practices into measurable performance outcomes within manufacturing contexts (Sendjaya et al., 2016). These insights underscore the transformative impact of servant leadership on both individual and organizational levels, making it a compelling strategy for fostering high performance and commitment in manufacturing industries.

# CONCLUSION

These findings highlight the critical role of Servant Leadership in enhancing both Organizational Commitment and Employee Performance. Effective leaders who practice Servant Leadership not only improve employee performance directly but also foster a stronger organizational commitment, which in turn further boosts employee performance. Therefore, organizations should focus on developing and nurturing Servant Leadership qualities in their leaders to achieve better overall performance and commitment from their employees.

**MANAGERIAL IMPLICATION**

To improve employee performance and organizational commitment, companies should develop servant leadership training programs, create a supportive work environment, strengthen communication channels, and promote employee development. Additionally, it is important to encourage collaboration, recognize and reward commitment, and regularly monitor and evaluate leadership practices. Strengthening organizational values, providing support for work-life balance, and ensuring top leaders exemplify servant leadership behaviors will also help enhance the positive impact of servant leadership on employee performance and commitment.

# RESEARCH LIMITATIONS

This study has several limitations, including a limited sample scope, making its results potentially not generalizable to all sectors. The data collected is largely self-reported, which may contain subjective bias. The short duration of the study may not capture the long-term dynamics of the influence of servant leadership

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