

Analysis of Servant Leadership on Employee Performance: An Empirical Study in Oil Palm Companies

Dahnier¹, Mohammad Adhiya Riswandha², Mohammad Yudy Rachman³

^{1,2,3} Department of Management, Faculty of Economic and Business Universitas Lambung Mangkurat

^{*1}Email: adhiyariswandha@gmail.com, ²Email: dahnier@ulm.ac.id

ABSTRACT

Submitted: 03-12,2023 **Purpose of the study** — *The focus of the research is to investigate and evaluate the influence of servant leadership on employee performance in South Kalimantan palm oil enterprises, incorporating organizational citizenship behaviors as the intervening variable.*

Accepted: 27-12, 2023 **Research method**— *This study employed a proportional random sampling technique involving 78 employees in palm oil companies in South Kalimantan. To evaluate the model, Structured Equation Modelling (SEM) was applied.*

Published: 20-01, 2024 **Result**— *The results reveal that servant leadership has a positive impact on employee performance and organizational citizenship behaviors. Additionally, as hypothesized, organizational citizenship behavior partially mediates the relationship between servant leadership and employee performance*

Conclusion— *These findings provide insights and a better understanding of how servant leadership plays a significant role in affecting employee performance in the organization, especially in the palm oil companies in South Kalimantan*

Keywords: Servant Leadership, Organizational Citizenship Behavior, Employee Performance



This work is licensed under a <https://creativecommons.org/licenses/by/4.0/>.

INTRODUCTION

Over the past few decades, servant leadership appears to be among the most promising and explored research in the field of organizational studies. Introduced by Greenleaf (1977), servant leadership is a particular kind of ethical governance in which

leaders put first the needs of their followers, essentially employees, customers, and other stakeholders, above their own. This emphasis on serving those around them transforms the centerpiece of leadership discipline away from only leading to harmonizing the role of leading and serving at the same time (Saleem et al., 2020).

According to Liden et al. (2015), the key attribute of servant leadership is to encourage integrity, support others, and make the best use of available resources. Some often find it confusing when contrasting the concepts of servant leadership and transformational leadership. Sousa and Dierendonck (2015) argue that this phenomenon occurs because these two types of leaderships share some overlapping characteristics. Hackman (2002) suggests that transformational leaders are highly talented individuals who provide a concise and unambiguous goal and encourage their followers to fight for that cause. On the other hand, instead of encouraging followers to accomplish their goal, servant leader places more emphasis on their subordinates' good attitude and behavior development (Saleem et al., 2020).

A myriad of research attempts to discover the relationship between servant leadership on organizational citizenship behavior and employee performance. Organizational Citizenship Behavior (OCB), introduced by Organ (1988), involves voluntary conduct which is not formally or unambiguously rewarded by the legal rewards system. OCB is associated with a person's choices and conduct that are not linked with any consequence for failing to exhibit such behavior.

Employee performance is defined as the consequences of someone's work in the organization at a particular point in time. Additionally, it also represents the extent to which a person or group satisfies the expectations of a job and its contribution toward organizational objectives (Robbins & Judge, 2008). Similarly, Abubakar et al. (2019) argued that employee performance primarily deals with what's being done and the results it produces, including what should be done and how to undertake it. For the past decades, the relationship between performance and leadership has received considerable concern among academics. For example, Thompson et al. (2021) revealed that leadership influences the performance of employees in the organization. Sabir et al, (2011) found that servant leaders successfully influence employee behavior in a positive way and increase employees' performance. Similarly, Harwiki (2013) organizational citizenship behavior (OCB) significantly affects employee performance. In line with the former, Jofreh and Jahandideh (2013) concluded servant leadership has a critical role in fostering OCB and enhancing the performance of employees.

This research, in particular, attempts to address the implications of servant leadership on employee performance, considering organizational citizenship behavior (OCB) as an intervening variable. Furthermore, this investigation employs a case study approach to oil palm plantation companies in South Kalimantan.

The trend that has been occurring in oil palm industries recently is that a number of leaders have begun to practice servant leadership, wherein staff members are continually provided with additional duties that are carried out voluntarily, and despite the fact that they commit errors or mistakes that are not in consistent with their job descriptions, leaders encourage their employees figure out solutions collectively. With the increasing competition in several business sectors and the lack of human resources, employees will voluntarily perform tasks beyond their main duties, which can be called organizational citizenship behaviors. The success of a leader in improving employee performance must implement servant leadership in the organization he manages so that it can improve employee performance.

On the roeport of Table 1, it is identified that the calculation of the cost of goods and the selling price of processed products from oil palm is of course very diverse and different. Overall, the table witnessed a fluctuating value throughout the period. This reflects that the performance of employees of oil palm companies, based on indicators in quantity or the number of targets set by each oil palm company in South Kalimantan, has not achieved results in accordance with the expected standards.

Palm oil companies are an interesting object to study because leaders are required to serve employees and employees are required to voluntarily improve their work creatively so that the organization can improve, in order to compete with other palm oil companies that have been around longer. Leaders who apply the servant leadership style are only a few sectors in the business line. Organizational Citizenship Behavior typically involves a variety of behaviors, including helping others, eagerly volunteering for other tasks, and willingly complying with rules and procedures at work. With high organizational citizenship behavior, it will improve employee performance, so that company goals are well realized. Thus, from the perspective of the researcher, evaluating the effect of servant leadership toward organizational behavior and employee performance is indispensable to be done especially in the case of oil palm plantation in South Kalimantan.

The rest of this paper is organized as follows. The subsequent part will provide a greater extent on the conceptual framework and modeling approach. Then, the findings of the study are presented and discussed. At last, the study's conclusions are given in this paper.

Table 1: Palm Fruit Bunches Prices 2023

Plant Age (Year)	CPO Price (Rp)	A = (2x3)	R-IS	Price IS (Rp)	B (5x6)	TBS Price =1x(4+7) (Rp)	Previous Month (Rp)	Difference	% NT Price
1	2	3	4	5	6	7	8	9	10
3	8,067.10	1,252.01	4.09%	3,830.19	156.65	1,179.75	1,041.74	138.02	13.25%
4	8,067.10	1,414.16	4.04%	3,830.19	154.74	1,313.95	1,161.62	152.33	13.11%
5	8,067.10	1,529.52	4.17%	3,830.19	159.72	1,414.73	1,251.20	163.53	13.07%
6	8,067.10	1,590.03	4.31%	3,830.19	165.08	1,469.89	1,300.04	169.85	13.06%
7	8,067.10	1,676.34	4.66%	3,830.19	178.49	1,553.41	1,373.63	179.78	13.09%
8	8,067.10	1,689.25	4.95%	3,830.19	189.59	1,573.52	1,390.80	182.73	13.14%
9	8,067.10	1,721.52	4.97%	3,830.19	190.36	1,601.19	1,415.43	185.76	13.12%
10	8,067.10	1,751.37	5.13%	3,830.19	196.49	1,631.32	1,441.89	189.43	13.14%
11	8,067.10	1,756.21	5.02%	3,830.19	192.28	1,631.84	1,442.65	189.19	13.11%
12	8,067.10	1,757.82	5.15%	3,830.19	197.25	1,637.37	1,447.23	190.14	13.14%
13	8,067.10	1,759.43	5.16%	3,830.19	197.64	1,639.04	1,448.69	190.34	13.14%
14	8,067.10	1,756.21	5.17%	3,830.19	198.02	1,636.66	1,446.54	190.12	13.14%
15	8,067.10	1,756.21	5.09%	3,830.19	194.96	1,634.09	1,444.47	189.62	13.13%
16	8,067.10	1,748.95	5.17%	3,830.19	198.02	1,630.57	1,441.11	189.46	13.15%
17	8,067.10	1,740.88	5.18%	3,830.19	198.4	1,624.14	1,435.35	188.79	13.15%
18	8,067.10	1,736.04	5.18%	3,830.19	198.4	1,620.09	1,431.73	188.36	13.16%
19	8,067.10	1,733.62	5.18%	3,830.19	198.4	1,618.06	1,429.92	188.14	13.16%
20	8,067.10	1,725.55	5.18%	3,830.19	198.4	1,611.30	1,423.89	187.41	13.16%

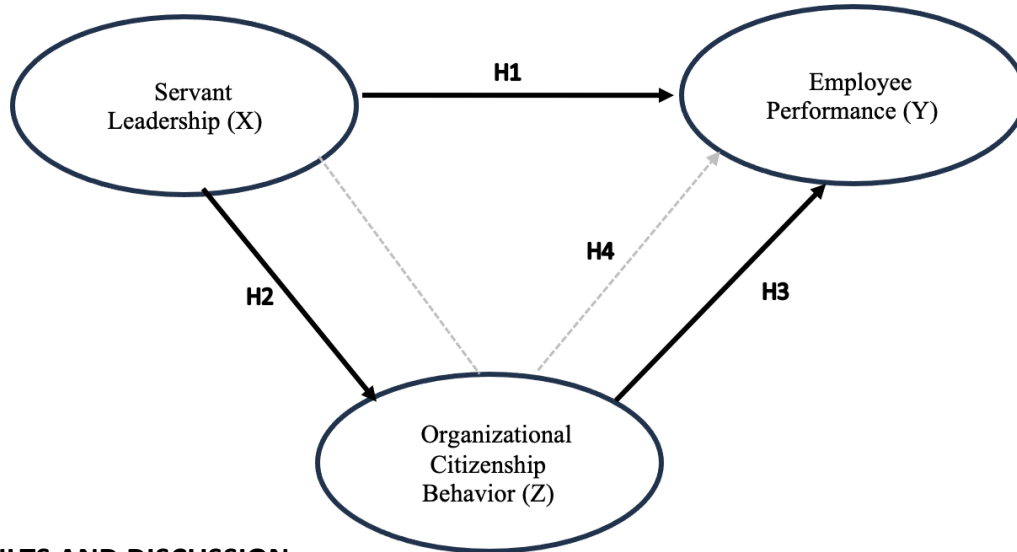
Source: Banjarbaru Plantation Service Data

METHOD

This research constructs a model to explore the association between servant leadership, (OCB) and employee performance. The following figure 1 exhibits the conceptual framework of the study.

This research employs a proportional random sampling technique and collects the data of respondents from local oil companies in South Kalimantan. In total, there are 78 permanent employees that become the final sample of this research. The research model is evaluated using Structural Equation Modelling-Partial Least Squared (SEM-PLS). According to Hair et al. (2017), using this approach allows more flexibility for researchers in evaluating data given that it is not reliant on meeting some statistical assumptions such as normality.

Figure 1: Conceptual Framework

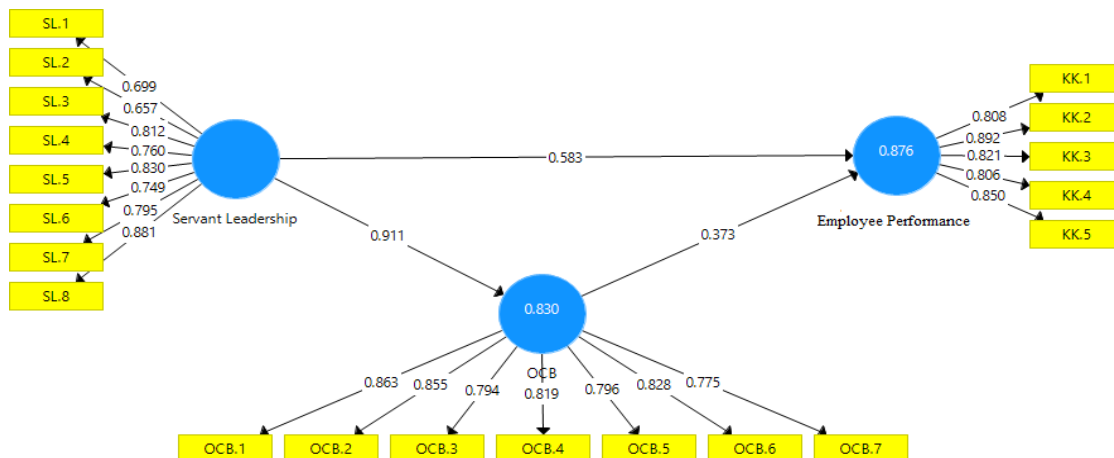


RESULTS AND DISCUSSION

Outer Model Analysis

The initial assessment of models addresses convergent validity. It reveals an association between reflective items and their latent variables. Individual reflexive dimensions are deemed constructively if they correspond with the evaluated construct more than 0.5 times. Figure 2 depicts the result of the factor loadings. As indicated by the results, every measure met the required criteria.

Figure 2 Algorithm of Outer Model



The second assessment to evaluate is Discriminant Validity. This type of evaluation aims to validate that all of the concept of every latent model is in contrast to other variables.. This

test attempts to understand the level of accuracy of measuring instruments executes its measurement function (Hair, 2010). The results of the test are presented in Table 2.

Table 2. Discriminant Validity

Item	Employee Performance	Oorganizational Citizenship Behavior (OCB)	Servant Leadership
EP1	.808	.74	.743
EP2	.892	.83	.829
EP3	.821	.74	.79
EP4	.806	.72	.704
EP5	.85	.75	.787
OCB1	.773	.86	.775
OCB2	.78	.86	.77
OCB3	.76	.79	.784
OCB4	.8	.82	.776
OCB5	.697	.8	.736
OCB6	.686	.83	.721
OCB7	.675	.78	.648
SL1	.632	.57	.699
SL2	.597	.52	.657
SL3	.806	.8	.812
SL4	.724	.76	.76

Table 2 demonstrates that the loading factor values for each indicator of each latent variable are still higher than the loading factor values when coupled with other latent variables. This implies that each latent variable has a high level of discriminant validity.

The subsequent evaluation test for the outer model is Average Variance Extracted (AVE). The construct is considered to be reliable when the value of AVE is > 0.50. The result reveals that all constructs have met the reliability criteria. Table 3 presents the AVE values for all variables.

Table 3. The Output of AVE

Variable	Average Variance Extracted (AVE)	Square root of AVE
Servant Leadership (X)	.602	.775
Employee Performance (Y)	.699	.836
Organizational Citizenship Behavior (Z)	.671	.819

The last assessment for the outer model is composite reliability. If the value of Cronbach's alpha is larger than .6, all constructs are judged to match the requirements. The outcome shows that all constructs met the dependability criteria. The outcome demonstrated that all constructs met the reliability criteria. The Composite Reliability results for all variables are shown in Table 4.

Table. 4 Reliability Test Output

Item	Cronbach's Alpha	Rho A	Composite Reliability
Servant Leadership	.904	.911	.923
Employee Performance	.892	.895	.921
Organizational Citizenship Behavior	.918	.920	.934

Structural Model Test (Inner Model)

This test aims to understand the relationships among constructs, significant value, and the coefficient of determination (Hair, 2010). Assessment of this part begins by considering the coefficient of determination. Table 3. exhibits the output of how good the estimation is.

Table 5 R Square Output

Item	R Square	R Square Adjusted
Servant Leadership → Employee Performance	0,876	0,871
OCB → Employee Performance	0,830	0,828

As shown in Table 5, the proportion of variance for servant leadership is 87.1%. This means that the model explains 87.1% of the variation in employee performance. Furthermore, the R-square for an OCB or Z variable is 0.713, or 71.3%. The aforementioned result indicates the model conveys 71.3% of the variability in employee performance, leaving the remaining 28.7% attributed to variables that are not addressed. According to Hair (2010), a r-square of 0.75 indicates a significant model, 0.5 indicates a moderate model, and 0.25 indicates a weak model

Hypothesis Testing Result

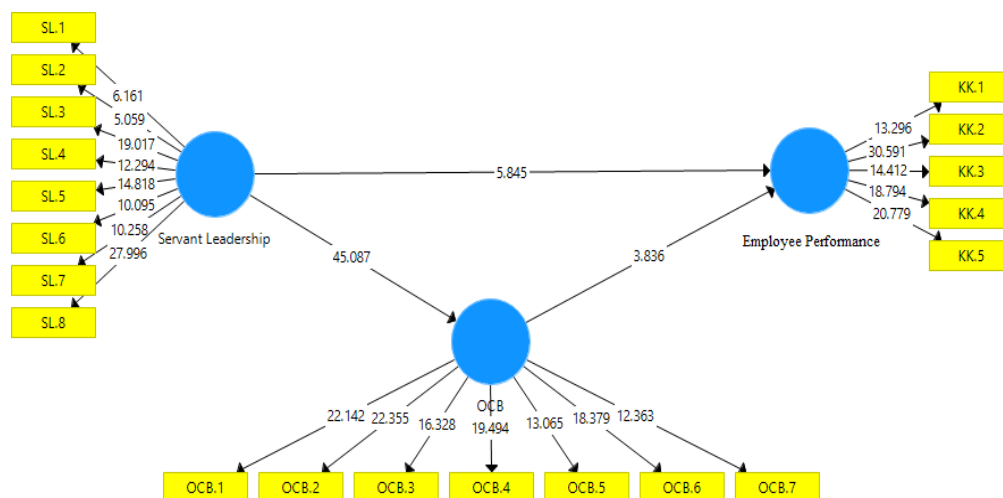
The remainder provides a test to determine whether or not each independent variable influences the dependent variable using path analysis. This study included two levels of assessment. The initial aim is to examine at the direct effect of Servant Leadership on employee performance and organizational citizenship behavior in palm oil companies. Subsequently, employing Organizational Citizenship Behavior as an intervention variable, the researchers would want to evaluate the indirect impact of Servant Leadership on Employee Performance

Table 6. Path Analysis

	Original Sample	Sample Mean	T Statistics	P-Value
Servant Leadership -> Employee Performance	.583	.595	5.845	.000
OCB -> Employee Performance	.373	.361	3.836	.000
Servant Leadership -> OCB	.911	.914	45087	.000
Servant Leadership -> OCB -> Employee Performance	.340	.330	3.764	.000

To clarify the results of data processing regarding the path coefficient values of direct influence and indirect influence, exhibit in Figure 3, the significance test was carried out using booth strapping model.

Figure 3 Booth Strapping



Servant Leadership's Impact on Employee Performance

According to table 6. The significance value, or P-value, is less than .05 (.000), with a t statistic of 5.845. With respect to these findings, it is possible to conclude that Servant Leadership has a considerable effect on employee performance in South Kalimantan palm oil enterprises. In other words, given that the leader could exercise his or her role as servant leader, this could boost the performance of employees in palm oil business. To measure employee performance, the parameter used consists of independence, quality, effectiveness, quantity, and timeliness.

Servant Leadership on Organizational Citizenship Behavior

In the original sample value of Servant Leadership is 0.911 and significant at p value of .000 and T statistics of 45.087. This means that if Servant Leadership in Palm Oil Companies in South Kalimantan is carried out optimally, it will increase Organizational Citizenship Behavior. Organizational Citizenship Behavior variable includes the indicators of helping behavior, compliance with the organization, employee courtesy, level of responsibility, level of loyalty to the organization, self-improvement, and societal status.

Organizational Citizenship Behavior on Employee Performance

In the original sample value of Organizational Citizenship Behavior was .373, This result suggests that if Organizational Citizenship Behavior in Palm Oil Companies in South Kalimantan is carried out optimally it will improve Employee Performance. To put it another way, performance of employee can take steps forward when employees can control and more importantly can select the best behavior for promoting organizational objective. The Employee Performance variable consists of independence, quality, effectiveness, quantity, and timeliness.

Servant Leadership on employee performance through OCB

Based on research finding, OCB partially mediates the association between servant leadership and employee performance. This is indicated by the output of the t statistics value (3.764), greater than the t-value of 1.96 with a significance level at one percent. Thus, it is likely to infer that the more leaders demonstrate the role as servant leader, the more employee will exercise OCB, the better the performance of employee in the organization

CONCLUSION

This study aims to analyze whether servant leader can influence the behavior exercised by employee and performance of employees in the organization. Based on the analysis along with the discussion in the preceding section, the following conclusions are drawn.

Servant Leadership is a good predictor of the performance of employees in South Kalimantan oil palm companies. If Servant Leadership is improved, the performance of employees of oil palm companies in South Kalimantan will escalate.

Servant Leadership positively affect OCB at Palm Oil Companies in South Kalimantan. When leaders can demonstrate their role as servant leaders, the level of OCB can get larger

OCB is proven to be positively affecting the performance of employees at Palm Oil Companies in South Kalimantan. This means that when employees demonstrate constructive actions which are not part of their main duty, it is likely that the performance of employees will magnify

OCB partially mediates the relationship between servant leadership and employee performance. This means that leaders who perform their role as servant leader could increase the performance of employees, given that the level of OCB also increases.

REFERENCES

- Abubakar, M. A., Hamzah, E., Maher, A. A., & Alev, E. (2019). Knowledge management, decision-making style, and organizational performance, *Journal of Innovation & Knowledge*, 4(2), pp. 104-114 <https://doi.org/10.1016/j.jik.2017.07.003>.
- Gerson, R.F. (2004). *Measuring Customer Satisfaction*. Jakarta: PPM.
- Greenleaf, R.K. (1977). *Servant leadership: A Journey Into the Nature of Legitimate Power and Greatness*. Paulist Press, New York, NY.
- Hackman, J.R. (2002). *Leading teams: Setting the stage for great performances*. Harvard Business School Press, Boston.
- Hair, J.F., Black, W.C., Babin, B.J., & Anderson, R.E. (2010) *Multivariate Data Analysis*. 7th Edition, Pearson, New York.
- Hair, J., Hollingsworth, C.L., Randolph, A.B., & Chong, A.Y.L. (2017). An updated and expanded assessment of PLS_SEM data syst. 117 (3), 442-458. <https://doi.org/10.1108/IMDS-04-2016-0130>.
- Harwika, W. (2016). The Impact of Servant Leadership on organizational culture, Organizational Commitment, Organizational Citizenship Behaviour (OCB) and Employee Performance in Women Cooperatives. *Procedia-Social and Behavioral Sciences*, 219. pp. 283-290 <https://doi.org/10.1016/j.sbspro.2016.04.032>
- Jofreh, M., & Jahandideh, K. (2013). An investigation about the effect of organizational citizenship behavior on workers' performance of electricity company in Tehran Province. *North East Journal of Social Issues & Humanities*, 1 (6). pp. 21-23
- Liden, R. C., Wayne, S. J., Meuser, J. D., Hu, J., Wu, J., & Liao, C. (2015). Servant leadership: Validation of a short form of the sl-28. *The Leadership Quarterly*, 26(2). pp. 254-269. <https://doi.org/10.1016/j.leaqua.2014.12.002>
- Organ, D. W. (1988). *Organizational Citizenship Behavior - The Good Soldier Syndrome*. (1st ed.). Lexington, Massachusetts/Toronto: D.C. Heath and Company.
- Robbins, S. P., & Timothy, A. J. 2008. *Organizational Behavior* 4th edition. Salemba Empat. Jakarta.
- Sabir, M., Sohail, A., Khan, M.A. (2011). Impact of leadership style on organization commitment: In mediating role of employee value. *Journal of Economics and Behavioral Studies*, 3(2). pp. 145-152. DOI: [10.22610/jebs.v3i2.265](https://doi.org/10.22610/jebs.v3i2.265)
- Saleem, F., Zhang, Y. Z., Gopinath, C., & Adeel, A. (2020). Impact of Servant Leadership on Performance: The Mediating Role of Affective and Cognitive Trust. *SAGE Open*, 10(1). <https://doi.org/10.1177/2158244019900562>

-
- Sousa, M., & Dierendonck, D. V. (2015). Servant Leadership and the Effect of the Interaction Between Humility, Action, and Hierarchical Power on Follower Engagement. *Journal of Business Ethics* 141. pp. 13-25 <https://DOI.org/10.1007/s10551-015-2725-y>
- Thompson, G., Buch, R., Thompson, P.-M. M., & Glasø, L. (2021). The impact of transformational leadership and interactional justice on follower performance and organizational commitment in a business context. *Journal of General Management*, 46(4), 274-283. <https://doi.org/10.1177/0-306307020984579>