

Influence of Servant Leadership on Organization Performance Through Job Satisfaction In Employees' Cooperatives Surabaya

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ABSTRACT: *Servant leadership is a practical philosophy of leadership that promotes service, encourages collaboration, trust, willingness to listen, future oriented, and utilizes ethical power to empower others, meanwhile leadership harmonization in organization describes the culture within its organization. This research investigated the role of job satisfaction as intervening between servant leadership and organization performance (having an active unit business, the better organization performance, cohesiveness and members' participation, serving member oriented, serving community, contributing the local government). This study used 132 workers' cooperatives, 396 employees assessed servant leadership and job satisfaction, and 132 chairmen's cooperatives were asked to answer organization performance variable. The results of Structural Equal Modeling (SEM) indicated that servant leadership has a positive significant impact on job satisfaction, but has not influenced organization performance significantly. The findings also noted that job satisfaction positively significant impact to organization performance. Overall the model supported that job satisfaction has a significant influence in the relationship between servant leadership and organization performance. Limitations and suggestions for future research have been examined.*

KEYWORDS: *job satisfaction, organization performance, servant leadership*

I. INTRODUCTION

Asanorganization, cooperatives has the characteristic that emphasize the participation people in its organization. Cooperatives has been created on the basis of interest and deal founding members, the main purpose of cooperatives is building better welfare of its members. The role and contribution of each element in organization to ensure the existence and stimulate its members to actively participate [1]. Cooperatives organizationis determined by the participation of human resources within its organization to optimize the operational of organization. All members of established cooperatives would believe in an ethical values of honesty, openness, social responsibility and caring for others [2]. Fundamental constraints of cooperatives asorganization is human resource issues. The position and role of human resource in cooperatives were very important because : 1) cooperatives as economic organizations considered human as the most important factor when compared to other factors, 2) the fact that cooperatives encountered with the problems of low quality of management as a result of the low quality of the source human [3]. When the cooperatives condition were not condusive, it would influenced on its productivity and related to the lower quality of human resources [4]. Since cooperatives were a business mission as well as social character organization thus need a leadership to accommodate both of missions which developed business and able to serve members, employees and the community simultaneously. Servant leadership style was suitable style to implementing on managing the cooperatives organization. Because of servant leadership is a movement, thus leaders must had skills and also had moral purpose within more social-spirited [5]. Cooperative organizational performance would also be affected by the job satisfaction of employees, such as stated by [6] that job satisfaction was strongly influenced on the development of the company, so the leadership has been expected to create an organizational culture that could increased job satisfaction. Cooperative organization was an organization that aims for members' welfare, which each of elements in the cooperatives such as the members, officers and employees had the same tasks to achieve the objectives of the cooperative. The role of members, employees and administrators would determined the success of the business activities in cooperativs. Employees were one of many important roles of cooperatives' activities, therefore employee satisfaction would also determined the cooperatives success. Based on the explanation above, the researcher believed that the cooperative organization was very appropriate as the research object, since servant leadership, organizational culture, job satisfaction and organizational performance variables were on philosophy, characters and purposes of the cooperatives' establishment, that was why employees' cooperatives have been selected as a object in this study entitled: Influence of Servant Leadership on Organization Performance Through Job Satisfaction in Employees' Cooperatives Surabaya.

II. LITERATURE REVIEWS AND PAST RESEARCHES

The modern concept of leadership functions as a servant was introduced by Robert K. Greenleaf in his writings throughout the 1960s and the 1970s decades. Greenleaf rejected the shallow short-term profit motive and invited the institutions to serving society constructively. Servant leader is a service activity that must be done at first. Beginning with the feeling that if someone wants to be served, he must served first, then made a choice to became a leader. The person was very different from previous leaders, perhaps because of the necessity to have something materially. The first "Leader" type" and the "servant" type were two very different things. Among them were a combined variation of human nature infinite [7]. If servant leadership applied on the higher level in the organization, thus would have an impact on the behavior of leaders, managers, and supervisors in various units of organization.

To measure servant leadership, [8] developed a conceptual framework as follows:

- [1] Character orientation (Being: what kind of person is the leader?): Concerned with cultivating a servant's attitude, focusing on the leader's values, credibility and motive: 1). integrity, 2). servanthood and 3). humility.
- [2] Community orientation (Relating: how does the leader relate to others?): Concerned with developing human resources, focusing on the leader's relationship with people and his/her commitment to develop others: 1).caring for others, 2).empowering others, 3).developing others.
- [3] Task Orientation (Doing: what does the leader do?): Concerned with achieving productivity and success, focusing on the leader's tasks and skills necessary for success: 1).visioning, 2). goal setting, and 3). leading
- [4] Orientation process (Organizing: how does the leader impact organizational processes?): Concerned with increasing the efficiency of the organization, focusing the leader's ability to model and develop a flexible, efficient and open system: 1). modeling, 2). team building, and 3). shared decision-making

[9] suggested that job satisfaction is the emotional attitude of fun to loving job. Employees' job satisfaction was very important and should be created as well as possible so that morale, dedication, love, and discipline of employees would be increased. These would be reflected by the morale, discipline, and work performance. Job satisfaction could also be felt on the job, off the job, and both of combinations. [10] stated that job satisfaction on the job is job satisfaction was obtained in the work and enjoyed by appreciated of work result, placement, treatment, equipment, and a good working environment. [11] continued that employees who prefer to enjoy job satisfaction in working would prefer to working rather than remuneration although the remuneration is important, and number of factors that affect job satisfaction, keeping in mind the most important dimensions, namely the work itself, pay, promotion, supervision, and co-workers. Performance is a description of duties achievement level, an effort to reach the goals, objectives, mission, and vision of the organization [12]. The basic concept of performance can be observed through two aspects: the employees' performance and organizational performance. The concept of performance is a degree of achievement or accomplishment [13]. The performance of an organization that can be seen from the extent to which an organization can achieve predefined goals. Performance is the result of collaborative activities between members or components of the organization in order to realize the objectives of the organization. Performance is a product of the administration activity or cooperation activities within an organization or group to achieve the goals that management uses management system. Performance is a result (output) of a process was conducted by all components of the organization for specific sources used (inputs). Performance is also the result of a series of activities process undertaken to achieve specific goals of the organization. According to [14] performance is the result of work that is strongly associated with the strategic objectives, customer satisfaction, and contribute to the economy. According to [15] which further enhanced by [16], thus cooperatives performance measurement consist of six (6) qualified cooperatives aspects as follow :1). Having the active unit bussiness, 2). The better organization performance, 3). Cohesiveness and members' participation, 4). Serving member oriented, 5). Serving community, and 6). Contributing the local government. These six aspects were used as indicators of organizational performance in this study.

Some previous studies have been as references as follow :

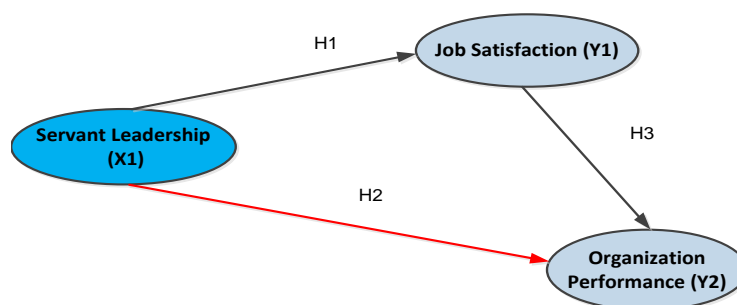
1. [17] tested the consistency of the cognitive affective work attitudes with organization performance, the research found that there was a significantly greater correlation between job satisfaction and organization performance.
2. [18] examined the relationship of servant leadership and job satisfaction, the results of this study found a strong correlation between employee satisfaction and servant leadership.
3. [19] Studied the relationship Servant Leadership with team effectiveness, the results of this study found a significant positive correlation between the performance of servant leadership with team effectiveness.
4. [20] examined the relationship between job satisfaction and motivation levels of teachers' performance, the findings of this study were job satisfaction and work motivation significant positive effect on the performance of the organization

5. [21] examined the relationship between servant leadership with organizational effectiveness. The result concluded a significant positive correlation between the effectiveness of servant leadership with the team's performance, there was a significant relationship between servant leadership with organization performance.
6. [22] examined the relationship between servant leadership and satisfaction, the result of research proved that there was a strong correlation between the perception of servant leadership behavior and nurse satisfaction.
7. [23] analyzed 16 (sixteen) studies that measured the organization performance on job satisfaction and organizational commitment, the findings in this analysis was the organizational commitment and job satisfaction affects organization performance strongly.
8. [24] examined the relationship between the practices of Human Resources Management (HRM), job satisfaction and organization performance, this study found that human resources management practically significant effected on job satisfaction and job satisfaction of employees then have a significant effect on organization performance.
9. [25] examined the relationship among servant leadership with organization performance, organization commitment and job satisfaction in educational cooperation in USA and Philippines. The results obtained a significant relationship between servant leadership and organization performance.
10. [26] examined the relationship between servant leadership and organization performance in project management, produced a positive correlation between servant leadership to the success of the project, the success of the project showed corporate performance improvement.
11. [27] Founded the relationship servant leadership and the effectiveness of the organization, there was a strong significant correlation the dimension of servant leadership on team effectiveness. Effectiveness of the organization's team showed an increase in performance of the company used servant leadership style.
12. [28] examined the relationship of servant leadership and employee loyalty with the mediation of job satisfaction, the results of this study concluded that in order to increase employee loyalty did not just apply servant leadership style, but also had to consider employee satisfaction.
13. [29] Examined the relationship of servant leadership on job satisfaction and intention to persist in the institution. The results of this study proved that there was a significant positive relationship between servant leadership and job satisfaction that teachers intend to persist in the institution.
14. [30] examined the major factors that contributing to job satisfaction, and job satisfaction determined the impact of organization performance, the results obtained a significant relationship between job satisfaction and organization performance.

III. RESEARCH METHOD

The research was conducted in Surabaya within 132 units Worker's Cooperatives. Population in this study includes all employees and chairmen in Worker's Cooperatives Surabaya, consisting of 396 employees and 132 chairmen. This study was a survey research method, the method of collecting primary data using questionnaires were instruments that range in scope as the social environment, activities, opinions and attitudes [31]. Structural Equal Modeling (SEM) is used as a technique of analysis in this research, because of the complexity model and the limitation of multi dimension analysis tools in quantitative research such as multiple regression, factor analysis, and desrcriminant analysis. SEM is an analytical technique was used to test a set of complicated relationship among variables simultancy. These complex relationships consist of more than one dependent variables with many independent variables. Each constructs were created by indicator variables [32].

Figure 1: Conceptual Framework



Based on Conceptual Framework, hypothesis of this research were:

The first hypothesis stated that servant leadership influenced significantly on job satisfaction.

The second hypothesis stated that servant leadership influenced significantly on organization performance

The third hypothesis said job satisfaction influenced significantly on organization performance.

IV. RESULTS

Hypothesis testing was conducted to test the direct effect of CR (Critical Ratio) on each of the direct effect of the partial path. If the CR value > 1.96 or P value < 0.05 , we concluded that there was a significant effect, otherwise if the value of CR < 1.96 or P values > 0.05 , we stated that there was no effect. Complete analysis of SEM analysis result showed the direct influence hypothesis testing on Table 2 as below:

Table 2. Direct influence of hypothesis testing result.

Hyp	Relationship		Standardized	CR	p-value	Conclusion
H ₁	X ₁	Y ₁	0.352	2.862	0.004	Significant
H ₂	X ₁	Y ₂	0.038	0.336	0.737	Non Significant
H ₃	Y ₁	Y ₂	0.414	2.799	0.005	Significant

Based on Table 2, the result of direct influence hypothesis testing as follow:

- [1] Servant leadership (X₁) on job satisfaction (Y₁) founded standardized coefficient value 0.352 with p-value 0.004, because p-value $< 0,05$, there was sufficient evidence to accept the hypothesis that servant leadership (X₁) influenced to job satisfaction (Y₁), since the coefficient was positive (0.352) indicated that the higher value of servant leadership (X₁) would lead the higher value of job satisfaction (Y₁), or vice versa.
- [2] Servant leadership (X₁) on organizational performance (Y₂) founded standardized coefficient value 0.038 with p-value 0.737, because p-value $> 0,05$, there was insufficient evidence to accept that servant leadership (X₁) influenced to organization performance (Y₂). Servant leadership (X₁) has no significant effect to organization performance, thus the change of servant leadership's value would not affect to the exchange of organization performance's value.
- [3] Job satisfaction (Y₁) on organization performance (Y₂) founded standardized coefficient value 0.414 with p-value 0.005, because p-value $< 0,05$, there was sufficient evidence to accept the hypothesis that job satisfaction (Y₁) influenced to organization performance (Y₂), since the coefficient was positive (0.414) indicated that the higher value of job satisfaction (Y₁) would lead the higher value of organization performance (Y₂), or vice versa.

In addition to testing the direct effect, we used Structural Equal Modeling (SEM) to prove indirect effect showed on Table 3:

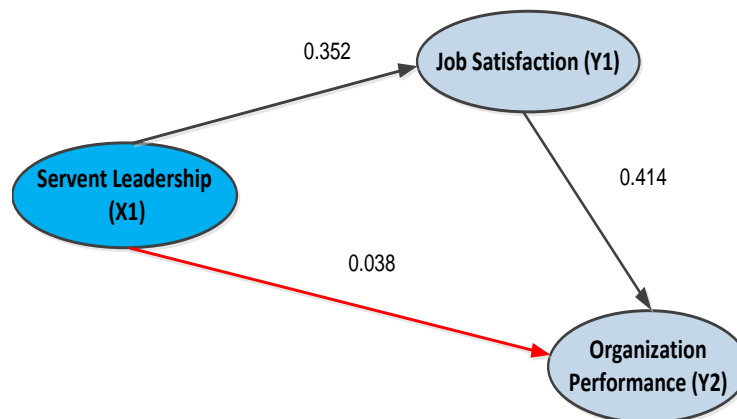
Table 3. Hypothesis testing result of indirect influence

Indirect influence	Coefficient of direct influence		Coefficient of indirect influence	Z-test	P-value
X ₁ → Y ₁ → Y ₂	X ₁ → Y ₁ = 0.352*	Y ₁ → Y ₂ = 0.414*	0.146	3.327	0.001

Relating to Table 3 above, there were 5 (five) indirect effects briefly as follow:

Indirect influence of servant leadership (X₁) on organization performance (Y₂) through job satisfaction (Y₁) was obtained the indirect effect coefficient of 0.146, used Z-statistic values for 3.327. Since the Z-statistic values > 1.96 , thus could be concluded that there was a significant indirect effect of servant leadership (X₁) on organization performance (Y₂) through job satisfaction (Y₁). The positive coefficient indicated the proportional relationship. The higher value of servant leadership (X₁), would have an impact on the higher value of organization performance (Y₂), if the value of job satisfaction (Y₁) higher.

Figure 2. Result of Research Hypothesis Model



VII. CONCLUSION

- [1] There was a significant influence of servant leadership on job satisfaction, this indicated that the higher value of servant leadership would affect the higher value of job satisfaction .
- [2] There was no significant influence of servant leadership on organization performance, this meant no matter how much value of servant leadership would not affect the higher and lower values of organization performance. However, when assessed the indirect effect through job satisfaction, it would be concluded that significant indirect effect of servant leadership on organization performance through job satisfaction. This meant that the higher the value of servant leadership led to the higher the value of organization performance, if the value of job satisfaction also high. Job satisfaction as a full mediation.
- [3] There was a significant influence of job satisfaction on organization performance, this indicated the same direction relationship, meant that higher value of job satisfaction, the higher value of organization performance, and vice versa.

VIII. LIMITATION

No research is perfect, since every research have the limitations as well as this research:

1. Servant leadership variable in this study used 4 (four) indicators [33], if used 9 (nine) indicators [34], there might be the different results of study.
2. This study had been conducted at employees' cooperatives in Surabaya. As a second biggest city of Indonesia, Surabaya well known as the dynamic and advanced cooperatives city including the value of brotherhood and togetherness in achieving a better economic life. If the research used the same model but would be implemented in differet city, there might be the different finding too.

IX. SUGGESTION

1. Implementation of servant leadership on cooperatives did not affect on organization performance directly, but through job satisfaction thus servant leadership would influence organization performance, therefore chairmen of the cooperatives had to provide more better attention, good behavior examples to employees so that employees would get job satisfaction, it would encourage employees to working better and they would supported the better organization performance. Cooperatives'chairmen not only had the soul of servant leadership, but also transferred satisfaction feeling on working to employees.
2. Servant leadership implementation must be accompanied by ideal or perfect leader figures, because of their ability and total integrity would be able to encouraging and inspiring employees to be willing to share with team work and conducting tasks on existing rules. This circumstance provided job satisfaction for employees to develop a better organization performance together.
3. On implementing job satisfaction to organization performance, chairman were suggested not only involving employees' job satisfaction passively, but also encouraging employees' job satisfaction actively as tools to increase the organization performance, therefore cooperatives could develop properly and member's welfare could be achieved.

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