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# The Impact of Servant Leadership on Organization Culture, Organizational Commitment, Organizational Citizenship Behaviour (OCB) and Employee Performance in Women Cooperatives

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## Abstract

This paper aimed to analyze the impact of servant leadership on organizational culture, organizational commitment, OCB; and employee performance; organization culture on OCB and employee performance; organization commitment on OCB and employee performance; and OCB on employee performance. Research involved managers and employees of Women Cooperatives in East Java (40 respondents). The analysis is descriptive and used Partial Least Square. The results showed: servant leadership impacted significantly on organizational culture, organizational commitment, OCB and employee performance; organization culture impacted significantly on OCB, but non significantly on employee performance; organizational commitment impacted non significantly on OCB nor on employee performance; and OCB impacted significantly on employee commitment

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*Keywords:* Employee performance; organization culture; organizational citizenship behaviour (OCB); organizational commitment; servant leadership

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## 1. Introduction

The power of servant leadership lies in the leader's ability to unleash the employee potential in finishing tasks and self-motivated thus they will be powerless, Greenleaf (1977) refers to leadership as an art, to servant leadership as the fabric of the leader, and to the leader's servant nature as the essence of the servant leader's real person.

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Attitude of servant leader who are willing to serve employees voluntarily, continuously and internalized in organization can be as an understood value that should be a culture directing and empowering employee behaviour (Russel and Stone, 2002; Sabir *et al*, 2011) has been proved in influencing on organization culture of understanding cooperatives (Harwiki, 2013). There has been a myriad of studies to assess the relationship between organizational commitment and employee performance (Benkhoff, 1997). A similar relationship has also been suggested between Organizational Citizenship Behavior (OCB) and employee performance (Podsakoff *et. al* 2003; Harwiki, 2013). OCB increases the performance of the staffs (Tehran *et al*, 2013). Organizational commitment is one of the important factors which contribute to foster OCB (Le Pine *et al.*, 2002; O'Reilly and Chatman, 1986). Servant leadership even very needed by organization to maximize organization performance and its employee performance (Jofreh and Jahandideh, 2013). Due to women cooperatives are constantly seeking new members and unit businesses to maximize their performance and their employees, therefore government gives grants to empower them as noted on Governor East Java, Act No.188/ 71/KPTS/013/2015, but in fact financial support and commitment of government should be in vain without the role of leadership. Women cooperatives need a strong leaders to manage organization, such as how managing funds on the right way. Grants should be utilized to increasing the business scale, educating and training employees, but cases has been founded on utilizing grants for campaign of regent candidates. Servant leadership can be extended by increasing positive behaviour and trust, in accordance with leaders' responsibility of women cooperatives "to serve" members and employees to adopt principles of servant leadership (Mohamad and Majid, 2014). Servant leadership played roles for increasing organization culture, organizational commitment and employee performance (Harwiki, 2013). The research of leadership and its impact on employee performance is very popular, Mohammad and Majid, (2014) claimed a scarce research on company with social character, especially focused on cooperatives, therefore the study is conducted and purposed:

- To examine and to analyze impact of servant leadership on organization culture
- To examine and to analyze impact of servant leadership on organizational commitment
- To examine and to analyze impact of servant leadership on OCB
- To examine and to analyze impact of servant leadership on employee performance
- To examine and to analyze impact of organization culture on OCB
- To examine and to analyze impact of organization culture on employee performance
- To examine and to analyze impact of organizational commitment on OCB
- To examine and to analyze impact of organizational commitment on employee performance
- To examine and to analyze impact of OCB on employee performance

## 2. Literature Review

Wong and Page (2003) developed a conceptual framework for measuring servant leadership based on on prior literature and the authors' personal experiences in leadership into four dimensions: character orientation, people orientation, task orientation and process orientation. Consistent with Greenleaf's (1977) contention that servant leaders instill in followers a desire to serve others. Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others. Hofstede (1980) introduced a model proposing four dimensions of culture, and named its four dimensions: power distance, uncertainty avoidance, individualism versus collectivism, and masculinity versus femininity. The finding leadership style have a significant impact on organization culture (Sabir *et al*, 2011), then developed by Harwiki (2013). Yanav and Punia (2014) revealed the impact of servant leadership on OCB and cited 5 Organ's dimensions of OCB (1988): sportsmanship, civic virtue, conscientiousness, altruism, courtesy, and these dimensions will be used in this research. Jo and Joo (2011) proved that organization culture learning has positive relationship with OCB, and improving the organization's performance and the performance of employees (Hakim, 2015). Nigel and Nikala (2002) revealed that OCB impacting on sales performance of employees. Servant leadership is related performance (Liden *et al*. 2014). Whyte (1956), Miller and Lee (2001) stated that organizational commitment is mostly characterized by employee's acceptance of organizational goals. Organizational commitment and OCB have been suggested by William and Anderson (2003), and explored previously by Organ and Ryan (1995). Enhancing organizational commitment among employees is an important aspect to perform

better. Allen and Meyer (1996) suggested three kinds of organizational commitment that are, affective commitment, normative commitment, and continuance commitment. Suliman and Lles (2002) explored the nature of organizational commitment on employees' job performance, their finding revealed a positive relationship between commitment (all the three components) and job performance. Later Bowler and Brass (2006) confirmed the correlation between OCB and employee performance, and Wirawan (2009) noted dimensions for measuring employee performance: job result, job behaviour, and personal attitude.

### 3. Methodology

The research was carried out based on the field of women cooperatives in East Java. Population includes 30 employees and 10 managers in women cooperatives in East Java. Partial Least Square (PLS) is used as a technique of analysis in this research, since PLS is a powerful and it does not require much demands, such as a certain measurement scale, and a large number of samples or data (Fornell and Bookstein, 1982).

#### 3.1. Conceptual Framework

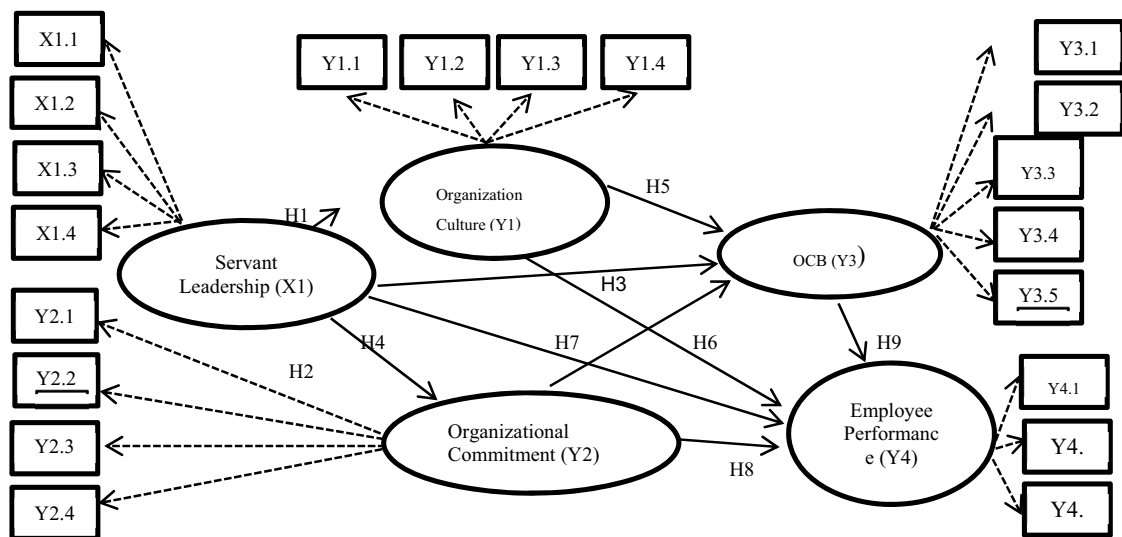


Fig. 1. Conceptual Framework

X1	: Servant leadership	Y2	: Organizational commitment
X1.1	: character orientation	Y2.1	: affective
X1.2	: people orientation	Y2.2	: continuance
X1.3	: task orientation	Y2.3	: normative
X1.4	: process orientation	Y3	: OCB
Y1	: Organization culture	Y3.1	: sportmanship
Y1.2	: uncertainty avoidance	Y3.2	: civic virtue
Y1.3	: masculin and feminine	Y3.3	: conscientiousness
Y1.4	: individualism and collectivism	Y3.4	: altruisme
Y1.5	: power distance	Y3.5	: courtesy
		Y4	: Employee performance
		Y4.1	: job result
		Y4.2	: job behaviour
		Y4.3	: personal attitude

3.2. The Hypothesis:

- Servant leadership impacted on organization culture significantly
- Servant leadership impacted on organizational commitment significantly
- Servant leadership impacted on OCB significantly
- Servant leadership impacted on employee performance significantly
- Organization culture impacted on OCB significantly
- Organization culture impacted on employee performance significantly
- Organizational commitment impacted on OCB significantly
- Organizational commitment impacted on employee performance significantly
- OCB impacted on employee performance significantly

4. Result

Table 1. Evaluation of measurement model (Outer Model)

Latent variable	Observed Variable	Convergent Validity				Cronbach Reliability (CR > 0,7)		
		(LF > 0,5=Valid)		Ranking	(AVE > 0,5=Valid)		CR	Result
		Loading Factors	Result		AVE	Result		
Servant leadership (X1)	X11	0.972	Valid	2	0.907	Valid	0.966	Reliable
	X12	<b>0.975</b>	<b>Valid</b>	<b>1</b>				
	X13	0.960	Valid	3				
	X14	0.959	Valid	4				
Organization culture (Y1)	Y11	0.951	Valid	3	0.957	Valid	0.977	Reliable
	Y12	0.915	Valid	4				
	<b>Y13</b>	<b>0.975</b>	<b>Valid</b>	<b>1</b>				
	Y14	0.967	Valid	2				
Organizational commitment (Y2)	<b>Y21</b>	<b>0.973</b>	<b>Valid</b>	<b>1</b>	0.943	Valid	0.970	Reliable
	Y22	0.971	Valid	2				
	Y23	0.968	Valid	3				
OCB (Y3)	<b>Y31</b>	<b>0.978</b>	<b>Valid</b>	<b>1</b>	0.913	Valid	0.976	Reliable
	Y32	0.960	Valid	2				
	Y33	0.957	Valid	3				
	Y34	0.932	Valid	5				
	Y35	0.950	Valid	4				
Employee performance (Y4)	Y41	0.979	Valid	2	0.935	Valid	0.977	Reliable

Source: Processed data

Validity evaluation of measurement model can be found by result of loading factor. Variables should be valid to construct or its latent variables if t-value more than critical value ( $\geq 1,96$ ) and/or standard of loading factor  $\geq 0,50$ .

While the Cronbach Reliability ( $CR \geq 0,70$ ). Average Variance Extracted ( $AVE \geq 0,50$ ) are used to measure the reliability in PLS measurement.

All manifest variables to latent variables declared valid that founded by all value of loading factor  $\geq 0,50$ ; and AVE value  $\geq 0,50$ , therefore concluded that validity of manifest variables to latent variables are good. Value of *Cronbach Reliability* ( $CR$ )  $\geq 0,70$ ; concluded that all latent variables have good reliabilities. The most dominants indicators contributed on latent construct:

- The best indicator on formatting servant leadership variable (X1) is X12 (people orientation), described by the highest loading factor (0.975).
- The best indicator on formatting organization culture variable (Y1) is Y13 (individualism and collectivism), described by the highest loading factor (0.975).
- The best indicator on formatting commitment organizational variable (Y2) is Y21 (affective), described by the highest loading factor (0.973).
- The best indicator on formatting OCB variable (Y3) is Y31 (sportmanship), described by the highest loading factor (0.978).
- The best indicator on formatting employee performance variable (Y4) is Y43 (personal attitude), described by the highest loading factor (0.978).

**4.1. Structural Model:**

Table 2. Estimation result and direct influence test

Influence of inter-related latent variables			Path coefficient	T-Value	Conclusion
Caused variable	-->	Result variable			
Servant leadership (X1)	-->	Organization culture (Y1)	0.973	96.706	Significant
Servant leadership (X1)	-->	Organizational commitment (Y2)	0.789	8.001	Significant
Servant leadership (X1)	-->	OCB (Y3)	0.624	4.574	Significant
Servant leadership (X1)	-->	Employee performance (Y4)	0.49	3.271	Significant
Organization culture (Y1)	-->	OCB (Y3)	0.315	2.251	Significant
Organization culture (Y1)	-->	Employee performance (Y4)	0.007	0.039	Non significant
Organizational commitment (Y2)	-->	OCB (Y3)	0.066	1.022	Non significant
Organizational commitment (Y2)	-->	Employee performance (Y4)	0.061	1.421	Non significant
OCB (Y3)	-->	Employee performance (Y4)	0.436	2.796	Signifikan

Source: Processed data

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

- Servant leadership (X1) impacted positively on organization culture (Y1) proved by path coefficient 0.973 and CR value 96.706. T-value is higher than CR value ( $96.706 > 1,96$ ), thus  $H_0$  rejected, means servant leadership (X1) impacted significantly on organization culture (Y1) at 0.97, indicating the higher value of

- servant leadership (X1) will lead to the higher value of organization culture (Y1).
- Servant leadership (X1) impacted positively on organizational commitment (Y2) proved by path coefficient 0.789 and CR value 8.001. T-value is higher than CR value ( $8.001 > 1,96$ ), thus Ho rejected, means servant leadership (X1) impacted significantly on organizational commitment (Y2) at 0.79, indicating the higher value of servant leadership (X1) will lead to the higher value of organizational commitment (Y2).
  - Servant leadership (X1) impacted positively on OCB (Y3) proved by path coefficient 0.624 and CR value 4.574. T-value is higher than CR value ( $4.574 > 1,96$ ), thus Ho rejected, means servant leadership (X1) impacted significantly on OCB (Y3) at 0.62, indicating the higher value of servant leadership (X1) will lead to the higher value of OCB (Y3).
  - Servant leadership (X1) impacted positively on employee performance (Y4) proved by path coefficient 0.49 and CR value 3.271. T-value is higher than CR value ( $3.271 > 1,96$ ), thus Ho rejected, means servant leadership (X1) impacted significantly on employee performance (Y4) at 0.49, indicating the higher value of servant leadership (X1) will lead to the higher value of employee performance (Y4).
  - Organization culture (Y1) impacted positively on OCB (Y3) proved by path coefficient 0.315 and CR value 2.251. T-value is higher than CR value ( $2.251 > 1,96$ ), thus Ho rejected, means organization culture (Y1) impacted significantly on OCB (Y3) at 0.32, indicating the higher value of organization culture (Y1) will lead to the higher value of OCB (Y3).
  - Organization culture (Y1) impacted positively on employee performance (Y4) proved by path coefficient 0.007 and CR value 0.039. T-value is smaller than CR value ( $0.039 < 1,96$ ), thus Ho accepted, means organization culture (Y1) has no significant impact on employee performance (Y4) at 0.01, indicating the change value of organization culture (Y1) will not affect to the exchange of value of employee performance (Y4).
  - Organizational commitment (Y2) impacted positively on OCB (Y3) proved by path coefficient 0.066 and CR value 1.022. T-value is smaller than CR value ( $1.022 < 1,96$ ), thus Ho accepted, means organization commitment (Y2) has no significant impact on OCB (Y3) at 0.07, indicating the change value of organizational commitment (Y2) will not affect to the exchange of value of OCB (Y3)
  - Organizational commitment (Y2) impacted positively on employee performance (Y4) proved by path coefficient 0.061 and CR value 1.421. T-value is smaller than CR value ( $1.421 < 1,96$ ), thus Ho accepted, means organization commitment (Y2) has no significant impact on employee performance (Y4) at 0.06, indicating the change value of organizational commitment (Y2) will not affect to the exchange of value of employee performance (Y4).
  - OCB (Y3) impacted positively on employee performance (Y4) proved by path coefficient 0.436 and CR value 2.796. T-value is higher than CR value ( $2.796 > 1,96$ ), thus Ho rejected, means OCB (Y23) impacted significantly on employee performance (Y4) at 0.44, indicating the higher value of OCB (Y3) will lead to the higher value of employee performance (Y4).

Table 3. Indirect impact of inter-variable latent

Indirect impact	Counting	Result	Conclusion
Servant leadership (X1) on OCB (Y3) through Organization culture (Y1)	0.973 x 0.315	0.306	Significant
Organization culture (Y1) on employee performance (Y4) through OCB (Y3)	0.315 x 0.436	0.137	Significant

Source: Processed data

Servant leadership (X1) into OCB (Y3) through organization culture is 0.306, and organization culture (Y1) into employee performance through OCB (Y3) is 0.137.

#### 4.2. Goodness of Fit Model

Value of Coefficient determination total at 0.0 -100,0%; where the higher value of coefficient determination total thus the path model available to represent observed data, the formula:

$$1 - (1 - R_{i1}^2) \times (1 - R_{i2}^2) \times (1 - R_{i3}^2) = 0.9998$$

Coefficient determination total of path model 0.9998 means 99,98% data owned can be explained by path model, and the rest (0,02%) can be explained by outside factor of this research, therefore concluded that the fit model in the constructed model is good categorized.

#### 5. Discussion

Sabir et al, (2011) proved on the finding leadership style have a significant impact on organization culture as noted from Hofstede's dimensions (1984). This study is consistent with several researches by Harwiki (2013) and Russell and Stone (2002). People orientation supporting and forming servant leadership has been proved by beneficial activities for society.

Employees have a good relationship with managers and available to protect outsiders' interference contributing the most dominant into organization culture. As suggested by Greenleaf (1977) noted servant leadership is known to be a highly effective style of leadership for empowering followers can affect to organizational commitment levels, can be proved in this study. An affective commitment is a strong dimension to form organizational commitment, but it was not supported OCB of employees in women cooperatives, but previous study proved (Russell, 2001). This study emphasized Yanav and Punia (2014) servant leadership impacted on OCB. Through the organization culture servant leadership impacted OCB, sportmanship is the most dominant in promoting OCB's employees. Employee performance is impacted by servant leadership as Liden et al. (2014). This result opposite with Organ and Ryan (1995) claimed other attitudinal measures such as organizational commitment is found to correlate with OCB. The strong organization culture as a vital trigger of OCB (Organ, 1995), impacted on OCB (Jo and Joo, 2011) also strengthened by this study. Organization culture in this result did not supported employee performance nor on OCB as suggested by Hakim (2015), Organ and Ryan (1995), and William and Anderson (2003). Nevertheless, this result explored organization culture impacting on employee performance through OCB. Contrary as Suliman and Lles (2002), this study did not prove impacting of organization commitment on employee performance, but supported by OCB especially on sportmanship, and strengthened the correlation between OCB and employee performance as noted by Bowler and Brass (2006).

#### 6. Conclusion

Servant leadership has impacted on organization culture, organization commitment, OCB and employee performance. Employees should be strengthened by protecting them from outsider interference, better rewards, and keep the honesty value. Organization culture impacted on OCB but not on employee performance, thus manager should recognized all employees equality to emphasize positive aspects of work place and supporting employees on accepting environment change. Organization commitment impacted on OCB and employee performance non significantly, therefore manager should not urged employees to work hard with limited facilities and seeking information outside. Nevertheless when employees do the best to develop and improve the organization and willingness to contribute beyond formal job descriptions should impacted on honesty value, creativity and their readiness to accept change.

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