Relationship between Servant Leadership in Organizational Culture, Organizational Commitment, Organizational Citizenship Behaviour and Customer Satisfaction

Retno Purwani Setyaningrum

Abstract:

This paper aims to analyze the impact of servant leadership on organizational culture, organizational commitment, organizational citizenship behavior (OCB), and customer satisfaction. This paper also aims to analyze the impact of organizational culture, organizational commitment, and OCB on customer satisfaction.

Data was obtained from 240 handicraft customers in the community of handicraft craftsmen in Bekasi Regency. The data was analyzed by using Structural Equation Modeling. The validity and reliability test by using factor analysis shows that the instrument used in research is valid and reliable. The results showed: servant leadership correlated significantly with organizational culture; servant leadership is significantly related to OCB; OCB has a significant relationship with organizational commitment; servant leadership has a significant relationship with customer satisfaction; and organizational commitment has a significant relationship with customer satisfaction.

Therefore, servant leadership can have a direct relationship with customer satisfaction, and servant leadership can be organizational culture. Knowledge of the effect of these relationships can be used as input to design strategies to improve customer satisfaction. The findings of the effect of servant leadership in the organizational culture on customer satisfaction have been discussed, however, there are limitations and guidelines for future research that needs to be shown.

Keywords: Servant leadership; organizational culture; organizational commitment; OCB; customer satisfaction

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1STIE PELITA BANGSA
Jln. Inspeksi Kalimalang Tegal Danas Arah Deltamas, Cikarang Pusat, Kab. Bekasi
e-mail: retno_purwani_setyaningrum29@yahoo.com / retno.purwani.setyaningrum@pelitabangsa.ac.id
1. Introduction

In today's competitive business environment, customer satisfaction is an increasingly important component of an organization's effectiveness (Berry and Parasuraman, 1992; Fornell, Mithas, Morgeson and Krishnan, 2006). Increasing competition in the service sector has motivated companies to invest all possible resources to improve service quality in the eyes of customers (Salanova et al., 2005). Salahat (2016) has examined the role of employee performance as a mediator variable between leadership style and customer satisfaction in the Palestinian context. This study examines the structural equation model related to leadership style. Some researchers conclude that there is a positive and significant relationship between leadership style and customer satisfaction (Mohammadi, 2013; Topcu et al., 2015).

Michael (2007) has examined the significant relationship between servant leadership in organizational culture towards customer satisfaction. The contribution from this literature is to propose a model of servant leadership in a serving culture that will shape organizational commitment. Agwu's (2013), Boon and Arumugam's (2006) results from data analysis show that there is a significant relationship between servant leadership in organizational culture with organizational commitment. Robert Greenleaf defines an effective leader as a person who serves his followers, while his followers follow the leadership style of his leadership (Bennis and Nanus, 1997). Servant leadership focuses, supports and develops individuals within an institution (Allen et al., 2016). This means that the style of servant leadership that is in organizational culture, organizational commitment, and employee performance can satisfy customers. Leadership is associated with organizational outcomes such as team effectiveness and organizational performance (Chen, Kirkman, Kanfer, Allen and Rosen, 2007; Lin, 2009). Servant leadership in organizational culture and organizational commitment affects the performance of women entrepreneurs so as to satisfy customers. Therefore, this paper addresses the following research questions:

1. Does servant leadership significantly influence organizational culture?
2. Does the organizational culture significantly influence organizational behavior?
3. Does organizational behavior significantly influence customer satisfaction?
4. Does servant leadership have a significant effect on organizational commitment?
5. Does organizational commitment have a significant effect on customer satisfaction?
6. Does the organizational culture have a significant effect on customer satisfaction?
7. Does servant leadership have a significant effect on customer satisfaction?
8. Does servant leadership have a significant effect on organizational behavior?
9. Does organizational commitment have a significant effect on organizational behavior?
2. Literature Review

2.1. Servant Leadership

Leadership is a skill used to influence followers in an organization to work hard in order to achieve company goals for the common good (Barrow 1977; Cyert 2006; Plsek and Wilson 2001). Leaders are not always the most important and not always in front, but a leader must be able to be a servant serving his followers and have an interdependent role, no longer a hero or solo leader but a team leader (Bolden et al., 2003). Some authors believe that leadership is the process of influencing others to achieve organizational goals (Ursachi, 2005). Servant leadership trusts subordinance to act in the best interests of the organization and focuses on followers rather than organizational goals (Stone, Russell, and Patterson, 2004). Leaders who serve, appreciate people, develop people, build community, open and give and share in their leadership. Patterson (2003) states that an important dimension of servant leadership is agape love, humility, altruism, vision, trust, empowerment, and service. Spears (1998b) emphasizes listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, commitment, and community development. Empirical research in servant leadership began in the early 2000.

Servant leadership is a viable leadership theory that assists organizations and improves the well-being of followers (Parris and Peachey, 2013). Servant leadership is an increasingly popular concept, but lacks empirical support (Farling et al., 1999). Spears, (1998) summarizes Greenleaf’s 10 attributes of servant leadership which are: listening; empathy; healing; awareness; persuasion; conceptualization; foresight; stewardship; commitment to the growth of people; and building community.

Russell, (2002) writes from some previous researchers the attributes of servant leadership: Vision; Honesty; Integrity; Service; Modeling; Pioneering; Appreciation of others; Empowerment. Culture of honesty will lead to integrity of employees and honesty of the leaders will be a role model for followers (Amena, 2013), mutual respect between the leaders and employees will increase employee empowerment.

2.2. Organization Culture

Culture is a dynamic phenomenon that surrounds our lives at all times, constantly being enforced and created by our interactions with others and shaped by leader behavior, and a set of structures, routines, rules, and norms that guide and limit behavior (Schein, 2004). Organizational culture is a system of meanings, values and beliefs incorporated within an organization that are a reference to action and differentiates one organization from another (Mas’ud quoted in Purnama, 2013). According to Hofstede, (2008) organizational culture can be defined as a collective programming of the mind that differentiates members of one organization from others. There are seven cultural dimensions (distance of power, individualism versus collectivism, masculinity versus femininity, uncertainty versus avoidance of certainty, long-term versus short-term orientation, indulgence versus restraint, and
Customer satisfaction is always associated with the company's service to customers, influenced by the culture of the company, and the culture associated with leadership style. Companies must choose the right leadership style for the company. This paper discusses this gap by developing a model of how the strategic language of leaders mediates between servant leadership and worker outcomes. According to Spears (1998), the leader's ability to communicate is very important, however, very few have attention. Organizational culture refers to the beliefs and values that have existed in an organization for a long time and with the trust of staff and the value of their work that will affect their attitudes and behavior.

2.3. Organizational Commitment
Commitment is a combination of confidence and the motivational beliefs and enthusiasm of an employee as well as the development of the employee over the tasks it handles (Blanchard, 1991). Luthans, (2006) states organizational commitment is an attitude that reflects employees' loyalty to the organization. It is also an ongoing process whereby members convey their concern to the organization, success and sustainable progress as well. The style of leadership has been found to influence the affective and normative commitment of followers (Muthia, 2015). Tourigny, (2001) servant leadership is significantly related to the commitment of his followers, as leaders influence followers to produce higher performance and contribute to achieving organizational goals. Commitment developed by Meyer, Allen and Smith, (1993) to measure affective commitment and normative commitment. Servant leadership has an effect on follower commitment so that its performance is an important responsibility. Direct leadership affects team effectiveness (DeRue, Nahrgang, Wellman and Humphrey, 2011; Piccolo et al., 2012; Baldacchino et al., 2017).

The influence of leadership on the followers also affects the effectiveness of a team (Carsten and Uhl-Bien, 2013; Hollander, 1992). Organizational commitment is the feeling of an employee's attachment to the organization. The more an employee is satisfied with the work in the organization, the more committed and loyal to the organization. The leadership style of serving can be practiced to influence the follower's commitment to the organization (Muthia, 2015). There is a strong positive relationship has been found between servant leadership, workplace confidence, and team commitment (Dannhauser and Boshoff, 2006).

2.4. Organizational Citizenship Behavior
Behavior is an important determinant of organizational and individual outcomes such as efficiency, profitability, innovation, and employee job satisfaction (Erturk, 2007; Jha and Jha, 2009). Organization Citizenship Behavior (OCB) is defined as a work-related behavior aimed at individuals or organizations as a whole outside the conduct of formal organizations to promote efficiency and effective operation of the organization (Hoffman, Blair, Meriac and Woehr, 2007; Organ, 1988; Somech and
2.5. Customer Satisfaction
The long-term survival of service organizations requires adaptation that is oriented towards achieving maximum customer satisfaction (Ambroz, 2008). The service industry is growing rapidly in the global marketplace, with many service organizations seeking profit and competitive advantage by focusing on service quality and customer satisfaction (Wen, 2012). The servant leadership model proposed by Robert Greenleaf (1977) seems very suitable for employees can provide customer satisfaction with employee empowerment. Customer satisfaction can not be separated from the organization's behavior in dealing with customers (Shahani-Denning, 2000). According to Zeithaml and Bitner (2000) satisfaction is the response or response of consumers regarding the fulfillment of needs. Satisfaction is an assessment of the characteristics or features of the product or service, or the product itself, which provides the level of consumer satisfaction with regard to the fulfillment of consumer needs consumer responses regarding the fulfillment of needs.

3. Methodology

3.1. Design
The theoretical model asserts that servant leadership affects the process of establishing an organizational culture. In this study, to analyze the extent to which servant leadership affects the process of establishing organizational culture, causal patterns have been used. In several research studies in the literature, close relationships have been detected between servant leadership and organizational culture (Akbari et al., 2014). In his research Tsai (2011) considered servant leadership behaviors as an independent variable, while customer satisfaction is accepted as a dependent variable.

3.2. Population and sampling
Structural Equal Modeling (SEM) is an analytical technique used to test a set of complex relationships between simultaneous variables. This complex relationship consists of more than one dependent variable with many independent variables. Each construct is created by the indicator variable (Ferdinand, 2006).

3.4. Conceptual Framework
The conceptual framework of this research based on the literature review above is presented in Figure 1.
Figure 1. Conceptual Framework

![Conceptual Framework Diagram]

X1 : Servant Leadership  
X1.1 : Vision  
X1.2 : Trust  
X1.3 : Respect  
X1.4 : Risk-sharing  
X1.5 : Honesty  
X1.6 : Integrity  
X1.7 : Modeling  
X1.8 : Appreciation of others  
X1.9 : Empowerment  

Y1 : Organization culture  
Y1.1 : Uncertainty avoidance  
Y1.2 : Masculine and Feminine  
Y1.3 : Individualism and collectivism  
Y1.4 : Power distance  

Y2 : OCB  
Y2.1 : Sportsmanship  
Y2.2 : Civic virtue  
Y2.3 : Conscientiousness  
Y2.4 : Altruism  
Y2.5 : Courtesy  

Y3 : Organizational Commitment  
Y3.1 : Affective  
Y3.2 : Continuance  
Y3.3 : Normative  

Y4 : Customer Satisfaction  
Y4.1 : Affective response  
Y4.2 : Time specific  
Y4.3 : Consumption  

4. Measures

There are several methods that can be used to see the convergent validity of the construct measurement model. Hair et al, (2010) revealed that convergence validity testing can be done by looking at factor score values (λ), or standardized loading estimates on Amos output. Convergent validity is evident when the value of variance
extracted (VE) obtained from standardized loading estimates has a value of 0.5 or higher, and ideally 0.7. The validity of the construct will be achieved if all indicators reflecting the construct have statistical t value > 2 (Purwanto, 2002, 2003), which is evidence of good convergence validity. The statistical t value in Amos 21.0 output can be seen by referring to the critical ratio value.

Tabel 1. Uji Validitas

<table>
<thead>
<tr>
<th>Construct</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>OC &lt;--- SL</td>
<td>.558</td>
<td>.130</td>
<td>4.287</td>
<td>***</td>
</tr>
<tr>
<td>OCB &lt;--- SL</td>
<td>.458</td>
<td>.115</td>
<td>3.966</td>
<td>***</td>
</tr>
<tr>
<td>CO &lt;--- OC</td>
<td>.013</td>
<td>.055</td>
<td>2.35</td>
<td>.814</td>
</tr>
<tr>
<td>CO &lt;--- OCB</td>
<td>.072</td>
<td>.049</td>
<td>1.476</td>
<td>.140</td>
</tr>
<tr>
<td>CO &lt;--- OCB</td>
<td>.275</td>
<td>.083</td>
<td>3.336</td>
<td>***</td>
</tr>
<tr>
<td>CS &lt;--- SL</td>
<td>.445</td>
<td>.192</td>
<td>2.317</td>
<td>.021</td>
</tr>
<tr>
<td>CS &lt;--- OCB</td>
<td>-.357</td>
<td>.197</td>
<td>-1.808</td>
<td>.071</td>
</tr>
<tr>
<td>CS &lt;--- CO</td>
<td>3.440</td>
<td>.962</td>
<td>3.575</td>
<td>***</td>
</tr>
<tr>
<td>CS &lt;--- OC</td>
<td>-.230</td>
<td>.159</td>
<td>-1.442</td>
<td>.149</td>
</tr>
<tr>
<td>SL9 &lt;--- SL</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SL8 &lt;--- SL</td>
<td>1.166</td>
<td>.198</td>
<td>5.879</td>
<td>***</td>
</tr>
<tr>
<td>SL7 &lt;--- SL</td>
<td>.871</td>
<td>.165</td>
<td>5.277</td>
<td>***</td>
</tr>
<tr>
<td>SL6 &lt;--- SL</td>
<td>1.388</td>
<td>.224</td>
<td>6.205</td>
<td>***</td>
</tr>
<tr>
<td>SL5 &lt;--- SL</td>
<td>1.135</td>
<td>.188</td>
<td>6.032</td>
<td>***</td>
</tr>
<tr>
<td>SL4 &lt;--- SL</td>
<td>1.051</td>
<td>.182</td>
<td>5.783</td>
<td>***</td>
</tr>
<tr>
<td>SL3 &lt;--- SL</td>
<td>1.289</td>
<td>.197</td>
<td>6.544</td>
<td>***</td>
</tr>
<tr>
<td>SL2 &lt;--- SL</td>
<td>.861</td>
<td>.173</td>
<td>4.984</td>
<td>***</td>
</tr>
<tr>
<td>SL1 &lt;--- SL</td>
<td>1.456</td>
<td>.236</td>
<td>6.171</td>
<td>***</td>
</tr>
<tr>
<td>OC1 &lt;--- OC</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OC2 &lt;--- OC</td>
<td>1.283</td>
<td>.154</td>
<td>8.304</td>
<td>***</td>
</tr>
<tr>
<td>OC3 &lt;--- OC</td>
<td>1.203</td>
<td>.147</td>
<td>8.166</td>
<td>***</td>
</tr>
<tr>
<td>OC4 &lt;--- OC</td>
<td>1.015</td>
<td>.125</td>
<td>8.094</td>
<td>***</td>
</tr>
<tr>
<td>CO1 &lt;--- CO</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CO2 &lt;--- CO</td>
<td>2.875</td>
<td>.767</td>
<td>3.747</td>
<td>***</td>
</tr>
<tr>
<td>CO3 &lt;--- CO</td>
<td>2.758</td>
<td>.742</td>
<td>3.715</td>
<td>***</td>
</tr>
<tr>
<td>OCB5 &lt;--- OCB</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OCB4 &lt;--- OCB</td>
<td>1.444</td>
<td>.099</td>
<td>14.616</td>
<td>***</td>
</tr>
<tr>
<td>OCB3 &lt;--- OCB</td>
<td>1.033</td>
<td>.099</td>
<td>10.439</td>
<td>***</td>
</tr>
<tr>
<td>OCB2 &lt;--- OCB</td>
<td>.788</td>
<td>.085</td>
<td>9.250</td>
<td>***</td>
</tr>
<tr>
<td>OCB1 &lt;--- OCB</td>
<td>.406</td>
<td>.103</td>
<td>3.941</td>
<td>***</td>
</tr>
<tr>
<td>CS1 &lt;--- CS</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS2 &lt;--- CS</td>
<td>1.042</td>
<td>.088</td>
<td>11.836</td>
<td>***</td>
</tr>
<tr>
<td>CS3 &lt;--- CS</td>
<td>.411</td>
<td>.076</td>
<td>5.423</td>
<td>***</td>
</tr>
</tbody>
</table>
The results of the measurement model test using CFA are shown in Table 4.1 above which shows that the mean value of factor weights on all tested items has values above 0.5 and the value of statistical t or critical ratio > 2 (CR > 2). Therefore, based on the test results of confirmatory factor analysis, the convergence validity test in this study has been fulfilled because it has met the criteria of factor weight value above 0.5 (Hair et al., 2010; Purwanto, 2002; 2003).

4.1 Goodness of Fit Model Test
The size of the GOF shows how well the specified model returns the covariance matrix among the indicator variables (Hair et al., 2010). According to Hair et al., (2010) the researcher should report at least one incremental index and one absolute index, with an additional χ2 and corresponding to the degree of freedom, and at least one of the badness-of-fit. Table 2 presents the conformity measure index used in this study along with the reference values for each index and the resulting value of each index.

<table>
<thead>
<tr>
<th>Size Index Criteria</th>
<th>Reference Value</th>
<th>Result</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN/DF</td>
<td>≤ 3</td>
<td>1,401</td>
<td>Good</td>
</tr>
<tr>
<td>GFI</td>
<td>≥ 0,90</td>
<td>0,901</td>
<td>Good</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥ 0,90</td>
<td>0,874</td>
<td>Marginal</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0,03 – 0,08</td>
<td>0,041</td>
<td>Good</td>
</tr>
<tr>
<td>TLI</td>
<td>≥ 0,90</td>
<td>0,933</td>
<td>Good</td>
</tr>
<tr>
<td>CFI</td>
<td>≥ 0,90</td>
<td>0,943</td>
<td>Good</td>
</tr>
</tbody>
</table>

5. Results

5.1 SEM Test Results
In this study, the critical ratio value used was ± 1.96 at the 0.05 and ± 2.58 significance levels at the 0.01 significance level. The hypothesis in this study is supported if the effect of a construct on another construct yields an estimated parameter value of a critical ratio (C.R) value greater than ± 1.96 at the 0.05 significance level. If the critical ratio value is greater than ± 2.58, the causal relationship between the two constructs is significant at the 0.01 significance level. The results of hypothesis testing are presented in the following table.

<table>
<thead>
<tr>
<th>Effect</th>
<th>Critical Ratio</th>
<th>Standardized Regression Weight</th>
<th>Information</th>
</tr>
</thead>
</table>

Table 3. Loading Value and Significance of Structural Relationships between Constructs Table
From Table 3, it is shown that the five hypotheses in this study were supported with significant effect while four hypotheses were not supported.

**Table 3.** Results of Hypothesis Testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Standardized Estimate</th>
<th>p-value</th>
<th>Support Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>SL → OC</td>
<td>4.287**</td>
<td>0.041</td>
<td>Supported</td>
</tr>
<tr>
<td>SL → OCB</td>
<td>3.966**</td>
<td>0.341</td>
<td>Supported</td>
</tr>
<tr>
<td>SL → CO</td>
<td>0.235</td>
<td>0.022</td>
<td>Not Supported</td>
</tr>
<tr>
<td>OC → CO</td>
<td>1.476</td>
<td>0.149</td>
<td>Not Supported</td>
</tr>
<tr>
<td>OCB → CO</td>
<td>3.336**</td>
<td>0.617</td>
<td>Supported</td>
</tr>
<tr>
<td>OCB → CS</td>
<td>-1.808</td>
<td>-0.222</td>
<td>Not Supported</td>
</tr>
<tr>
<td>CO → CS</td>
<td>3.575**</td>
<td>0.957</td>
<td>Supported</td>
</tr>
<tr>
<td>OC → CS</td>
<td>-1.442</td>
<td>-0.132</td>
<td>Not Supported</td>
</tr>
</tbody>
</table>

From the test results through SEM:

- **H1:** Servant leadership has a significant influence on organizational culture.
- **H2:** Organizational culture has an insignificant relationship with organizational behavior.
- **H3:** Organizational behavior has no significant relationship with customer satisfaction.
satisfaction.

H4: Servant leadership has no significant relationship with organizational commitment.

H5: Organizational commitment has a significant effect on customer satisfaction.

H6: Organizational culture has no significant relationship with customer satisfaction.

H7: Servant leadership has a significant effect on customer satisfaction.

6. Discussion

Empirical results support a significant relationship between servant leadership and customer satisfaction, however servant leadership can be related to customer satisfaction through the intervening variables: organization behavior and culture organization. Servant leadership has a significant influence on organizational culture (Harwiki, 2013). According to Patterson, (2003) leaders serve with love, act with humility, are altruistic, visionary to followers, believe in, serve and empower followers. The characteristics of a serving leader have an impact on organizational culture. Li (2015) examines how organizational culture affects employee behavior. It is important to understand that to improve the organization's business management, the organizational culture must have the right impact on employees.


Chinomona (2013) concluded that servant leadership has a strong influence on employee commitment. Mahdi (2014) examined the impact of employee perceptions on leadership behaviors and found that servant leadership had a significant effect on organizational commitment. Lok (2004) examines the influence of organizational culture and leadership style on job satisfaction and organizational commitment. Leadership (Williams and Hazer, 1986) and organizational culture (Trice and Beyer, 1993) have been shown to have a significant impact on job satisfaction and organizational commitment (Lok and Crawford, 1999; 2001).

Gillespie et al., (2007) has examined the relationship between organizational culture and customer satisfaction by using business unit data from two different companies. Organizational culture has a significant effect on customer satisfaction. Salman et al., (2014), the purpose of his research is to examine the impact of organizational
culture on job satisfaction, employee commitment and employee retention within the organization, his research findings prove that organizational culture is an important element that greatly influences commitment, job satisfaction and employee retention. Serving is at the heart of servant leadership (Greenleaf, 1977). Therefore, leaders are asked to show value in their behavior, attitudes, and values. Servant leadership has significant effect on organizational behavior (Mohsen et al., 2014). This enables staff to duplicate leadership styles to serve their customers through the humility, service, reliability, and love of Agapao.

7. Conclusion

Servant leadership has a positive correlation with employee commitment and organizational citizenship behavior, thus satisfying the customer. It is understood that the behavior of a leader who works to serve employees or followers, as well as upholding values such as empowerment, humility and empathy, will make the employees engage and loyal to the organization helping create a positive organizational culture. Thus, this paper conveys that servant leadership in organizational culture as well as organizational commitment and OCB has a strong positive influence on customer satisfaction.

Servant leadership can be introduced to future research models to examine whether servant leadership affects employee commitment to superiors above and beyond other relational-based behaviors. Finally, a similar study can bring this research forward by examining these research variables in other industries and cultural settings.

8. Implications of the study

The limitation of the research is that the sample used in this research is too short at 4 months and taken randomly. Therefore it is necessary to do research by using a wider sample of data from the same community or from a larger population (provincial level). Some suggestion for future research agendas based from this research are: 1) future research needs to add or include the construct of other variables in the form of exogenous constructs or increase the number of samples so that the coefficient of determinations can be more varied; 2) future research should be directed to a larger population by taking from Regency institutions or at the provincial level.

Reference


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