

## **The nexus of servant leadership, employee loyalty, and job satisfaction**

**Rice Furinika<sup>1</sup>, Rianasari Bimanti Esthi<sup>2✉</sup>, Indra Setiawan**

Faculty of Economics and Business, Pelita Bangsa University, Bekasi.

### **Abstract**

This research aims to learn how servant leadership influences workers' commitment to their jobs at PT. Sinar Utama Mandiri. Sixty workers were surveyed for this quantitative investigation using Saturated sampling. Data processing software, SmartPLS (Partial Least Square) Version 4.0, performs analyses such as validity, reliability, and hypothesis testing, as well as the design and analysis of path outer models and inner models. The results showed no significant relationship between servant leadership and employee loyalty, as measured by t-statistics for the variable job satisfaction PT Sinar Utama Mandiri, which equaled 2.417, indicating a substantial relationship between servant leadership and job satisfaction. Therefore, PT. Sinar Utama Mandiri's employees are more loyal when their boss serves them well and when they are happy in their jobs.

**Key words:** Servant leadership; employee loyalty; job satisfaction

## INTRODUCTION

The rate of economic growth is skyrocketing right now. The company's survival and growth depend on its ability to raise competitiveness to realize its mission and vision. Human resources are a crucial component of any thriving business. The organization may help employees improve by giving them chances to learn and grow and making them feel welcome in the workplace. Because loyalty describes more than just employee loyalty, but the presence of a relationship between employees and the firm, keeping good employees must be challenging for any business (Onsardi, 2018). For workers to relax and enjoy their work environment, the company must invest in their growth and assign them to positions that best utilize their skills and interests. A leader's role is crucial. Considering the human resources (HR) function in how content workers are in their jobs (Esthi & Setiawan, 2023). It's impossible to generalise about the effectiveness of different leadership styles because every leader has a unique approach. The servant leadership style works well in the business setting.

Staff loyalty can be boosted by adopting a servant-leadership approach (Saputra & Anindita, 2021). The principle behind the servant leadership approach is that a leader's priority is to benefit the people working under their watch. This exemplifies the need to make servant leadership a staple in any thriving enterprise. When leaders are open and approachable, treating employees as good colleagues and focusing on their happiness on the job is possible. Job satisfaction is the mental and emotional state of workers who enjoy their jobs, as defined by Hasibuan (2013) in Sudiantini and Saputra (2022). The motivational power of work comes from inside and can be used to get people to do their jobs without any external pressure. Employees are likelier to be happy if their employers value and reward them financially (via bonuses and other perks) (Setiawan & Esthi, 2021). According to past studies, satisfied workers are more loyal to their employers. Employees are more committed to their jobs and companies if they feel appreciated and valued by their superiors (Wibowo & Bhinekawati, 2021). Employee loyalty aims to have workers act following their skills and knowledge to help the firm reach its objectives. An organization's future prosperity may be predicted by the extent of the loyalty felt by its staff. Employees are most loyal when they share the organization's values, which, as stated by Farrukh et al. (2020), motivates them to give their all at work. Dedicated workers will do whatever it takes to help the company succeed.

PT. Sinar Utama Mandiri's leadership has come to terms with the fact that the company has failed to adopt a servant leadership model, as multiple employees have complained that management is too passive and fails to offer clear guidance when issues arise. For instance, rule breakers in the workplace received simply verbal reprimand, and no further action was taken against them. The leader hesitated to tell them to assist and serve as an example to the rest of the staff, especially the sales team. Therefore, we need a leadership style with a serving mentality and compassion by putting the needs of employees or subordinates ahead of one's own to reach organizational goals. Leaders treating their people with kindness and consideration foster an atmosphere where everyone can get their work done without worry. According to the servant leadership paradigm, a leader's priority is to meet the needs of their staff (Putri, 2022). Leaders' involvement and focus are essential to boosting employee loyalty.

Some workers complain that it's unfair because the marketing department receives an annual bonus while the finance department does not. Several measures of employee contentment at work demonstrate how far we still have to go before we reach our goals. Fairness for workers is an expectation based on job requirements and employee skill levels. In addition to paying attention to the needs of their customers, businesses should value the happiness of their staff. According to studies by Aminudin and Tasrif (2020), worker happiness directly impacts loyalty. Workers are more likely to stick around if they enjoy their work. If employees' needs are met, they will be happy and loyal to their employer. This research aimed to learn how servant leadership influences workers' commitment to their jobs. PT Sinar Utama Mandiri.

## METHOD

Implementation of this research at PT. Sinar Utama Mandiri, the objects of this research are employees who work in PT. Sinar Utama Mandiri. This study uses the data obtained, where respondents will provide verbal and written responses to the questions. This study relies on primary data collected from surveys administered to a sample of employees at PT Sinar Utama Mandiri to examine the

relationships between research variables such as servant leadership, work happiness, and organisational loyalty.

The data to be obtained in this study used the observation method, and in getting data used, questionnaires. This study uses a saturated sample because the total population in this study is less than 100. According to Sugiyono (2012, p.118), the saturated sample method is a method for examining all members of the population used as a sample so that the number of pieces in this study is 60, which is the number of permanent employees at PT. Sinar Utama Mandiri.

**Table 1.**  
Variable Operational Definitions

Variabel	Indikator
Servant leadership (X1) (Rezilia and Irfan, 2021)	Empowerment
	Standing back
	Authenticity
	Humility
	Stewardship
Job satisfaction (X2) (Rezilia dan Irfan, 2021)	The actual work
	Standard of direction
	Working Relationships
	Possibilities for advancement
	Pay
Employee loyalty (Y) (Ricardo, 2020)	Obey the rules,
	Responsibility
	Honesty at work
	A sense of belonging
	Interpersonal relationships
	Love to work

Quantitative techniques were used for this study. A quantitative study is one that is predetermined, well-planned, and structured from its inception all the way through to its final design. Data analysis is quantitative/statistical, with the goals of describing and testing established hypotheses, as described by Susanto (2022). The quantitative technique is grounded in positivism and is used to study discrete populations or samples by the application of statistical power. This investigation put the theory and current data through their paces with the help of a data processing tool in the form of computer software, specifically the SmartPLS (Partial Least Square) Version 4.0 programme. To avoid issues with the normalcy assumption, SmartPLS (Partial Least Square) is a bootstrapping-based analysis assistant. SmartPLS has no requirement for the size of research samples, which is problematic in addition to the normalcy difficulties. Outer Model Analysis, Internal Model Analysis, and Hypothesis Testing are the three steps of analysis in SmartPLS. Employee loyalty at PT Sinar Utama Mandiri will be examined along with the impact of servant leadership and work satisfaction.

## RESULTS AND DISCUSSION

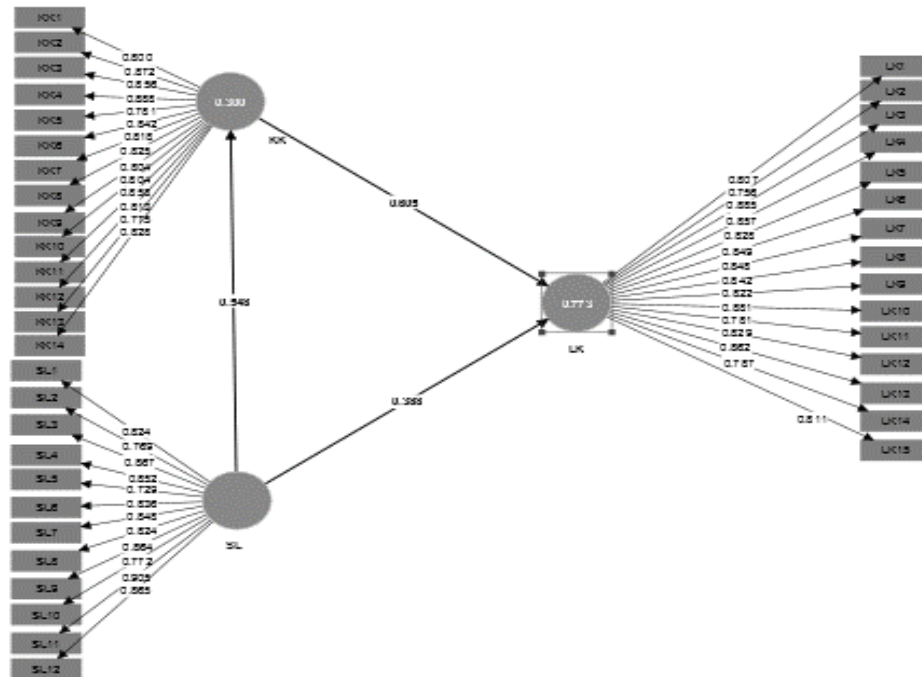
### Convergent Validity

Indicators with loading factors more significant than 0.70 are stated as credible indicators for measuring constructs. Loading values between 0.50 and 0.60 on the measuring scale are still valid in the early research and development phases, according to Gozali and Latan (2015).

**Table 2.**  
Outer Loading

	Job satisfaction (JS)	Employee Loyalty (EL)	Servant Leadership (SL)
JS1	0.800		
JS2	0.872		
JS3	0.856		
JS4	0.888		
JS5	0.781		
JS6	0.842		
JS7	0.818		
JS8	0.825		
JS9	0.804		
JS10	0.804		
JS11	0.858		
JS12	0.813		
JS13	0.775		
JS14	0.828		
EL1		0.809	
EL2		0.758	
EL3		0.885	
EL4		0.859	
EL5		0.828	
EL6		0.849	
EL7		0.847	
EL8		0.839	
EL9		0.822	
EL10		0.881	
EL11		0.783	
EL12		0.825	
EL13		0.86	
EL14		0.788	
EL15		0.812	
SL1			0.822
SL2			0.768
SL3			0.865
SL4			0.849
SL5			0.734
SL6			0.835
SL7			0.848
SL8			0.822
SL9			0.863
SL10			0.775
SL11			0.906
SL12			0.868

All indicators have been declared valid for further study and analysis because their outer loading values are more than 0.5, as shown in Table 2 above. Here is a visual representation of what "external loading" means in scientific studies.



**Figure 1.**  
Outer Loading Graphic

### Discriminant Validity

According to Table 3, the AVE value calculated in the previous sentence is more significant than 0.5. If the Discriminant Validity value is more than 0.5, then the AVE value for each construct can be considered reliable.

**Table 3.**  
Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)
JS	0.827
EL	0.830
SL	0.831

### Reliability Test

The value of the construct reliability test can be broken down into two parts: Composite Reliability and Cronbach's Alpha. The construct is considered credible if both the Composite Reliability and Cronbach's Alpha values are more than 0.7 (Ghozali & Latan, 2015).

**Table 4.**  
Composite Reliability

Variable	Composite Reliability	Information	Cronbach's alpha	Information
JS	0.968	Reliable	0.964	Reliable
EL	0.971	Reliable	0.968	Reliable
SL	0.964	Reliable	0.959	Reliable

All constructions satisfy the hybrid reliability criterion since their composite reliability value is more significant than 0.7, as shown in Table 4. There is substantial dependability between each construct used in this analysis. Because all Cronbach's alpha values in this study are more significant than 0.6, it can be concluded that all constructs have excellent reliability.

### Inner Model Analysis

It is possible to test the structural or inner models after the validity and reliability tests have been conducted. The R-Squared statistic helps evaluate the results of an Inner Model investigation. The R-Square value for this analysis is as follows:

**Table 5.**  
R – Square

Variable	R-square	Adjusted R-square
Job satisfaction	0.298	0.286
Employee loyalty	0.863	0.855

Using the data in Table 5, we can infer that the importance of the relationship between servant leadership and work satisfaction is 86.3 percent and that the R-Square value for the magnitude of the connection between the two is 29.8 percent.

### Hypothesis test

The parameter of the t-statistic for the first hypothesis or variable Servant leadership (X1) -> employee loyalty has a value of 1,868, so it is declared insignificant (t table significance 5% = 1.96), or Ho1 is accepted, and Ha1 is rejected (results shown in Table 6). With a t-statistic parameter of 2,831 for the variable of interest (Servant Leadership -> Job Satisfaction), Ho2 is not supported by the data, hence we must accept Ha2 as our alternate explanation (t-table, 5% significance = 1.96). Ho3 is denied, and Ha3 is obtained due to a significant (t table significance 5% = 1.96) t-statistic parameter for the third hypothesis or the variable Job Satisfaction -> Employee Loyalty with a value of 2.417.

**Table 6.**  
Path Coefficient

Variable	Original sample (O)	Sample average (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
Servant leadership -> Employee loyalty	0.258	0.272	0.138	1.868	0.062
Servant leadership -> Job satisfaction	0.546	0.544	0.193	2.831	0.005
Job satisfaction -> Employee loyalty	0.443	0.449	0.183	2.417	0.016

The outcomes are shown in Table 6. For the fourth hypothesis or variable, Servant Leadership -> Job Satisfaction -> Employee Loyalty, the t-statistic for the magnitude of the parameter coefficient is 1,900, which is not significant (t table significance 5% = 1.96), or Ho4 is accepted, and H4 is rejected.

**Table 7.**  
Special Indirect Effects

Variable	Original sample (O)	Sample average (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
Servant Leadership -> Job satisfaction -> Employee loyalty	0.242	0.236	0.127	1.9	0.057

This study found no evidence that the servant leadership variable (X1) influenced PT employee loyalty (Y). Sinar Utama Mandiri. Increasing servant leadership may not affect PT. Sinar Utama Mandiri's ability to retain its employees. Consistent with findings from the literature reviewed by Rindahati and Helmy (2021), this study found that servant leadership did not affect employee loyalty. Employees who took the survey viewed servant leaders as those who inspire, instruct, evaluate, and reward their employees consistently, regardless of whether or not they made significant contributions to the company's success.

Based on the findings of this research, servant leadership (X1) substantially affects employee happiness on the job (X2). PT. Sinar Utama Mandiri found that a leader's servant mentality and warmth substantially impacted workers' satisfaction on the job. The findings of this study are consistent with those of a study published in the journal Tantri et al. (2021), which found that servant leadership has a significant impact on job satisfaction when leaders treat their employees with a servant's heart, making the workplace a place where they can do their best work in an atmosphere free of stress and pressure. According to the findings of this research, job satisfaction (X2) substantially impacts employee loyalty (Y) at PT. Sinar Utama Mandiri. It may be deduced that workers' commitment to PT. Sinar Utama Mandiri is strongly influenced by how much they enjoy their jobs and working conditions. The findings

of this study are consistent with those of Farrukh et al. (2020), who found that job satisfaction significantly affects employee loyalty in situations where workers view their work as crucial and are typically reflected by favorable workplace factors.

The t-statistic of 1.868 from this study shows that the servant leadership variable (X1) does not substantially affect employee loyalty (Y) at PT. Sinar Utama Mandiri. In contrast, the results of the route coefficient test for hypothesis 4 using the inner model t-statistics are 1.900 ( $1.900 > 1.96$ ). Therefore, it can be concluded that PT. Sinar Utama Mandiri's servant leadership has no appreciable impact on employee loyalty as measured by levels of job satisfaction. Lower levels of servant leadership in an organization are associated with lower levels of employee job satisfaction but have no bearing on employee loyalty. The findings of this study are consistent with those published in the journal Ritaudin (2016), which found no intermediate role for job satisfaction between servant leadership and employee loyalty.

## CONCLUSION

According to the findings, there is no link between servant leadership and loyalty in the workplace. Servant leadership has an additional effect on morale in the workplace. Job happiness, the third outcome, influences staff loyalty. Finally, the study found that servant leadership through job satisfaction had no statistically significant impact on employee loyalty.

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