

AN EFFECTIVE EMPLOYEES' RETENTION STRATEGY: SERVANT LEADERSHIP

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ABSTRACT

The aim of this paper is to explain the concept of servant leadership style, its characteristics and its differences between the widely known transformational leadership styles. Servant leadership style primarily focuses on their followers, in other words, it is concerned with the well-being of followers. Based on the literature review, servant leadership style will increase the organizational commitment and decrease the employee turnover.

Keywords: *Servant Leadership, employee retention, organizational commitment*

INTRODUCTION

In recent decades, human resources are treated as intellectual capital, which means they are crucial in helping an organization to compete with the other competitors (Nagadevara et al., 2008). Therefore, employee retention especially for knowledgeable employees, is a main concern of every organization. Apart from that, it is an important asset for capable leaders in this era because the global economy is becoming more challenging for an organization to survive (Ngwa, 2012). In fact, a good leader would be able to attract talents as well as influence them to stay in an organization (Choo, 2007). This is agreed by Bull (2010), he mentioned that one of the reasons that leads to employee resignation is poor leadership. Nowadays, leaders tend to give their staffs more authority in discussion and decision-making. Furthermore, leaders also need to be aware of their employees' welfare, personal growth and personal feeling.

Recent scandals have shown that ethical issues will influence the success of an organization, and their employee may develop a feeling of being "trapped" if they are under supervision by unethical leaders (Den Hartog & De Hoogh, 2009). Many of the organizations including international ones, lack ethical practice in their business, misuse their leadership power and lack emotional intelligence in workplace. In order to address these issues, servant leadership style is becoming more popular among leaders due to its characteristics which can cope with the aforementioned organizational weaknesses. (Tenbrunsel, 2008; Reed et al., 2011). Although many criteria in servant leadership appear to overlap with other leadership styles, there are still some significant differences between it and those leadership

styles as servant leadership style stresses more on ethics and altruism (Schneider & George, 2011).

It is crucial to understand how servant leadership helps in management of organization especially when dealing with employee turnover problem. (Philips, 2002). Leaders need to find suitable ways to retain employees. Furthermore, organizational commitment is also discussed in this paper as many researchers have proved that organizational commitment is closely to turnover intention (Porter et. al, 1974; Sheridan and Abelson, 1983; Chang, 1999; Payne and Huffman, 2005).

LITERATURE REVIEW

Servant Leadership

Greenleaf (1977) as the first person in defining servant leadership, believes that a leader who practices servant leadership styles will place serving others' needs as top priority. Patterson (2003) and Franklin (2010) define servant leadership as a leadership that has its primary focus on followers whereas organizational concerns are secondary. In other words, servant leadership pays great attention to the well-being of followers (Meyer et.al, 2002).

However, it does not mean that leaders do everything for their followers as it will be a burden to leaders (Spears, 2004). As mentioned in Anderson's book (2011), a leader practicing servant leadership style does not mean his followers are taking advantage on him. He states the role of a servant leader as a role model who gives advice to his followers, enable them to update their skills and provide them with opportunities of development. Patterson et.al (2003) and Wong (2003) further clarify that a servant leader perceives organizational goals as ultimate goals. Moreover, they assume that the successes of followers form a basis to achieve organizational goal, hence, they put developing and motivating their followers into priority.

According to Harvey (2001), a servant leader loves the people who form the organization. A servant leader will not be biased towards some of his team members, he loves all the people in his team (Anderson, 2011). Spears (2004) believes that servant leadership can make the organization better by being caring to their employees whereas Babakus et al. (2010) prove that servant leadership is able to help employees to cope with stress at work. Although servant leaders empower followers with absolute freedom, servant leaders still possess power of their own. They make use of a various powers such as reward power, referent power, transformational power and powers that can help to enhance relationship between leaders and followers (Wong, 2003).

Ethics is one of the criteria in servant leadership. There has been an increasing demand for ethical compliance in business these years (Tenbrunsel, 2008). Leaders should lead by example by showing positive characteristics to their employees.

Confucius used to say that “if the upper beam is not straight, the lower ones will go aslant”, meaning leaders must be well-behaved because it will influence the behaviours of followers (Chen, 2007). An organization’s culture and employees’ behaviours can be influenced by leaders (Russell & Stone, 2002).

Organizational Commitment and Employee Retention

Allen and Meyer (1990) divide organizational commitment into three categories, which are affective, continuance, and normative commitment. Rhoades et al (2001) has identified the needs of having a supervisor’s support to increase workers’ affective commitment in an organization. However, an employee who wishes to leave but remains in the organization can be due to continuance commitment. Continuance commitment makes the employee to consider the cost of leaving and rewards for staying. Lastly, an employee with normative commitment stays in the organization mainly due to his fulfilment of responsibility.

Employee retention is always an issue of concern to an organization because employees leaving the organization will export their valuable experience, which will eventually affect the organization's competitive advantage (Nagadevara et al., 2008). A number of scholars have proposed different models of employee turnover. Sheridan and Abelson (1983) suggested a cusp catastrophe model which was developed to explain job turnover among nurses. This model helps to predict and describe the transition from employee retention to termination. It suggests that employee retention is related to employee tension and commitment; once they feel that they can no longer stay there, they will leave. The issue of low organizational commitment will cause employees to leave the company has been supported by many previous studies. The study of Meyer et al. (2002), found that the higher the organizational commitment, the higher the employee intention to stay. Calisir et al.(2011) also agree that organizational commitment is related to employee retention. Furthermore, Payne et al. (2005) highlights that mentoring can help in employee retention by enhancing affective commitment. Thus, it is interesting to investigate the leader’s role in solving employee retention problems.

Key Characteristics of Servant Leadership

Spears (2004) figures that the characteristics of servant leadership are born. However, it can also be learnt and practiced through training and experience. Greenleaf et al. (2003) does not specify the characteristics of servant leadership. Many researchers summarized the concept of Greenleaf’s servant leadership and have created over hundreds of characteristics that are related to servant leadership (Sendjaya, 2005; Focht, 2011). Although different researchers came out with different sets of characteristics, they are all based on the initial concept of Greenleaf (1977). In relation to this, Focht (2011) has identified the primary characteristics of servant leadership from a survey done on various servant leadership experts in his dissertation. His findings include (1)valuing people, (2)humility, (3)listening, (4)trust, (5)caring, (6)integrity, (7)service, (8)empowering, (9)serving others' needs before their own, (10)collaboration, (11)love/unconditional love, and (12)learning.

Humility leads a leader to grow into a high quality leader as this humble spirit supplies them with many positive characteristics (Banks and Powell, 2000). Those positive characteristics include the characteristics proposed by Spears as discussed earlier, for example, listening and empathy. Empathy makes the leader think in others' shoes. This helps the leader to understand his followers' points of view. (Spears, 2004). Furthermore, it will lead them to not become self-oriented but concerned for the others (Waddell, 2006).

Listening to employees is undeniable crucial in all levels of organization (Spears, 2004; Babakus et al., 2010). A leader can identify the feelings and needs of followers by listening to them (Wong, 2007). Alvesson and Sveningsson (2003) utter that leaders listening to followers can build up a good relationship between them. Cerit (2009) found that listening to teachers will increase their commitment in workplace. Spears (2004) asserts that the ability to listen can help servant leaders grow.

Trust is essential to leaders as they need to be confident in their followers (Dennis & Bocarnea, 2005). Furthermore, trust has been found linked with leadership behaviour and is an important criteria for the performance of organization (Sendjaya & Pekerti, 2010). Employees will trust their leaders and the organization if the leader practices servant leadership. This is a circular relationship as proposed by Winston (2003). He suggests that the followers will behave the same to their leaders depending on how leaders behave to them. In short, if a leaders show his trust to his followers, the followers will trust the leader too. This is agreed by Sendjaya and Pekerti (2010), they state that employees will trust their leader more if the leader practices servant leadership more.

Wong (2003) states that leaders now need to create a positive workplace so workers can be attracted and retained. Patterson (2003) proposed a model of servant leader, in the framework, one of the criteria is *Agapao Love*. This word is from Greek term, meaning moral love. It is leaders' genuine concern for the needs of their followers. They focus on their followers first before considering the talents of employees (Waddell, 2006) and the benefits of the organization (Patterson, 2003). Russell and Stone (2002) state that a servant leader's love is unconditional and not expecting anything in exchange, whereby he truly appreciates and takes care of his followers.

Empowerment gives followers power to make decision in the organization. Leaders share their power with followers and thus, they can play more significant roles in the organization (Ebener & O'Connell, 2010). Patterson (2003) also states that a leader who does not share his power with followers is not a servant leader. In fact, one of the important things for servant leaders to take note is to empower their followers by letting them become leaders in different organizational levels. Some scholars label this kind of leadership as soft and weak, however, this is disagreed by

Wong (2003) that, a servant leader still owns the power to dismiss any organization member once he found the member negatively influences others.

Servant leaders also need to adopt a general awareness as they need to keep awake in and understand different situations from a whole perspective (Spears, 2004). This will make servant leaders always act ethically. Liden et al.(2008) listed seven characteristics of servant leadership which include emotional healing, creating value for the community, conceptual skills, empowering, helping subordinates grow and succeed, putting subordinates first, and behaving ethically. Ethical servant leaders would be interacting openly, fairly, and honestly with others. Den Hartog and De Hoogh (2009) found that ethical leaders will increase employees' trust and organizational commitment.

Furthermore, in order to be aware, they must always learn, including learning from their subordinates. Reed et al. (2011) proposes that servant leadership must be of egalitarianism; they treat all equally in all levels. They are able to accept critics or opinions from the followers. This makes them learn and grow. Spears (2004) points out that a servant leader also contributes to the growth of people as he is interested in giving opportunities to followers to build themselves. He is not only giving them authority in decision making, but he also provides them opportunities to grow by learning or training. Cerit (2009) shows the importance of servant leadership to job satisfaction as his study has confirmed that giving opportunities of development among teachers will positively affect their job satisfaction. Furthermore, many researchers found out that training opportunities given by the organization will affect the decisions to resign among employees.

Service is the core of servant leadership. Their priority is to serve their followers. This is a basis for them to build up their relationship with followers. The servant leader is a role model to their followers on how to serve others. In other words, they are leading by doing, which aims to inspire and motivate followers (Patterson, 2003).

Difference between Transformational Leadership and Servant Leadership

Many researchers provide comparisons between transformational leadership and servant leadership. Servant leadership is believed to go beyond transformational leadership as it is an extended version of transformational leadership and there are some criteria which are only present in servant leadership (Waddell, 2006). Patterson (2003) states that transformational leadership lacks a leadership behaviour that is completely altruistic to their followers. She further clarifies that transformational leader focuses more on their own personal interests while servant leadership focuses on serving their followers individually. Senjaya et al. (2008) and Mayer et.al (2008) explains that the focus of transformational leadership is mainly placed at the performance of organization while servant leadership focuses on followers' moral and ethical development. Servant leadership also possesses spiritual aspects that are not found in transformational leadership. Spirituality is

needed by followers especially when they want to look for guidance and strength when they are anxious and chaotic (Banks and Powell, 2000). Patterson et.al (2003) states that a servant leader gives absolute freedom and trust to his followers, which is not being practiced by any other leadership. In fact, they are also being unconditionally concerned with the welfare of followers.

Relationship between Servant Leadership, Organizational Commitment and Turnover Intention

Drury (2004) studied the relationship between servant leadership, job satisfaction and organizational commitment in a college. The researcher used Laub's servant leadership concept in his study. Laub (1999) proposes that servant leadership consists of six characteristic which are developing people, sharing leadership, displaying authenticity, valuing people, providing leadership and building community. Drury's study proves that there is a relationship between servant leadership and organizational commitment. The employee commitment in an organization increases as the practice of servant leadership increases. However, the relationship is only at a moderate level.

Caffey (2012) mentions that there are several characteristics mostly related to job satisfaction and employee intention to stay. Similar with Drury's studies, she conducted a research at an educational institution. As a result, the research shows that leaders who practiced servant leadership would have followers (new staff) that intent to stay. However, for leaders who did not practice servant leadership, the respondents had intention to leave. The characteristics of servant leadership that are helpful in retaining employees include trust, support and morality.

In the study of Liden et al. (2008), they developed a measurement to measure servant leadership and identified the relationship between servant leadership and organizational commitment. Researchers chose a production and distribution organization and distributed questionnaires to their employees and supervisors. The result indicates that servant leadership may increase the organizational commitment among employees. In fact, researchers also noticed that not all employees were comfortable with working with servant leaders as they always wanted to guide, help and know their followers. However, further research is needed to support this statement.

Jaramillo et al.(2009) did a research on salespersons' job retention. They used full-time salespeople from a variety of industries as their population. This study found that servant leadership can affect turnover intention and can be moderated and mediated by several reasons, one of the variables is organizational commitment. They also managed to identify the importance of servant leadership when it comes a salesperson performing unethical behaviours.

West and Bocârnea (2008) tested the impacts of servant leadership characteristics including service, humility, and vision to organizational

commitment. They found out that positive relationship occurs between servant leadership and affective organizational commitment.

CONCEPTUAL FRAMEWORK

Figure 2 shows the framework of relationship between servant leadership, organizational commitment and employee intention to stay. The framework shows that servant leadership can increase organizational commitment and also decrease turnover intention. Many researchers have shown that turnover intention can be a predictor to turnover behaviour. Thus in this framework, organizational commitment mediates the relationship between servant leadership style and turnover intention behaviour among employees.

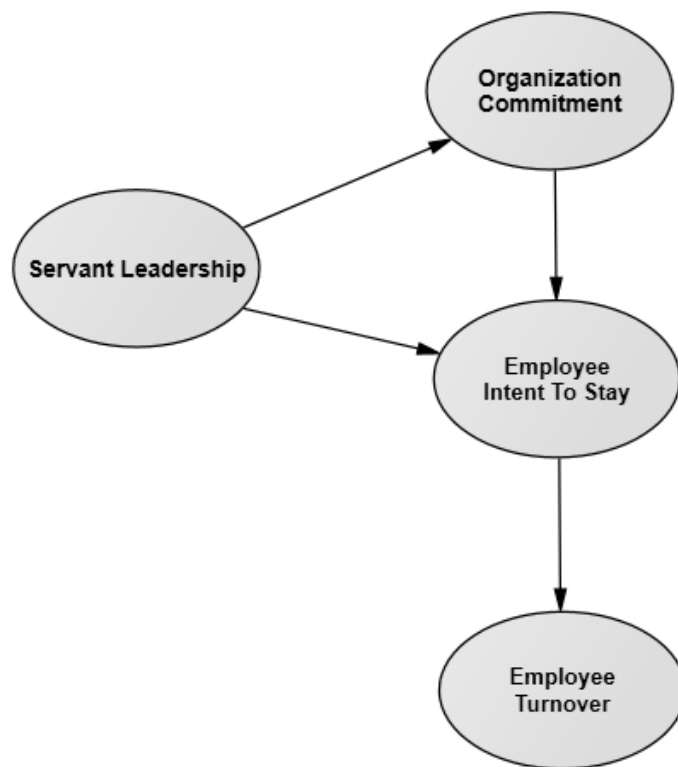


Figure 1: Conceptual Framework

CONCLUSION

This article has discussed the servant leadership style and its effects on employee retention and organizational commitment. The current findings have shown that servant leadership will positively affect organizational commitment as well as employee retention. However, the previous studies done merely focuses in certain fields, it would be interesting to conduct surveys to analyse the impacts of servant leadership on employee retention in other fields that remain to be seen such as manufacturing, tourism, and etc.

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