

# Increasing Life Satisfaction in the Workplace

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Human resources are one of the factors which have an important role in all organisational activities. This study aims to resolve the research gap regarding servant leadership on life satisfaction by using positive workplace positive effect as a mediator. This research was conducted at a beverage company in the tourist town of Batu, East Java. The population consisted of 70 employees, with a saturated sample meaning all members of the population were used as a sample. The results of hypothesis testing through path analysis show that servant leadership has a positive and significant effect on positive workplace effect and life satisfaction. Positive workplace effect does not have a positive effect on life satisfaction, and positive workplace positive effect does not act as a mediator between servant leadership and life satisfaction.

**Keyword:** *Servant Leadership, Life Satisfaction, Positive Workplace Effect*

## Introduction

Human resources are one of the factors that have an important role in all company activities. Based on the 41<sup>st</sup> Gallup International End of Year Survey in 2017, 59% of 53,796 people in 55 countries around the world stated that they were happy. Based on the survey, Indonesia is the eighth happiest country out of 55 countries that participated in the survey. In addition, the Happiness Index Survey conducted by JobStreet.com in 2017 showed that there were 71 out of 100 people in Indonesia who said that they were happy with their current work. The survey also revealed three main factors that create employee happiness, workplace location, co-workers and company reputation. On the other hand, the three main factors that create employee unhappiness consist of lack of leadership, career development and training from the company.

Life satisfaction is one indicator of employee well-being. Employee life satisfaction is determined by physical and mental conditions that are dependent on various indicators including income, housing, relationships with others, education, health, environmental quality, trust in others, services provided, security and work life balance which together determine the extent to which employees comparatively assess their quality of life (Demiral, 2018). Moreover, life satisfaction can effect employee performance, commitment and turnover (Erdogan, et. al. , 2012).

Leadership style can have an impact on employee life satisfaction. As Asmara (2019) suggests, leadership style may determine the success or effectiveness of leadership and employees' adherence to the leader. In an organisational sense, servant leadership will enhance employee life satisfaction by improving employee work engagement and self-esteem (Chughtai, 2018). Servant leadership also has a positive impact on family satisfaction and family life quality (Yang, et.al. , 2018). Likewise, with a positive influence at the workplace, servant leadership will eventually create a positive effect on life satisfaction (Yanping, 2018). However, previous studies which investigate the relationship between servant leadership and life satisfaction are very limited, so this paper will examine the relationship between the two by using Positive Workplace Effect mediation.

Servant leadership is mainly defined by the qualities of being a good listener, having self-awareness, empathy and management, that enable leaders to understand employees' needs and optimise their potential, while at the same time adjusting employees' aspirations to organizational needs and goals (McCann, Graves, & Cox, 2014). Servant leaders place their employees at the centre of their attention and strive to pay attention to their needs while doing their utmost to foster employee development with sufficient support and resources (Van Dierendonck, et. al , 2014).

Positive effect is a strong indicator of life satisfaction (Liu, Wang, & Li, 2012). Positive workplace positive effect (WPA) is an accumulation of positive feelings from work experience (Carlson, et. al. , 2011). Positive effect can reduce negative cognitive biases, thereby leading to reduced psychological stress, increased life satisfaction, and psychological well-being (Xu et al., 2015). There is a correlation between life satisfaction and positive effect. When employees have positive feelings at work, they will have broader views and welcome more perspectives or feedback. This will allow employees to pay more attention to other areas of life such as family, health, and free time, hence employees can provide more support to members of the family and improve their overall well-being through health and leisure time (Zhang, 2016).

This research was conducted on the traditional beverage business in the tourist area of Batu City, East Java, Indonesia, which is a popular tourist area offering many distinctive products

that result in high competition. This work is expected to contribute to the development of a traditional product business in tourist areas.

### **Literature Review and Formulation of Hypothesis**

Servant leadership approach represents the internal orientation to serve and support others to become the best version of themselves with moral courage and spiritual wisdom (Sendjaya, 2015).

There are seven indicators of servant leadership (Liden, Wayne, Zhao, & Henderson, 2008):

- a. Emotional healing
- b. Creating value for the community
- c. Conceptual skills
- d. Empowering
- e. Helping subordinates grow and succeed
- f. Putting subordinates first

Positive workplace effect is a state of an individual's feeling or emotion that is relatively settled and more likely to be controlled by pleasant rather than unpleasant circumstances (Walter & Brunch, 2008). The following instruments are used to measure positive workplace effect of employees (Izard, 1992):

- a. Joyfulness
- b. Happiness
- c. Delight

Life satisfaction refers to a person's cognitive assessment of life and evaluation of satisfaction with the state of life (Ampofo, Coetzer, & Poisat, 2017).

A recent study has created a new indicator for life satisfaction, that is the Riverside Life Satisfaction Scale (RLSS) which consists of six statements (Margolis, Schwitzgebel, Ozer, & Lyubomirsky, 2019):

- a. I like how my life is going.
- b. If I could live my life over, I would change many things.
- c. I am content with my life.
- d. Those around me seem to be living better lives than my own.
- e. I am satisfied with where I am in life right now.
- f. I want to change the path my life is on.

### ***The Effect of Servant Leadership on Positive Workplace Effect***

One of the main principles of servant leadership is empathy for others, reflected in behavioural dimensions such as creating social value, and helping subordinates to grow and succeed (Chen, 2016). As a result, employees tend to feel supported and satisfied at work which will generate positive effective experiences with their work (Yanping, 2018).

H<sub>1</sub>: Servant leadership influences positive workplace effect.

### ***The Effect of Servant Leadership on Life Satisfaction***

Servant leaders encourage their employees to be productive, while at the same time achieving deep satisfaction because they can contribute more to the organisation (Astohar, 2012). Leaders who support independence, provide feedback, and build relationships with followers tend to meet the needs for individuality, competence, and a sense of belonging (Chughtai, 2018). Servant leadership is relevant to define employee life satisfaction, as psychological security and stability can be obtained through this leadership style (Hutapea & Dewi, 2012).

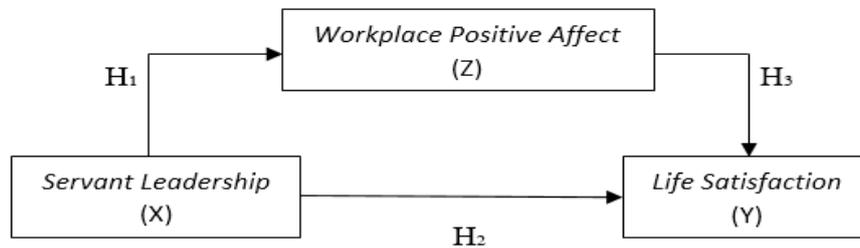
H<sub>2</sub>: Servant leadership influences life satisfaction.

### ***The Effect of Positive Workplace Effect on Life Satisfaction***

Positive energy produces a flexible and positive mental state, to extend thought and action, and thus promote well-being through successful adversity adjustment (Fredrickson, 2001). When employees have positive feelings, they continue to have a wider scope of focus and embrace more views or ideas hence they can pay more attention to several other areas of life such as family, health, and leisure time. As a result, they can invest more energy in taking care of family members and relaxing, leading to an increase in overall well-being (Yanping, 2018).

H<sub>3</sub>: A positive workplace influences life satisfaction.

### **Conceptual Framework**



**Figure 1. Conceptual Framework**

Source: Liden, Wayne, Zhao, dan Henderson (2008), Lu et al. (2016), Dan Margolis, et. al. (2018)

### **Research Methods**

The study population consists of 70 employees in the traditional beverage business within the tourist area of Batu - East Java, Indonesia. The sampling technique consists of saturated sample. If the total population in the study is less than 100 people, the total number of samples is taken (Hair, 2007). Therefore, the number of samples taken was 70 employees.

The data collection technique used in this study consists of a questionnaire, which is a data collection technique that is completed by providing a set of questions or written statements for respondents to answer (Hair, 2007).

In this study, Servant Leadership variable is measured using Dimensions theory from Liden et al. (2008) who identified seven dimensions of Servant Leadership in their research. Positive Workplace Effect variable is measured using three instruments (Izard, 1992). Finally, the Life Satisfaction variable is measured using the Riverside Life Satisfaction Scale (RLSS) created by Margolis et. al. (2019).

The Data analysis technique used in this study consists of PLS (Partial Least Square) with smart PLS 3.0, which was first developed by Herman O. A. Wold in the 1960s.

### **Analysis and Discussion**

#### **Validity test**

#### **Convergent Validity**

The convergent validity value is the loading factor value on the latent variable with its indicators (expected value > 0.7). The following is the result of convergent validity for servant leadership variables on life satisfaction with workplace positive effect as the intervening variable.

**Table 1. AVE Test Result**

Variable	AVE	T-statistic	P-value	Conclusion
Servant Leadership	0.153	4.966	0.000	Valid
Life Satisfaction	0.422	8.622	0.000	Valid
Positive Workplace Effect	0.831	30.601	0.000	Valid

Source: PLS Processing Results

Based on Table 1, the AVE value for the servant leadership variable is 0.153, life satisfaction is 0.422 and positive workplace effect as the intervening variable has a loading value above 0.5 (0.831), thus it can be said to be valid.

### ***Reliability Test***

#### ***Composite Reliability***

The following is a table showing reliability test results through composite reliability for each variable in the questionnaire from WarpPLS 3.0:

**Table 2. Composite Reliability Test Results**

Variable	Composite Reliability	Conclusion
Servant Leadership	0.819	Reliable
Life Satisfaction	0.812	Reliable
Positive Workplace Effect	0.936	Reliable

Source: PLS Processing Results

Based on Table 2, each variable regarding servant leadership on life satisfaction with positive workplace effect as an intervening variable has a composite reliability value greater than 0.7. This shows that the variables of each questionnaire are reliable.

### ***Cronbach Alpha***

Below is a table of composite reliability measurement results through Cronbach's alpha for each variable.

**Table 3. Alpha Cronbach Test Results**

Variable	Alpha Cronbach	Conclusion
Servant Leadership	0.792	Reliable
Life Satisfaction	0.720	Reliable
Positive Workplace Effect	0.898	Reliable

Source: PLS Processing Results

Based on the table above, each questionnaire variable (servant leadership variable, life satisfaction variable and positive workplace effect variable) is reliable because it has an alpha coefficient  $\geq 0.6$ .

### *Inner Model Analysis*

Evaluation of inner models can be seen from several indicators including:

a) Coefficient of Determination ( $R^2$ )

R square value is the coefficient of determination in endogenous constructs. According to Gozhali (2011), R square value of 0.67 is strong, 0.33 is moderate, 0.19 is weak. Based on the data processing, the coefficient of determination (R-Square) is produced as follows:

**Table 4. R-Square Model Values**

Variable	R-square	R-square Adjusted
Positive Workplace effect	0.205	0.193
Life satisfaction	0.373	0.354

Source: PLS Processing Results

R-square shows the that percentage response variables can be explained by predictor variables. The higher the R-square, the better the model and vice versa.

b) Predictive Relevance ( $Q^2$ )

Q-square value is a goodness of fit of the inner model which is an interpretation of the coefficient of total determination in the path analysis.

**Table 5. Q-Square Model Values**

Variable	R-square	Q-square
Positive Workplace Effect	0.205	$1 - (1-0.2052) (1-0.3732)$ =0.175
Life Satisfaction		0.373

Source: PLS Test Results

The above calculation results show that the Q-square value of 0.175 means that 17.5% of the model can be explained by endogenous servant leader variables and positive workplace positive effect, while the remaining 82.5% is explained by other variables outside the model.

c) Goodness of Fit (GoF)

According to Tenenhau (in Hussein, 2015), small GoF value is 0.1, medium GoF value is 0.25 and large GoF value is 0.38.

**Table 6. GoF Model Values**

Variable	AVE	R-Square	GoF	Conclusion
Life Satisfaction	0.422	0.373	0.396	Large GoF
Positive Workplace Effect	0.831	0.205	0.412	Large GoF

Source: PLS Test Results

The calculation results show that the GoF of life satisfaction variable (0.396) and positive workplace positive effect (0.412) are large GoF values.

### Hypothesis test

Hypothesis testing is completed by looking at probability value and t statistics. For probability values, the p-value with an alpha of 5% is less than 0.05. The t-table value for alpha 5% is 1.96. Therefore, the hypothesis acceptance criteria is met when t-statistics are more than t-tables.

**Table 7. Test Results**

	Co-efficient	t-statistics	P-Values	Conclusion
Positive Workplace Effect → Life Satisfaction	0.110	1.012	0.312	H <sub>1</sub> accepted
Servant Leadership → Positive Workplace Effect	0.452	5.058	0.000	H <sub>2</sub> accepted
Servant Leadership → Life Satisfaction	0.553	6.552	0.000	H <sub>3</sub> accepted

Source: PLS Test Results

### Discussion

Servant Leadership has a positive effect on Life Satisfaction. Based on the results of hypothesis testing, servant leadership variable on life satisfaction has a co-efficient value of 0.553 with a p-value <0.05, so it can be inferred that its variable varies from life satisfaction variable. In the organisational sense, servant leadership will enhance employee life satisfaction by improving employee work engagement and self-esteem (Chughtai, 2018). Servant leaders place employees as their concern and aim to pay attention to their needs while doing their best to help employees thrive with sufficient support and resources (Van Dierendonck et. al., 2014).

Servant Leadership has a positive effect on Positive Workplace Effect. Based on the results of hypothesis testing, servant leadership variable on workplace positive effect variable has a co-efficient value of 0.452 with a p-value <0.05, so it can be concluded that servant leadership variable has a direct influence on the intervening positive workplace variable effect. One of the main principles of servant leadership is empathy for others, which is

expressed in behavioural aspects such as creating value for society, and helping subordinates to develop and succeed (Chen, 2016). As a result, employees will tend to feel supported and satisfied, thus positive effective experiences can be developed through their work.

Positive workplace effect on life satisfaction variable has a coefficient value of 0.110, so it can be concluded that the first hypothesis is accepted or there is a positive workplace effect on life satisfaction. When employees have positive feelings at work, they will have broader views and embrace more perception or input. This will make employees pay more attention to other life domains such as family, health, and free time, so that employees can provide more energy towards family members and relax, thus improving overall welfare.

Positive workplace effect on life satisfaction has a  $p\text{-value} > 0.05$  with a coefficient value of 0.110, so it can be concluded that the first hypothesis is accepted or there is an influence between positive workplace effect and life satisfaction. In this case, positive workplace effect does not act as an intervening variable for the relationship between servant leadership and life satisfaction.

### **Conclusions, Limitations and Suggestions**

The conclusion of this study is that servant leadership (X) variable has a positive and significant effect on positive workplace positive effect (Z). It proves that a leader who communicates directly and pays attention to employees while being sensitive to problems faced by employees increase positive workplace positive effect. The servant leadership (X) variable has a positive and significant effect on life satisfaction (Y). This proves that support given by a leader can increase employee satisfaction. Positive workplace positive effect (Z) variable does not have a positive effect on life satisfaction (Y). This proves that positive feelings at work do not effect employee life satisfaction. Positive workplace positive effect (Z) variable does not act as an intervening variable between servant leadership (X) the life satisfaction variable (Y).

The result of this research shows that an Organisation is expected to increase the dimensions of servant leadership variable, namely creating value for the group, empowering and supporting subordinates to grow and succeed which is expected to increase employee satisfaction.

Increasing the dimension of creating value for the community can be undertaken by company leaders through improving community-wide programs and emphasising the importance of social contribution to employees. Increasing the empowering aspect can be completed by motivating employees to learn how to identify and solve problems and determining when and how to complete work assignments effectively.



Increasing the dimensions of helping the subordinate to grow and succeed can be accomplished by paying more attention to employees' career development and career goals while also by providing more support and guidance to employees. Organisations are expected to pay more attention to employee life satisfaction by paying attention to the physical and mental conditions of employees such as income, health, environment, and services provided by the Organisation for employees.

For future research it is recommended to examine why Positive Workplace Positive Effect (Z) variable does not act as an intervening variable between the servant leadership (X) and life satisfaction variable (Y).

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