INVESTIGATING THE INFLUENCE OF SERVANT LEADERSHIP STYLE ON EMPLOYEE RETENTION (CASE STUDY: ILAM PETROCHEMICAL COMPANY)

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ABSTRACT
The present study was carried out to investigate the influence of servant leadership style on employee retention in petrochemical company of Ilam province. Concerning the methodology, the investigation is an analytical-correlation study and concerning the goal, it is an applied study. Data collection tools were two questionnaires about servant leadership and employee retention including 38 questions with Likert scale whose reliability was calculated as 90% by Cronbach’s alpha. Statistical population was all the employees of Ilam petrochemical company including 130 persons and sample size was selected as 97 persons using Morgan table. In this study, Peterson servant leadership theory (2003) was used and the influence of four components namely Humility, trustworthiness, altruism, kindness and service providing on employee retention was evaluated. Data were analyzed using SPSS software and tests such as R² regression and adjusted coefficient. Results showed that there is significant relationship between all the four components and employee retention. The relationship was often linear and the most influencing factors were trustworthiness, service, kindness and Humility, respectively.

Keywords: Servant Leadership, Employee Retention, Petrochemical Company, Peterson Theory

INTRODUCTION
Deteriorating situation of ethical issues in the world is considered as an important general problem. Although ethics can’t be taught, it can be extended and it well documented that improving leadership skills is effective in extension of ethics. Ethical scandal in public and private sectors has impressed scholars and made international organizations concentrate on this topic. Skillful leaders can play important role in introducing and training ethical values (Sonia, 2011). Leadership is a primitive phenomenon in the history of management and social science. However it is still challenged as an investigation area. Success in leadership of people and especially employees is highly related to inner feeling (FahriAkdmir, 2014). Servant leadership has been proposed in the recent years and there are still many efforts to find theoretical and empirical investigations on the issue of servant leadership. The concept of servant leadership was first proposed by Robert Green leaf (1970).

The paradigm in which a person takes on the leadership due to his strength, skills and legitimate power was broken by Green leaf (1970) and the author proposed a powerful and new paradigm as servant leadership in which the leaders seek for growth of their followers and organizational opportunities beyond his own benefits. Servant leadership is highly similar to revolutionary and charismatic leadership. Both servant and revolutionary leaderships are inspiring and ethical, but servant leadership is unique and results in generating spiritual culture (RachmwatiDonaloc, 2014). In organizational life, employees’ behavior and their relationship with their job is influenced by many variables one of which is leadership behavior factors (Rabeea et al., 2014). Improving the spirituality exists in whole the life including work place and spirituality and its relationship to leadership is a convincing and important issue for management (Greasley and Bonarnea, 2014). Servant leadership approach is an approach to organizational management and leadership which increasingly obtains much acceptance. Though this topic is not an ethical principle per se, it is based on ethical principles and assigning priority for others. The issue is initiated by a natural feeling, and then an intentional selection leads the person to wish of leadership. The model gets reality in manager’s attention to supplying others’ demands; meaning that he
penetrates into it by attempting to supply his employees’ demands and takes on the real leadership of the organizational affairs (Nazari, 2013).

**Problem Statement**

In the current knowledge-based era in which knowledge is considered as the most important asset of organizations, a new approach to dealing with organization and employees’ affairs is required. Therefore, employee retention in organization is of great importance. In the organizations in which many knowledge employees work, activity and retention of each employee is important for the organization. Since the organizations spend much cost for employing and training the employees, if the employees leave the organization, the costs and experiences of the employees is lost (Gholipour et al., 2013). This kind of leadership is a real feeling to justice, trust, and encouraging the followers for exploiting their potential competences. The servant leadership is initiated by the real feeling that the leader wants to serve; he wants to serve at first and then deliberately select a subject for which he is going to be leader (Shabani et al., 2012).

Servant leadership is a popular concept in the collection of leadership types. Although it is an attractive concept, it has not been defined systematically and has not been supported by empirical findings. As long as power dominates leadership thoughts we cannot move to high standard of leadership. We should put the concept of servicing at the base. Although power has always accompanied the leadership, the only legitimate application of it is servicing (Hasanpour, 2004). The servant leader aims at making changes in his followers and their growth and independence. Many properties of servant leader were cited by Greenleaf (1970), the most important of which was serving (RachmwatiDonaloc, 2014). In knowledge management, employee retention plays a major role in business success and gaining competitive advantages. Since petrochemical firms employ skillful and knowledge workers whose retention is important for the companies, in the present study the influences of servant leadership style on employee retention in Ilam petrochemical firm was investigated to determine if there is a significant relation between the two issues?

**Theoretical Principles and Literature Review**

**Servant Leadership**

Servant leadership theory was first proposed by Robert Greenleaf (1977) in an article entitled “servant as leader”. Inverted pyramid model can be considered as the core part of servant leadership. In this model, the leaders are introduced as the servants for their followers. While traditional theories are based on agency theory, servant leadership theory was founded based on service theory (Gholipour et al., 2009). Since early 21st century, the traditional hierarchical leadership styles have been gradually replaced by new leadership style called servant leadership which attempts for individual and job improvement of the employees and enhances organizational health and quality through team work, individuals’ participation in decision making and founding ethical behavior.

In addition to Greenleaf’s support on servant leadership concept, many leadership literatures confirm this style as a new theory for organizational leadership. Servant leadership style is highly motivated for providing services for its followers. Servant leaders are engaged in human growth and excellence. They encourage their followers for commitment, discipline and excellence; and bring good values in to the organizational culture through their own behaviors and activities (Khoshbakhti, 2013). The servant leadership has changed traditional models of management and altered leadership and management philosophy. In this style, the leader dedicated him to the organization and extensively benefits from delegation of authority. In this manner, the leaders don’t play the role of boss; instead create equal opportunities for all the staff. Servant leadership is an approach for leadership and service in which the leader is a servant at first and then a leader (Eidipour et al., 2013).

Many authors have identified then properties of servant leadership proposed by Greenleaf which include building community, service, foresight, awareness, effective listening, conceptualization, healing, persuasion, empathy, and commitment to individuals’ growth. In a conceptual framework for evaluating servant leadership, other researchers used seven indices including power and honor, service, empowerment, personal development of others, participatory leadership, motivational leadership,
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inspiring leadership, and insight leadership for servant leader. Some researchers also identified emotional healing, evaluating the social, perceptual skills, empowerment, contributing to the growth and success of followers, prioritization of followers, ethical behavior, communication and service (Khoshbakhti et al., 2013).

Employee Retention

An important issue in modern management is employees’ retention and their tendency to stay in organizational work place. Organizations spend much cost for employing and training skillful human force but if they can’t provide good conditions for working, they encounter organization leaving problem. These valuable employees leave the organizations and attracted by another organization which little changes in conditions. The money is not in fact the only factor for retention of human force, instead; leadership style of the managers is an important factor in employee retention (Kaveh et al., 2011). In knowledge management, retention of knowledge workers and growing their learning capacity play important role in success and achieving competitive advantage for the organization which is not extensively studied. Knowledge workers are a kind of intellectual property and the most important capital of the organization; so retention of these individuals can be of great importance for the organization (Zamanifar, 2010).

Inability to accurate management of retention of skillful workers as the main organizational capital, results in exerting heavy direct and indirect costs on the organization and delivery of the capabilities to competitor firm and finally lose of competitive advantage of the organization (Asili and Ghadirian, 2006). There have been few studies on the influence of servant leadership style on employee retention in Iran and foreign literature; so in the present study, investigations on the effects of servant leadership in organizations are also included.

In a study, “evaluation and prioritization of the factors affecting the relationship between servant leadership and organizational trust” conducted by Shabani et al., (2012), the results indicated that there was a significant positive relationship between employees’ perceptions of servant leadership and organizational trust.

In another study, “prediction of employees’ job satisfaction based on leadership style in General Offices of Sports of the West provinces”, Eidipour et al., (2013) concluded that there was a significant positive relationship between servant leadership style and job satisfaction.

In their study, “the relationship between servant leadership style and organizational learning and job engagement of nurses”, Akharbeen et al., (2013) concluded that there was a significant positive relationship between servant leadership style and job engagement and improved servant leadership style components could increase nurses’ job engagement.

Results reported by Nadi et al., (2011) in an article entitled “the relation between servant leadership and organizational trust and citizenship behavior among the nurses” showed that there is a significant relation between servant leadership and organizational trust meaning that organizational trust is enhanced when there is servant leadership in the organization. In another investigation entitled “influence of servant leadership in knowledge sharing among the workers” conducted by Sial et al., (2014), it was found that there is a significant correlation between servant leadership and workers’ tendency toward knowledge sharing and this influence of leadership is considerable (2012). In an investigation conducted by Xiaoyuli et al., (2012) and entitled “investigating the effect of servant leadership on citizenship behavior”, there was a significant and positive relationship between servant leadership and citizenship behavior. Moreover, servant leadership had positive effect on workers’ civic virtue.

Theoretical Framework

In the present study, influence of four components including humility, trustworthiness, altruism and kindness on employee retention was investigated.

Servant Leadership

Humility

Humility means that the person is not only concerned with himself; instead he pays attention to others and their competences. The humility does not mean that a person does not respect himself; but it means that
he considers himself neither superior nor lower than other ones. Servant leaders show this property by paying attention to others and prioritizing their demands (Dennis, 2004).

**Trust**

Trust is a sustainable confidence based on honesty and personality of a person and includes tendency and eagerness of a group to activities of another one. Creating and retaining the trust in an organization is a necessary subject which constitutes the root of leadership. In the absence of trust, fear dominates the organization and productivity is lowered. The honesty and competence are considered as the factors that form organizational and interpersonal trust and the trust is the essence of servant leadership (Dennis, 2004).

**Service**

Service providing forms the core of servant leadership and is an ethical necessity. The leader who selects the servant being provides resources for others. They serve others via providing financial resources information and paying attention (Dennis, 2004).

**Altruism and Kindness**

Altruism means helping others. Altruistic behaviors are voluntary behaviors that are intended to benefit others and the motivation of receiving external rewards does not affect it. Altruism and kindness are defined as the behaviors for benefitting others; even he/she takes great risk and jeopardizes the benefits (Dennis, 2004).

**Sustainability of Employees**

In companies in which many knowledge workers are employed due to nature of the firm, employee retention is of great importance because in addition to lose of costs, the experience of the employees is lost when they leave the company and losing key employees interfere with organizational tasks (Gholipour et al., 2013).

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**Conceptual framework of the investigation**

**Hypotheses**

**The Main Hypothesis**

There is significant relationship between servant leadership and employee retention.

**Sub-hypotheses**

- There is significant relationship between humility and employee retention
- There is significant relationship between trustworthiness and employee retention
- There is significant relationship between service providing and employee retention
- There is significant relationship between altruism and kindness with employee retention
**MATERIALS AND METHODS**

**Methodology**

The present study is of analytical-correlation kind and concerning the goal, this is an applied investigation. Data collection tools were two questionnaires on servant leadership and employee retention (based on the dissertation on retention system evaluation, hasani) using Likert scale. Cronbach’s alpha was calculated as 0.90 for 38 questions indicating good reliability of the questionnaires. Reliability of each parameter is presented in table 1.

<table>
<thead>
<tr>
<th>Table 1: Reliability of the investigation questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question</td>
</tr>
<tr>
<td>--------------</td>
</tr>
<tr>
<td>Alpha coefficient</td>
</tr>
</tbody>
</table>

**Statistical Population**

Statistical population of this investigation includes all the workers of petrochemical company of Ilam province and sample size was calculated as 97 persons using Morgan table. The sample was selected based on randomized sampling.

**RESULTS AND DISCUSSION**

**Data Analysis**

Demographic properties: among the 97 persons selected as sample of the present study, 29 persons were managers and 68 persons were experts among which, 68 persons had job experience lower than 20 years and 29 persons had experience over 20 years. In this sample, nine persons had academic degree as diploma, 20 persons had post-diploma, 53 persons were bachelor and 14 persons had MSc degree. The largest age group was for persons below 30 years including 45 persons, 30-32 year old group includes 42 persons and eleven persons were above 40 years.

**Tests of Hypotheses**

Single linear regression was used for evaluating influence of servant leadership and its dimensions. In the other words, influence of service, humility, trustworthiness and kindness was individually assessed and the effect of servant leadership was finally evaluated using single linear regression.

**Correlation among the Investigation Variables**

<table>
<thead>
<tr>
<th>Table 2: Assessing the correlation between employee retention and servant leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>N=96</td>
</tr>
<tr>
<td>Employee retention</td>
</tr>
<tr>
<td>Coefficient of correlation            p-value</td>
</tr>
<tr>
<td>Service</td>
</tr>
<tr>
<td>Humility</td>
</tr>
<tr>
<td>Trustworthiness</td>
</tr>
<tr>
<td>Kindness</td>
</tr>
<tr>
<td>Servant leadership</td>
</tr>
</tbody>
</table>

According the results of Pierson correlation test it was observed that service (correlation coefficient as 0.524), humility (0.245), trustworthiness (0.632) and kindness (0.472) and servant leadership (0.530) were significantly correlated with employee retention (p< 0.05).
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Table 3: Summary of the model and analysis of variance

<table>
<thead>
<tr>
<th></th>
<th>$R^2$</th>
<th>Adjusted determination coefficient</th>
<th>$F$</th>
<th>p-value</th>
<th>Watson factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>-service</td>
<td>0.274</td>
<td>0.267</td>
<td>35.518</td>
<td>0.000</td>
<td>2.189</td>
</tr>
<tr>
<td>-2humility</td>
<td>0.060</td>
<td>0.050</td>
<td>5.996</td>
<td>0.016</td>
<td>1.835</td>
</tr>
<tr>
<td>-3trustworthiness</td>
<td>0.400</td>
<td>0.394</td>
<td>62.633</td>
<td>0.000</td>
<td>2.348</td>
</tr>
<tr>
<td>-4kindness</td>
<td>0.222</td>
<td>0.214</td>
<td>26.898</td>
<td>0.000</td>
<td>2.194</td>
</tr>
<tr>
<td>Servant leadership</td>
<td>0.281</td>
<td>0.274</td>
<td>36.805</td>
<td>0.000</td>
<td>2.218</td>
</tr>
</tbody>
</table>

In addition to correlation coefficient, $R^2$ and adjusted determination coefficient are used for evaluating variation rate of each factor in small size samples on employee retention. Trustworthiness (0.400) had the highest and humidity (0.060) had the lowest variation rate of employee retention. Moreover, $f$ values for evaluating linearity of the relations between servant leadership and its dimensions with employee retention suggest a linear relationship (p< 0.05).

Table 4: Regression coefficients between servant leadership and employee retention

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>Standard error</th>
<th>Beta</th>
<th>t</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>service</td>
<td>0.273</td>
<td>0.046</td>
<td>0.524</td>
<td>5.960</td>
<td>0.000</td>
</tr>
<tr>
<td>humility</td>
<td>0.118</td>
<td>0.048</td>
<td>0.245</td>
<td>2.449</td>
<td>0.016</td>
</tr>
<tr>
<td>trustworthiness</td>
<td>0.330</td>
<td>0.042</td>
<td>0.632</td>
<td>7.916</td>
<td>0.000</td>
</tr>
<tr>
<td>kindness</td>
<td>0.260</td>
<td>0.050</td>
<td>0.472</td>
<td>5.186</td>
<td>0.000</td>
</tr>
<tr>
<td>Servant leadership</td>
<td>0.315</td>
<td>0.052</td>
<td>0.530</td>
<td>6.067</td>
<td>0.000</td>
</tr>
</tbody>
</table>

In evaluating table of regression coefficients, the calculated standard regression coefficient (B) was lower than 0.05 and the hypothesis of equality of regression coefficient and zero is rejected; therefore, service (0.524), humility (0.245), trustworthiness (0.632) and kindness (0.472) and servant leadership (0.530) have significant influence on employee retention.

Discussion and Conclusion

In the present study, there was significant correlation between servant leadership style and employee retention and the most influencing factors were trustworthiness, service, kindness and humility, respectively. This is in accordance with the results reported by Shabani et al., (2013) on the influence of servant leadership style on confidence, Eidipour et al., (2013) about influence of servant leadership style on job satisfaction, Akharbeen et al., (2013) about influence of servant leadership style on enhanced job eagerness of nurses, Nadi et al., (2011) on the subject of influence of servant leadership style on organizational confidence, Sial et al., (2014) about the effects of servant leadership style on knowledge sharing among the workers, and the results reported by Xiaoyuli et al., (2012) about influence of servant leadership style on citizenship behavior. Among these four hypotheses, trustworthiness (0.400) had the highest and humidity (0.060) had the lowest variation of employee retention. According to the $F$ value, the relation between servant leadership style and employee retention was linear.

Suggestions and Limitations

In the studies investigating the effects of servant leadership style on employee retention, it is better for these investigations to be conducted in organizations and firms with specialized activities employing knowledge workers with high skill such as petrochemical and petroleum products firms; and also in hospitals on physicians and nurses whose training is costly and all other organizations in which employee retention is important. There are some limitations for investigations conducted in Iran about knowledge workers and their retention such as lack of an accounting system for human resources that indicates the costs spent for them and skills and competence of an employee in the organization so that suitable decisions and styles can be used by the leaders and managers.


Nadi Mohammad Ali and Ghhremani Nasrin (2011). The Association between components: servant leadership leader Trust, organizational Trust, and community citizenship Behavior among Nurses In public Training Hospital in Shiraz province, Hospital 10(3) 38.


Green Leaf RF (1970). The servant as leader. The Green leaf center, Indianapolis, IN.

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