

# **Employee Performance in a Servant Leadership Style is Influenced by Emotional Healing and Empowerment: Empirical Evidence from the Insurance Sector**

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## **Abstract**

The insurance industry in India is regarded as being quite competitive. The fierce competition that now exists in this industry may contribute to the development of new issues. Preparing the workforce to deal with the intense competition is one of the most important challenges. However, because the sector's employee retention rate is very low, it is important to have a solid understanding of the employee. Emphasis is placed on the current study to comprehend the effects of emotional healing and the function of employee empowerment in the private insurance sector. Understanding their influence on employee performance is the main goal of the relevant study. The samples are chosen from 750 samples and a well-designed questionnaire is used.

**Keywords:** Emotional Healing, Employee Empowerment, Employee Performance, Servant Leadership, Insurance sector.

## **I. INTRODUCTION**

According to James (1978), leadership is one of the most observed and least understood concepts on the earth. Understanding the nature and goals of leadership is essential and achieving them is difficult. However, a lot of literature has developed on leadership despite the lack of data to support it, and it has become a focus to comprehend most of the organizational behavior (Luthans, 2005). The commercial organizations did not want to lose any of their resources, notably their human resources, especially in the current environment of tremendous competition. Organizations in the service industry are more cautious in this situation because they believe that leaders are vital in inspiring favorable employee behaviors that produce great outcomes (Fernando et al., 2015). The earlier research studies by Stogdill et al. (1974) and Robbins et al. (2000) laid out the background of the concept of leadership and described its traits. Additionally, according to Robbins (2000), individuals who wished to become effective leaders could learn leadership skills through efficient training programmes that could help them develop their behavioral patterns. The transformation of a regular person into a successful leader was explained by other studies including Burns' in 1978, which discussed changing leadership styles. The other research described charismatic leadership, in which a leader can inspire his or her team based on personal charm. (Bass, 1985). The concept of full range leadership is proposed by Avolio, explains about the active leaders and passive leaders in a scientific and further the concept of servant leadership is determined by Greenleaf, 1977. According to Greenleaf, servant leadership is a philosophy and set practices that enriches the lives of individuals and build better organization.

## **II. RESEARCH GAP AND RESEARCH PROBLEM**

There is an abundant literature which is available on different leadership styles and their impact on different aspects (Burns, 1978; Greenlead, 1977 & Basswide, 1985). The numerous leadership styles, including charismatic leadership, transformative leadership, and full range leadership, and their effects on various elements, have been the subject of previous studies. There are extremely few studies on servant leadership, and the ones that are accessible have inconsistent findings. Few research on the effect of servant leadership on employee ethics claimed that there is a favourable impact (Fernando, 2015), while other studies on the same phenomena will provide contradictory results (Dirk et al., 2017).

The impact of servant leadership and its impact over the effectiveness of the organization is tested and found that there is a positive relationship between the servant leadership and organizational behavior (Martin et al., 2017). The servant leadership and its impact over unit performance also has been studied (Robert., 2014). The servant leadership purposefulness and in the health care organizations is tested with the research findings of Justin et al., 2017. But there is

no a comprehensive study on determining the employee performance through themoderating role of emotional healing and the mediating role of employee empowerment in a servant leadership style. Hence, this study focused to assess the mediating impact of employee empowerment with the moderating impact of emotional healing.

### III. OBJECTIVES OF THE STUDY

These queries are addressed by the current research. We developed a conceptual model (shown in Fig. 1) based on existing research on the effects of employee empowerment on employee performance under servant leadership in order to address the problems.

### IV. RESEARCH METHODOLOGY

The primary data was collected from 750 private insurance company employees. Research team approached the private insurance employees of 20 companies in Hyderabad and Guntur districts of Telangana. Researchers addressed the respondents and asked them to complete a structured, self-administered questionnaire. In the proposed study, 6 items are adopted to measure the servant leadership style variable, 4 items are adopted to measure emotional healing, 6 items are adopted to measure employee empowerment, and 5 items are adopted to measure employee performance. Based on prior studies, a total of 21 items were utilised to assess the employee performance of insurance personnel who had undergone emotional healing and employee empowerment under servant leadership style. A 7-point Likert scale was used to grade each item.

### V. SAMPLING FRAME AND SAMPLE SIZE

Description	Private Sector Banks	Public Sector Banks
No of bank branches approached	20	18
No of bank branches permitted to conduct the survey	18	18
No of employees participated in the survey	375	375
No of returned questionnaires	375	375
No of usable questionnaires for the study	375	375
<b>Total Samples</b>		<b>750</b>

### VI. DATA ANALYSIS AND RESULTS

To identify the determinant attributes of servant leadership's impact over employee performance an exploratory factor analysis (EFA) is conducted. The principal component method and varimax rotation with Kaiser Normalization was used to perform this activity. This exploratory study identified 16 constructs related to determinants of the proposed model were tested in the exploratory factor analysis. The sampling adequacy (94%) was found by using Kaiser-Meyer-Olkin method. The Chi-Square of Bartlett's test of sphericity has given value of  $\chi^2 = 12314.396$ , where the significance was very high ( $p < 0.000$ ).

**Table - 2: KMO and Bartlett's test Results**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.941
Bartlett's Test of Sphericity	Approx. Chi-Square	12314.396
	df	120
	Sig.	0.000

Source: Primary Data

The criteria chosen to include items for further analysis was factor loadings value  $\geq 0.5$  and Eigen value  $\geq 1$ . These extracted items which were qualified in the factor analysis based on the set criteria as considered the attributes of employee performance in the banking sector. The exploratory factor analysis shown in Table 5.2 noted that the factor solution explaining 84.215 percent of total variance in employee performance. Based on the variance explained and the Eigen value, the factors are labeled as servant leadership style, emotional healing, employee empowerment and employee performance. The factor analysis was exhibited in the table 3.

**Table - 3: Total Variance Explained Results**

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.762	61.011	61.011	9.762	61.011	61.011	3.974	24.840	24.840
2	1.702	10.635	71.646	1.702	10.635	71.646	3.436	21.473	46.313
3	1.126	7.035	78.681	1.126	7.035	78.681	3.152	19.699	66.012
4	.885	5.534	84.215	.885	5.534	84.215	2.912	18.203	84.215
5	.423	2.642	86.857						
6	.359	2.244	89.101						
7	.297	1.859	90.960						
8	.258	1.611	92.572						
9	.223	1.393	93.964						
10	.198	1.235	95.199						
11	.166	1.037	96.236						
12	.149	.933	97.170						
13	.130	.811	97.981						
14	.117	.732	98.712						
15	.108	.676	99.389						
16	.098	.611	100.000						

Extraction Method: Principal Component Analysis.

**Table - 4: Rotated Component Matrix Results**

	Rotated Component Matrix <sup>a</sup>			
	Component			
	1	2	3	4
Servant Leadership 1		.833		
Servant Leadership 2		.841		
Servant Leadership 3		.764		
Servant Leadership 4		.797		
Emotional Healing 1	.771			
Emotional Healing 2	.828			
Emotional Healing 3	.789			
Emotional Healing 4	.788			
Emotional Healing 5	.768			
Employee Empowerment 1				.867
Employee Empowerment 2				.869
Employee Empowerment 3				.831
Employee Performance 1			.769	
Employee Performance 2			.795	
Employee Performance 3			.753	
Employee Performance 4			.764	

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Hayes mediating analysis is used to test the hypotheses of H1, H3 and H4. The mediating impact of employee empowerment over employee performance in servant leadership style is tested and the results revealed the significant effect of servant leadership style on employee empowerment is measured through significance of regression coefficient of servant leadership style and this regression coefficient is found to be 0.591 and its standard error is found to be 0.054 respectively. T statistic corresponding this regression coefficient (0.591/0.054) was found to be significant at 5% alpha ( $p < 0.05$ ). This regression coefficient is termed as “a” and its standard error is termed as SE(a).

The significant effect of employee empowerment on employee performance is measured and this regression coefficient is found to be 0.575 and its standard error is found to be 0.057 respectively. T statistic corresponding this regression coefficient (0.575/0.057) was found to be significant at 5% alpha ( $p < 0.05$ ). This regression coefficient is termed as “b” and its standard error is termed as SE(b). The significant effect of servant leadership style on employee performance and this regression coefficient is found to be 0.798 and its standard error is found to be 0.056 respectively. T statistic corresponding this regression coefficient (0.798/0.056) was found to be significant at 5% alpha ( $p < 0.05$ ). This regression coefficient is termed as “c” and its standard error is termed as SE(c). “c” is also termed as “TOTAL EFFECT” The significant effect of servant leadership on employee performance in the presence of employee empowerment is measured and this regression coefficient is found to be 0.644 and its standard error is found to be 0.065 respectively. T statistic corresponding this regression coefficient (0.644/0.065) was found to be significant at 5% alpha ( $p < 0.05$ ). This regression coefficient is termed as “c'” and its standard error is termed as SE(c').”c'” is also termed as “DIRECT EFFECT”. According to the thumb rules of mediation analysis, if mediation effect or indirect effect is present then the value of c' (i.e.0.644) should be less than the value of c (i.e., 0.798), implying direct effect is less than total effect. Further, the size and significance of indirect effect was revealed as the regression coefficient is 0.153 and its standard error was 0.044. The relationship between servant leadership style and the employee empowerment and emotional healing is tested through moderating analysis and the results are found to be satisfactory.

## VII. CONCLUSION

The findings provide valuable insights to insurance sector for strengthening their employee relations to be effective to enhance the employee performance. Findings related to servant leadership impact on employee performance underline the level of servant leadership, role of emotional healing, employee empowerment and knowledge about employee performance in Indian insurance industry. Knowledge obtained from employee performance enables the insurance companies to understand better for what factors are more vital in enhancing the employee performance among the employees. So that the insurance companies will be able to take the appropriate measures to sustain the performance of their workforce. Further it is also helpful to retain the existing employees and to make them loyal for companies by providing the superior feeling of emotional healing and empowerment. Undoubtedly the current research adds knowledge to our understanding of servant leadership style which focuses on emotional healing to their employees to create employee empowerment and then influences the employee performance by providing empirical insights.

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