

Examining the Effects of Servant Leadership on Life Satisfaction

Aamir Ali Chughtai¹

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Abstract This paper explored the effects of servant leadership on employees' life satisfaction. In addition, it examined the mediating role of work engagement and organizational based self-esteem (OBSE) in this relationship. Data for this cross sectional survey study were collected from 160 Pakistani employees who were working on a full-time basis in a large tractor manufacturing company. The SPSS macro developed by Preacher and Hayes (2008) was used to test the research hypotheses. Results showed that servant leadership was positively related to both work engagement and OBSE, which, in turn, were both positively related to life satisfaction. Furthermore, it was found that work engagement and OBSE fully mediated the effects of servant leadership on life satisfaction. Limitations of the results and implications of these findings for theory and practice are discussed.

Keywords Servant leadership · Work engagement · Organizational based self-esteem · Life satisfaction · Pakistan

Introduction

The recent movement towards positive psychology has generated a significant amount of interest in the concept of life satisfaction (Pavot and Diener 2008). Life satisfaction is an integral component of one's happiness or subjective well-being (Roberts et al. 2015). Specifically, it refers to a cognitive appraisal or judgement of one's life as a whole (Pavot and Diener 1993). In other words, life satisfaction is an evaluative summary of an individual's liking or disliking of his or her life (Heller et al. 2004).

✉ Aamir Ali Chughtai
aamir_chughtai@hotmail.com

¹ School of Business, Forman Christian College, Ferozpur Road, Lahore 54600, Pakistan

Research has shown that life satisfaction is related to an impressive range of social, health and organizational outcomes. For instance, previous research indicates that life satisfaction can lead to stronger social and marital relationships (Pavot and Diener 2008), lower levels of burnout (Haar & Roche, 2010), fewer sleep complaints (Brand et al. 2010) and reduced mortality rates (Chida and Steptoe 2008). Within the organizational context, it has been found that life satisfaction can decrease turnover and improve employees' job performance (Erdogan et al. 2012).

The evidence reviewed above indicates that life satisfaction can have far reaching consequences for both organizations and their employees. So what are the factors, which make people happy and satisfied with their lives? To answer this question, scholars and researchers draw on and distinguish between *top-down* and *bottom-up* perspectives.

The top-down approach depicts life satisfaction as a function of stable personality traits. For instance, previous research has demonstrated that the Big Five traits such as, neuroticism, extraversion, agreeableness and conscientiousness can have a profound impact on life satisfaction (Heller et al. 2004; Steel et al. 2008).

On the contrary, the supporters of the bottom-up approach argue that life events (e.g. unemployment) and satisfaction with different life domains (e.g. family, friends, job, health and financial situation) are the most proximal determinants of life satisfaction (Schimmack and Oishi 2005). For instance, in a recent study, Loewe et al. (2014) found that satisfaction with one's financial situation, family, work and health were strong predictors of life satisfaction.

However, the role of the leader in enhancing employees' life satisfaction has received scant empirical attention. This is somewhat surprising because previous research has shown that leaders are likely to have a significant effect on their followers' happiness and well-being (Kuoppala et al. 2008; Nielsen and Munir 2009). Leaders play a pivotal role in shaping the work environment of an organization (Tuckey et al. 2012; Laschinger and Fida 2014). This is due to the fact that in most organizations key aspects of work such as, rewards, deadlines, work allocation and performance evaluations are under the direct control of the leaders (Ilies et al. 2005; Donaldson-Feilder et al. 2013). Therefore, the way in which, they manage and influence these factors can have a strong effect on employees' well-being (Maslach et al. 2001).

As noted above, currently not much is known about how leaders influence their followers' life satisfaction (Erdogan et al. 2012). Thus, in order to address this gap and advance theory and research in the area, the present study attempts to examine the impact of servant leadership on employees' life satisfaction. The core characteristic of servant leaders is that they go beyond self-interest and solely focus on fulfilling the needs of their followers (Van Dierendonck 2011; Liden et al. 2015). Unlike other leadership styles, "where the ultimate goal is the well-being of the organization, a servant leader is genuinely concerned with serving followers" (Van Dierendonck 2011, p. 1230). Because of this person-oriented approach, servant leaders are expected to have a profound impact on their followers' health and well-being (Barbuto and Wheeler 2006).

Additionally, to gain further insights into the servant leadership – life satisfaction relationship, this study also sought to uncover the underlying mechanisms through which servant leadership effects life satisfaction. Erdogan et al. (2012) in their review argue that quality of work life and employees' feelings of self-worth have the potential

to serve as mediators in the relationship between work related antecedents and life satisfaction. In view of this fact, it is proposed that work engagement, which is an indicator of quality of work life (Salanova and Schaufeli 2008) and organizational based self-esteem (OBSE), which encompasses feelings of self-worth (Pierce and Gardner 2004), will be the mediating variables that connect servant leadership to life satisfaction.

Previous research has shown that exhibition of servant leadership behaviours can enhance employees' work engagement (e.g. Van Dierendonck and Nuijten 2011) and OBSE (e.g. Yang et al. 2015). High levels of work engagement (e.g. Hakanen and Schaufeli 2012) and OBSE (e.g. Diener and Diener 2009) in turn, have been found to increase life satisfaction. Thus, it is expected that both work engagement and OBSE will play a key role in explaining the link between servant leadership and life satisfaction. Figure 1 presents the conceptual model examined in the current study.

Literature Review and Hypotheses Development

Servant Leadership

Recently, the concept of servant leadership has received increased attention in the leadership literature (Van Dierendonck 2011). Specifically, this approach to leadership concentrates on “developing employees to their fullest potential in the areas of task effectiveness, community stewardship, self-motivation, and future leadership capabilities” (Liden et al. 2008, p. 162).

Servant leaders set aside their personal interests and exclusively focus on nurturing their followers (Greenleaf 1977). These leaders rely on one-on-one communication to determine followers' developmental needs, desires and goals. With knowledge of each follower's unique characteristics and interests, leaders then help them to grow and realise their full potential (Liden et al. 2008).

Research evidence indicates that servant leadership can deliver important follower outcomes such as, greater job satisfaction (Van Dierendonck and Nuijten 2011), stronger organizational commitment (Liden et al. 2008), more organizational citizenship behaviours (Walumbwa et al. 2010), higher levels of creativity (Liden et al. 2015) and improved job performance (Jaramillo et al. 2009). All this evidence seems to

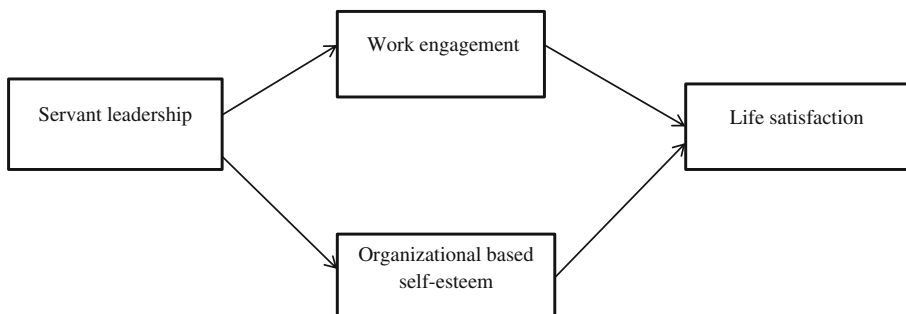


Fig. 1 Hypothesised model

suggest that servant leaders can play a pivotal role in creating a sustainable competitive advantage for their firms.

Servant Leadership and Work Engagement

Work engagement refers to a “positive, fulfilling work related state of mind that is characterised by vigour, dedication and absorption” (Schaufeli et al. 2002, p. 74). Vigour is characterised by high levels of energy and mental resilience while working. Dedication refers to a strong identification with one’s work and encompasses feelings of pride, enthusiasm, inspiration and challenge. The final component of engagement is absorption, characterised as being completely engrossed in one’s work such that time appears to pass swiftly and one finds it increasingly difficult to separate oneself from work (Schaufeli and Bakker 2004).

In the present study it is argued that servant leadership will enhance employees’ engagement with their work. The theoretical link between these two constructs can be explained through the lens of the social exchange theory. The main premise of this theory is that employees, who are treated favourably by their leaders, feel obligated to return the favourable treatment in some adequate manner (Blau 1964). Servant leaders empower their subordinates, provide them support and encouragement and facilitate their development (Van Dierendonck 2011; Liden et al. 2015). According to the social exchange theory, such positive actions on part of the leader might inspire employees to reciprocate by showing greater energy, passion and enthusiasm in their work. Numerous studies have empirically demonstrated that servant leadership is positively associated with work engagement (Van Dierendonck and Nuijten 2011; Van Dierendonck et al. 2014). Thus, it is hypothesised:

Hypothesis 1: Servant leadership is positively related to work engagement.

Servant Leadership and Organizational Based Self-Esteem (OBSE)

In response to Tharenou’s (1979) recommendation that the conceptualization and measurement of self-esteem should be compatible with a given situation, Pierce et al. (1989) developed and validated a measure of organization-based self-esteem (OBSE). Specifically, OBSE is defined as the “degree to which an individual believes him / herself to be capable, significant, and worthy as an organizational member” (Pierce and Gardner 2004, p. 593). Past studies have shown that OBSE is a stronger predictor of work related variables than global self-esteem (Pierce et al. 1989). For instance, research evidence indicates that high levels of OBSE can have a profound effect on important work-related outcomes such as, job satisfaction, organizational commitment, employee retention and job performance (Bowling et al. 2010).

There are major reasons to expect servant leadership to have a positive impact on OBSE. Servant leadership behaviours such as, developing employees, providing participation in decision making, expressing genuine care and concern and creating an environment of trust within the organization might signal to the employees that they are valued, important and capable part of the organization (Ferris et al. 2009). These types of messages, in turn, are likely to increase OBSE (Pierce and Gardner 2004; Bowling

et al. 2010). Previous research has demonstrated that servant leadership can positively contribute to OBSE (Yang et al. 2015). Hence, it is predicted:

Hypothesis 2: Servant leadership is positively related to OBSE.

Work Engagement and Life Satisfaction

This paper further postulates that work engagement will enhance employees' life satisfaction. The association between work engagement and life satisfaction can be explained by using the framework of the *broaden-and-build theory* of positive emotions (Fredrickson 2001). This theory suggests that positive affective states like work engagement have the capacity to broaden employees' momentary thought-action repertoires and build their enduring personal resources such as, self-efficacy and optimism (Xanthopoulou et al. 2009). When employees feel efficacious (O'Sullivan 2011) and optimistic (Bailey et al. 2007), they are likely to experience greater life satisfaction. Past research has shown that work engagement has the potential to increase life satisfaction (Hakanen and Schaufeli 2012; Mauno et al. 2017). Therefore, the following hypothesis is stated:

Hypothesis 3: Work engagement is positively related to life satisfaction.

OBSE and Life Satisfaction

OBSE is also likely to have a positive effect on life satisfaction. Individuals who consider themselves to be trusted, important and capable part of the organization generally respond more favourably to stressful work situations and are not unduly influenced by negative events that occur in their work environment (Pierce et al. 1993). For instance, research has shown that high self-esteem employees are less affected by work stressors such as, role conflict, role ambiguity and job insecurity than the low self-esteem employees (Jex and Elacqua 1999; Hui and Lee 2000; Makikangas and Kinnunen 2003).

Because of these factors, employees with high OBSE tend to experience lower levels of job stress and enjoy improved health and well-being (Bowling et al. 2010) and as a consequence report elevated levels of life satisfaction (Pavot and Diener 1993; Judge et al. 2005; Diener and Diener 2009). In light of these arguments, it is speculated:

Hypothesis 4: OBSE is positively related to life satisfaction.

The Mediating Role of Work Engagement and OBSE

Servant leadership is expected to have a significant impact on employees' life satisfaction. Servant leaders transcend self-interest and focus on creating opportunities that enable their subordinates to grow and develop (Van Dierendonck 2011). Such behaviours can help employees to attain their career goals and realise their true potential

(Liden et al. 2015) and as a result are likely to make them happy and more satisfied with their lives (Beutell and Wittig-Berman 1999; Lounsbury et al. 2004).

However, research evidence indicates that leaders are more likely to influence employees' health and well-being indirectly by shaping their work environment (Ilies et al. 2005; Nielsen et al. 2008) and by strengthening their personal resources (Nielsen and Munir 2009; Tims et al. 2011).

This argument has received support in several empirical studies. For instance, Nielsen et al. (2008) found little evidence of a direct link between transformational leadership and employee well-being. On the contrary, the results of their study revealed that the relationship between transformational leadership and employee well-being was mediated by three work characteristics: meaningful work, role clarity and opportunities for development. On the basis of these results, Nielsen et al. (2008) concluded that the "absence of a direct link over time casts doubt on whether transformational leadership behaviour can cause changes in employee well-being unless it results in changes in perceived work characteristics" (p. 17).

Similarly, Nielsen and Munir (2009) also found limited support for the direct relationship between transformational leadership and employees' affective well-being. Specifically, these researchers uncovered that transformational leadership behaviours improved employees' affective well-being by enhancing their sense of self-efficacy (a personal resource).

Furthermore, Laschinger et al. (2012) showed that the effect of authentic leadership on burnout was completely mediated by workplace bullying. These results signified that employees are less likely to burnout when their leaders create an environment, which discourages workplace bullying.

In a related vein, Chen et al. (2013) demonstrated that servant leadership influenced employees' eudaemonic well-being indirectly through the mediating mechanism of autonomous motivations (intrinsic motivation and identified regulation).

Finally, in a recent study, Chughtai et al. (2015) found that trust in supervisor fully mediated the effects of ethical leadership on two indicators of employee well-being: work engagement and emotional exhaustion.

In view of this evidence, the present paper argues that the direct link between servant leadership and life satisfaction will be mediated by work engagement and OBSE. Specifically, it is theorized that servant leadership will amplify employees' work engagement and OBSE (Hypothesis 1 and 2), which subsequently will boost their life satisfaction (Hypothesis 3 and 4). Thus, the following hypothesis is formulated:

Hypothesis 5: Work engagement and OBSE will mediate the effects of servant leadership on life satisfaction.

Method

Sample and Procedure

Data for this cross sectional survey study were collected from a large tractor manufacturing company based in Pakistan. The participants were full-time employees who were drawn from different departments (e.g. marketing, finance, production and control and quality assurance) of this company.

Two hundred questionnaires along with a cover letter guaranteeing confidentiality were mailed to the company's human resource department for distribution to the participating employees. Participation in this study was purely optional. The employees completed the questionnaire and returned it to the human resource department. The human resource manager subsequently mailed the completed questionnaires in a sealed envelope to the author. It took about four weeks to gather this data.

Out of the 200 questionnaires that were distributed, 160 useable questionnaires were returned. The response rate therefore was 80%. Missing data (less than 3% of the data were missing) were imputed by using the expectation maximization (EM) algorithm (Newman 2009). Majority of the participants were male (97%). The average age of the respondents was 31.8 years, while the average organizational tenure was 8.07 years. Approximately, 59% of the responding individuals held a postgraduate qualification, while the remaining 41% held an undergraduate degree.

Measures

Standardized questionnaires were used to measure all the study variables. Servant leadership, OBSE and life satisfaction were all measured on a 5-point Likert-type scale ranging from 1 (*strongly disagree*) to 5 (*strongly agree*), while the items of work engagement were rated on a 7-point scale ranging from 0 (*never*) to 6 (*always*).

Servant Leadership

Although a number of instruments have been used to measure the concept of servant leadership (e.g. Ehrhart 2004; Barbuto and Wheeler 2006; Van Dierendonck and Nuijten 2011), the scale developed by Liden et al. (2008) has been extensively used because of the rigorous methods utilized in its development (Van Dierendonck 2011). This scale assesses seven dimensions of servant leadership: (1) emotional healing; (2) creating value for the community; (3) conceptual skills; (4) empowering; (5) helping subordinates grow and succeed; (6) putting subordinates first; and (7) behaving ethically. However, the main drawback of this scale is its 28-item length, which makes it tedious to use (Liden et al. 2008). Thus, in order to overcome this limitation, Liden et al. (2015) developed a 7-item unidimensional version (SL-7) of the original 28-item scale. These researchers showed that the SL-7's reliability, factor structure and convergent validity were commensurate with the composite measure of the original scale.

Since, SL-7 is a short, reliable and valid measure of servant leadership, this instrument was used to assess servant leadership in the current study. A sample item from this scale includes: "My boss puts my best interests ahead of his / her own". Cronbach's alpha for the SL-7 was .70.

Work Engagement

Work engagement was measured with the nine item version of the Utrecht Work Engagement Scale (UWES-9) developed by Schaufeli et al. (2006). This instrument measures the three components of work engagement: vigour (e.g. "At my job, I feel strong and vigorous"), dedication (e.g. "I am enthusiastic about my job") and

absorption (e.g. “I am immersed in my work”). Each component was assessed with three items. The UWES-9 has been validated in many countries such as, Finland (Seppala et al., 2009), Italy (Balducci et al., 2010), China (Fong & Ng, 2012) and Russia (Lovakov et al., 2017).

Another instrument, which has been frequently used to measure work engagement is the Q12 questionnaire developed by Harter et al. (2002). However, the main shortcoming of this scale is that its psychometric properties have not been rigorously tested and its items do not capture the feelings of energy, enthusiasm and passion, which are central to the concept of work engagement (Macey and Schneider 2008). Due to these drawbacks, the Q12 questionnaire was rejected and work engagement was subsequently assessed with the UWES.

Although past studies have generally found support for the three factor structure proposed by UWES-9, Schaufeli and Bakker (2010) suggest that for practical purposes the composite score of work engagement can also be used for empirical research. In view of this fact, many researchers have used the composite score of work engagement in their respective studies (Halbesleben and Wheeler 2008; Kim, Shin and Swanger, 2009). Thus, based on this evidence, in the current study, the nine items of the UWES were aggregated to compute an overall score of work engagement for each respondent. Cronbach’s alpha for the aggregated scale was .81.

Organizational Based Self-Esteem

Organizational-Based Self-Esteem was measured with the 10-item scale developed by Pierce et al. (1989). This is probably the most widely used instrument to measure OBSE (Matsuda et al. 2011). Many studies have found strong support for the factorial validity, reliability and convergent and discriminant validity of the OBSE scale (Pierce et al. 1989; Pierce and Gardner 2004; Matsuda et al. 2011). Because of its strong psychometric properties, this instrument was selected to measure OBSE in the present study. A sample item from the OBSE scale includes: “I am a valuable part of this place”. Cronbach’s alpha for this 10-item scale was .84.

Life Satisfaction

Life satisfaction was assessed with the five item Satisfaction with Life Scale (SWLS) developed by Diener et al. (1985). The SWLS has been used in hundreds of studies and has exhibited good psychometric properties (Pavot and Diener 2008). For instance, Pavot and Diener (1993) presented data from six studies in which the coefficient alpha for the SWLS ranged from 0.79 to 0.89. These findings indicate that the scale has high internal consistency. In addition, the one factor structure of SWLS has been replicated in many studies, which suggests that this scale also has strong factorial validity (Gouveia et al., 2009; Glaesmer et al., 2011). On the basis of this evidence, Erdogan et al. (2012) concluded that SWLS is the “soundest instrument currently available to measure life satisfaction” (p. 1069). Because of all these reasons, the SWLS was used to assess life satisfaction in the present study. A sample item from this scale includes: “I am satisfied with my life”. Cronbach’s alpha for the SWLS was .70.

Data Analysis

As discussed above, Hypothesis 1–5 represent a mediation model, in which the effect of servant leadership on life satisfaction is mediated by work engagement and OBSE. In this paper, the mediating effects of work engagement and OBSE were examined by using the bootstrapping procedure recommended by Preacher and Hayes (2008). Research evidence indicates that this is one of the most effective and powerful method for evaluating indirect effects (Hayes, 2009; Zhao et al. 2010).

Specifically, in order to establish mediation, 95% bias-corrected bootstrap confidence intervals (CIs) around the indirect effects were constructed from 5000 bootstrap samples. According to Hayes (2009), an indirect effect is considered significant if the upper and lower limits of the 95% bias-corrected CI do not include a 'zero'. These analyses were conducted by using the SPSS macro developed by Preacher & Hayes (2008).

Results

Descriptive Statistics

The means, standard deviations, and correlations among the study variables are reported in Table 1. An inspection of the results presented in the correlation matrix (Table 1) revealed that servant leadership was positively and significantly correlated with both work engagement ($r = .37, p < .01$) and OBSE ($r = .49, p < .01$). Furthermore, it was found that as expected, both work engagement ($r = .43, p < .01$) and OBSE ($r = .47, p < .01$) were positively associated with life satisfaction.

Confirmatory Factor Analysis

To establish discriminant validity among the four multi-item measures, a confirmatory factor analysis was conducted by using LISREL 8.80 (Joreskog and Sorbom 2006). Servant leadership (7 items), OBSE (10 items) and life satisfaction (5 items) were modelled with their respective items. Work engagement on the other hand, was indicated by its three sub-dimensions: vigour, dedication and absorption.

Table 1 Descriptive statistics, correlations and scale reliabilities

Variable	Mean	SD	1	2	3	4
1. Servant leadership	3.56	.62	.70			
2. Work engagement	4.12	.98	.37**	.81		
3. OBSE	3.68	.65	.49**	.41**	.84	
4. Life satisfaction	3.61	.66	.37**	.43**	.47**	.70

OBSE = Organizational based self-esteem

Cronbach alpha reliabilities for observed variables are in bold in the diagonal

** $p < .01$

Results reported in Table 2 showed that the hypothesised four factor model provided a good fit to the data: $\chi^2(269) = 360.95$, $p < .01$; CFI = .97; RMSEA = .05; SRMR = .07. Next, the fit of this four factor model was compared to the fit of seven alternate models. Since, the seven alternative models were nested within the four factor model, the relative fit of these competing models was compared by using the chi-square difference test (Kline 2005). Results presented in Table 2 revealed that the hypothesised model exhibited a better fit than all the alternative models. For instance, compared to the hypothesised model, an alternative model in which indicators of servant leadership and work engagement were set to load on a single factor fit the data significantly worse ($\Delta\chi^2(3) = 70.33$, $p < .01$; CFI = .94; RMSEA = .06; SRMR = .08) as did an alternative model in which the indicators of work engagement and OBSE were set to load on a single factor ($\Delta\chi^2(3) = 92.89$, $p < .01$; CFI = .93; RMSEA = .07; SRMR = .08). These results offered support for the distinctiveness of the four measures.

Hypothesis Testing

The results of the regression analysis provided by the Preacher-Hayes macro are depicted in Table 3. Results showed that servant leadership was positively and

Table 2 Comparison of measurement models

Model	Factors	χ^2	df	$\Delta\chi^2$	Δ df	CFI	RMSEA	SRMR
Hypothesized model	Four Factors	360.95**	269	–	–	.97	.05	.07
Model 1	Three Factors (WE & OBSE merged into one factor)	453.84**	272	92.89**	3	.93	.07	.08
Model 2	Three Factors (WE & LSAT merged into one factor)	402.47**	272	41.52**	3	.95	.06	.07
Model 3	Three Factors (OBSE & LSAT merged into one factor)	426.51**	272	65.56**	3	.94	.06	.08
Model 4	Three Factors (SL & WE merged into one factor)	431.28**	272	70.33**	3	.94	.06	.08
Model 5	Three Factors (SL & OBSE merged into one factor)	416.33**	272	55.38**	3	.95	.06	.08
Model 6	Three Factors (SL & LSAT merged into one factor)	419.55**	272	58.6**	3	.95	.06	.08
Model 7	One Factor (All items forced to load on a single factor)	528.41**	275	167.46**	6	.91	.08	.08

SL = Servant leadership; WE = Work engagement; OBSE = Organizational based self-esteem; LSAT = Life satisfaction

** $p < .01$

Table 3 Regression results for mediation (based on the Preacher-Hayes macro)

Direct Effects	B	SE	t	p
WE regressed on SL	. ^a 59**	. ^b 12	4.92	.00
OBSE regressed on SL	.52**	.07	7.43	.00
LSAT regressed on WE, controlling for SL & OBSE	.18**	.05	3.60	.00
LSAT regressed on OBSE, controlling for SL & WE	.31**	.08	3.88	.00
LSAT regressed on SL, controlling for WE & OBSE	.14 (<i>ns</i>)	.08	1.75	.11
<i>Bootstrap results for indirect effects</i>				
	Indirect Effect	SE	LL 95% CI	UL 95% CI
WE	.11	.04	.04	.21
OBSE	.16	.06	.07	.29
Total	.27	.07	.15	.42

SL = Servant leadership; WE = Work engagement; OBSE = Organizational based self-esteem; LSAT = Life satisfaction; LL = Lower limit; CI = Confidence interval; UL = Upper limit; *ns* = not significant

Bootstrap sample size = 5000

^a These numbers represent the unstandardized regression coefficients

^b These numbers represent the standard errors

** $p < .01$

significantly related to both work engagement ($b = .59, p < .01$) and OBSE ($b = .52, p < .01$). Thus, Hypothesis 1 and 2 were supported. Furthermore, it was found that both work engagement ($b = .18, p < .01$) and OBSE ($b = .31, p < .01$) were significantly associated with life satisfaction. Hence, Hypothesis 3 and 4 were also substantiated.

Hypothesis 5 proposed that work engagement and OBSE will mediate the effects of servant leadership on life satisfaction. Results of the bootstrapping procedure presented in Table 3 showed that the indirect effect of servant leadership on life satisfaction through work engagement was .11 [(.59 x .18)] and the 95% bias corrected CI around this indirect effect was [.04, .21].

In addition, it was found that the indirect effect of servant leadership on life satisfaction via OBSE was .16 [(.52 x .31)] and the 95% bias corrected CI around this indirect effect was [.07, .29].

Finally, results showed that the total indirect effect of servant leadership on life satisfaction through work engagement and OBSE was .27 [(.59 x .18) + (.52 x .31)] and the 95% bias corrected CI around this indirect effect was [.15, .42].

Since, the 95% bias corrected CIs did not contain a 'zero', it can be concluded that the indirect effect of servant leadership on life satisfaction via the two mediators was significant (Hayes, 2009; Zhao et al. 2010).

A further inspection of the results depicted in Table 3 revealed that the direct effect of servant leadership on life satisfaction after controlling for the effects of work engagement and OBSE was insignificant ($b = .14, p > .05$). These results indicate that work engagement and OBSE fully mediate the relationship between servant leadership and life satisfaction (Zhao et al. 2010). Thus, the mediation hypothesis (H5) was also confirmed. The findings of this study are summarised in Fig. 2.

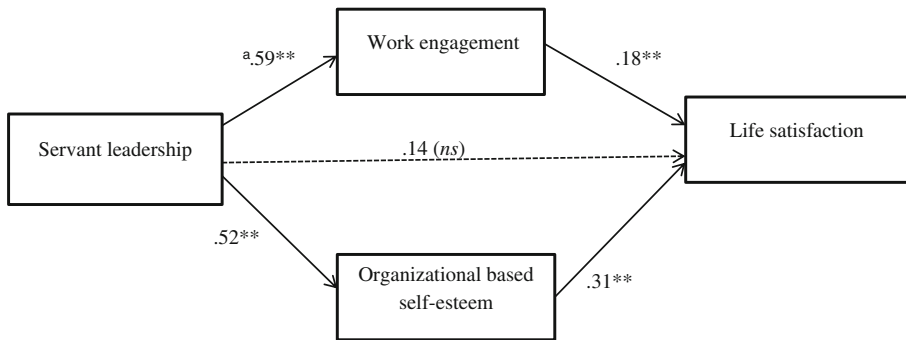


Fig. 2 Final model. *ns* = not significant. ^aThese numbers represent the unstandardized regression coefficients ** $p < .01$.

Discussion

The main purpose of this paper was to explore the impact of servant leadership on employees' life satisfaction. In addition, it sought to examine the mediating role of work engagement and OBSE in this relationship. Results showed that servant leadership was positively related to both work engagement and OBSE, which, in turn, were both positively related to life satisfaction. Furthermore, it was found that work engagement and OBSE fully mediated the effects of servant leadership on life satisfaction. The implications and limitations of this research are discussed in the ensuing paragraphs.

Theoretical Implications

The present study makes three important contributions. First, there is paucity of research on how different leadership styles influence life satisfaction (Erdogan et al. 2012). This study contributes to the life satisfaction literature by empirically investigating the effects of servant leadership on this important indicator of happiness and well-being. The findings of this research indicate that servant leadership is likely to play a critical role in amplifying employees' life satisfaction. These results are in line with past studies, which suggest that leaders can have a significant impact on their followers' health and well-being, "not only in terms of creating psychological distress and other negative outcomes but also by enhancing general psychological well-being" (Tuckey et al. 2012, p. 15).

The findings of this study are also in accordance with the bottom up approach to life satisfaction. This approach suggests that the gratification of basic human needs can result in higher levels of life satisfaction (Diener et al. 2002). Leaders, who provide support for autonomy, offer developmental feedback and form high quality relationships with their followers are likely to satisfy followers' need for autonomy, competence and belongingness respectively. The satisfaction of these needs, in turn, can enhance followers' intrinsic motivation and well-being (Ryan and Deci 2000).

Second, by examining the mediating role of work engagement and OBSE in the servant leadership – life satisfaction relationship, this study provides useful insights into the underlying processes through which servant leadership relates to life satisfaction. Specifically, results showed that the effect of servant leadership on life satisfaction was

indirectly transmitted through work engagement and OBSE. These findings imply that employees feel happier with their lives when leaders boost their self-esteem and work engagement through the exhibition of servant leadership behaviours. This result is consistent with previous research, which has empirically demonstrated that leaders are likely to influence employees' health and well-being indirectly by building their personal resources (e.g. Tims et al. 2011) and by creating a positive and resourceful work environment (e.g. Laschinger and Fida 2014).

Finally, life satisfaction research has been criticised on the grounds that it has largely ignored the work domain and has mainly examined non-work populations such as, children, adolescents, students and people with health problems (Hakanen and Schaufeli 2012; Loewe et al. 2014). Thus, there is a possibility that findings from these non-work samples may not generalise to the work context. The present study overcomes this limitation and extends the extant research on life satisfaction by examining the dynamics of this construct within the environment of a large engineering company located in Pakistan. The results of this study indicate that the quality of work-based relationships can have a profound impact on employees' subjective well-being.

Practical Implications

The findings of this research suggest that servant leadership behaviours can make employees happy and more content with their lives. Happy workers tend to exhibit higher levels of in-role and extra-role performance in the workplace, which, in turn, can have a positive effect on organizational efficiency and effectiveness (Cropanzano and Wright 2001). Thus, it may be worthwhile for organizations to invest in training programmes that enable them to develop servant leaders.

Furthermore, the results of this study revealed that both work engagement and OBSE had significant direct effects on life satisfaction. These findings indicate that formulating strategies, which focus on strengthening employees' work engagement and OBSE, may prove useful for enhancing their happiness and well-being. Organizations can foster work engagement among their employees by providing them an adequate level of job resources such as, autonomy, feedback and coaching (Schaufeli and Bakker 2010). These job resources have motivational potential and as a result are likely to increase employee engagement (Bakker and Demerouti 2008).

On the other hand, organizations can boost the self-esteem of their employees by giving them a say in decision making, ensuring that they are fairly rewarded for their efforts and designing jobs, which provide them opportunities for personal growth and development (Pierce and Gardner 2004).

Limitations and Future Research Directions

Like all studies, this research was also limited by several factors. First, this study had a cross-sectional design, which does not allow us to make any definite conclusions about causality. To gain a better insight into causality, future research should test the research model developed in this paper with a longitudinal research design.

Second, data for this study were collected from a single organization based in Pakistan. This may restrict the generalizability of the results to other work contexts

and cultures. Thus, to enhance the external validity of this study, it is suggested that future studies should replicate this research in more diverse settings.

Third, the fact that all data were collected through self-reports, raises the possibility that the results of this study may have been affected by common method variance (Podsakoff et al. 2003). To ascertain whether or not common method variance distorted the findings of this research, Harman's single factor test was performed (Podsakoff et al. 2003). Specifically, the fit of the hypothesised four factor model was compared to the fit of a one factor model in which all indicators were forced to load on to a single factor (see Table 2). Results showed that relative to the four factor model, the one factor model exhibited a poor fit to the data: $\Delta\chi^2(6) = 167.46$, $p < 0.01$; CFI = 0.91; RMSEA = 0.08; SRMR = 0.08. These findings suggest that common method variance was not a serious issue in this research (Jones 2009). However, to mitigate the adverse effects of this problem, it is recommended that future studies should attempt to gather data from multiple sources.

Fourth, the present study exclusively focussed on examining the impact of servant leadership on life satisfaction. However, to acquire a deeper insight into the relationship between leader behaviour and life satisfaction, future research in this area should also investigate the effects of other leadership styles such as, transformational leadership, ethical leadership and authentic leadership on employees' life satisfaction.

Finally, this research explored the role of two mediators, namely, work engagement and OBSE in the servant leadership – life satisfaction relationship. However, other variables such as career satisfaction and job satisfaction also have the capacity to explain linkages between these two constructs (Erdogan et al. 2012). Thus, to further unravel the servant leadership – life satisfaction relationship, future studies should seek to identify other potential mediating variables.

Conclusion

This paper presents one of the first attempts at understanding the link between leader behaviour and life satisfaction. Specifically, the results of this study showed that servant leadership behaviours can boost employees' life satisfaction by reinforcing their work engagement and OBSE. Thus, in order to create a happy and vibrant workforce, it is essential that organisations devise strategies, which are geared towards promoting servant leadership.

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