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After Covid-19 Pandemic* "

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## FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 3<sup>rd</sup> International Conference on Business and Banking Innovations (ICOBBI) with the topic "*Unlocking New Marketing Strategies on ASEAN After Covid-19 Pandemic*". This proceeding contains several researches articles from many fields in Business & Marketing, Banking & Sharia Banking, Accounting & Financial Management, Human Resources Management, Operations Management, Investasi, Insurance & Capital Market, Strategic Management, Technology Management, and Information System.

The 3<sup>rd</sup> International Conference on Business and Banking Innovations was held on 6<sup>th</sup> – 7<sup>th</sup> March 2021 by virtual (online) meeting and organized by the Master Management Study Program of STIE PERBANAS Surabaya in Collaboration with three Higher Education Institutions in Indonesia and two Universities from Asia countries. Keynote speakers in this conference were: Prof. Jessa Frida T Festijo (Lyceum of the Philippines University), Prof. Krisda Tanchaisak, Ph.D (Ramkhamhaeng University Thailand) and Burhanudin, Ph.D (Head of Undergraduate Program In Management of STIE Perbanas Surabaya, Indonesia).

I would like to give high appreciation to the Rector of STIE Perbanas Surabaya for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the three universities, namely Universitas 17 Agustus Surabaya, STIE 66 Kendari, Institut Institut Bisnis dan Keuangan Nitro Makassar which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website <https://pascasarjana.perbanas.ac.id>.

Chair of the Master Management Study Program  
STIE Perbanas Surabaya

**Prof. Dr. Tatik Suryani, M.M.**



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# The Effect of Servant Leadership and Kaizen Work Culture on Quality of Work Life, Job Satisfaction and Performance of Hospital Employees in Lamongan Regency

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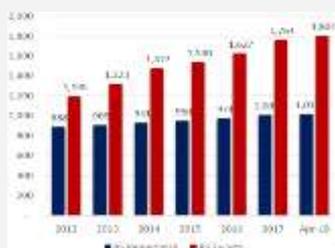
## ABSTRACT

The number of private hospitals grows significantly in Indonesia. The aggressive growth is seen particularly in East Java increasing four times with average percentage of 21%, followed by West Java increasing almost twice or 19%, and DKI Jakarta 8% in the last 6 (six) years. Similarly, it increases almost three times in Central Java, with average percentage of 19%. This growth requires more efficient and effective governance and management. Therefore, this research focuses on studying the effect of servant leadership and Kaizen work culture on quality of work life, job satisfaction, and employee performance in hospitals in Lamongan Regency. The method employed is qualitative approach with *Structural Equation Modeling (SEM)* analysis test. The result of research shows that Servant leadership affects quality of work life (QWL) positively and significantly, Servant leadership does not affect employee performance significantly, Kaizen work culture affects quality of work life significantly, Kaizen work culture affects employee's job satisfaction significantly, Kaizen work culture affects employee performance significantly, quality of work life affects employee performance significantly, and job satisfaction affect employee performance significantly.

**Keywords:** Servant Leadership 1, Kaizen 2, Quality of work life 3, Job Satisfaction 4, performance 5.

## 1. INTRODUCTION

Hospital business grows very rapidly in Indonesia. The data (Ministry of Health, 2018) shows that there are 2,773 public and private hospitals in Indonesia. Public hospital grows not as rapidly as private hospital does. The mean growth rate of public hospital is 0.4%, while that of private one is 15.3%.



**Figure 1. Data of Private and Public Hospitals in Indonesia**

Averagely, there is an increase in the number of private hospitals in each of provinces. The aggressive growth is seen particularly in East Java increasing

four times with average percentage of 21%, followed by West Java increasing almost twice or 19%, and DKI Jakarta 8% in the last 6 (six) years. Similarly, it increases almost three times in Central Java, with average percentage of 19%. From the data, it can be summarized that East Java is the province with highest growth in the number of private hospitals in Indonesia. It indicates that this province has a large potency for Hospital industry development. It, of course, will have an impact on the aspect of need for human resources in the industry. Human resource is the most important asset to organizational development, in addition to financial capital (Chu Lin *et al.*, 2018), including healthcare service organization such as Hospital.

Human resource issue, according to Siagian (2015), still attracts the attention and becomes the foundation for the company to keep surviving in globalization era. Human resource plays basic role in each of companies' activity. Although it is supported by infrastructure and surplus resource, without credible human resource, the company's activity will not be implemented well. It indicates that human resource is a primary key needing to be taken into account. As the



primary key, human resource will determine the successful implementation of company's activities. Therefore, whether or not an organizational or institution is successfully will be determined by its human or employees factor (Nugraheni & Budiarmo, 2014).

## 2. LITERATURE REVIEW

### 2.1 Effect of Servant Leadership on Quality of Work Life

Servant leadership is a concept of ethical leadership explained by Greenleaf (2016). Greenleaf's study and observation on servant leadership primarily aims to build a better and more concerned condition of community. Greenleaf argues that what a great leader does is firstly to serve others. Other studies conducted by (Andre & Lantu, 2015), (Feng *et al.*, 2019) and (Lee, 2019) concluded that servant leadership plays an important role in an organization's management system, particularly in creating stability in work environment and thereby improving the work life. Considering the findings of previous studies, the author proposes the following hypothesis.

**Hypothesis 1: Servant Leadership affects Quality of Work Life of hospital employees significantly in Lamongan Regency.**

### 2.2 Effect of Servant Leadership on Job satisfaction

A study conducted by Brahmasari & Suprayetno, (2008) found that job motivation, leadership, and organizational culture are related significantly to employees' job satisfaction. Meanwhile, another study conducted by Ritaudin (2017) found insignificant mediating role of employees' satisfaction in strengthening the effect of servant leadership style on employee loyalty. Considering the different findings of studies, the author proposes the following hypothesis:

**Hypothesis 2: Servant Leadership affects job satisfaction of hospital employees significantly in Lamongan Regency.**

### 2.3 Effect of Servant Leadership on performance

Performance, according to Mangkunegara (2016), is job achievement or the achievement actually gained by an individual, i.e. working outcome achieved by an employee both quantitatively and qualitatively in undertaking its duty corresponding to the responsibility assigned to him/her. Previous studies conducted by Sholihin M (2019) and Kamanjaya *et al.* (2017) found that servant leadership, organizational culture, and compensation affect job motivation and performance of employees positively and significantly. Considering these findings, the author proposes the hypothesis below.

**Hypothesis 3: Servant Leadership affects the performance of hospital employees in Lamongan Regency.**

### 2.4 Effect of Kaizen Work Culture on Quality of Work Life

*Kaizen*, according to Imai (1986), is "continuous progress and improvement in an individual's life including household life, societal life, and working life". Meanwhile, according to Wittenberg (1994), *Kaizen* is "a simple concept composed of two characters: *Kai* means change and *Zen* means good, so that literally, these two words can be defined as "improvement". A study conducted by Indrajaya *et al.* (2016) found that *kaizen* culture affects work environment and performance of employee. Considering the explanation, the author proposes the hypothesis below.

**Hypothesis 4: Kaizen work culture affects Quality of Work Life of hospital employees significantly in Lamongan Regency.**

### 2.5 Effect of Kaizen work culture on job satisfaction

A study conducted by Sengke (2016) and Kurniawan *et al.* (2016) found that consensual culture, competitive culture, and bureaucratic culture affect organizational performance significantly. The employees of Disperindag (Industry and Trading Office) prefer finding work environment that maximizes their ability of being creative and innovative and working as teamwork. Meanwhile entrepreneurial culture should be strengthened among the employees to make them more creative and innovative for the sake of better organizational performance. Therefore, the author proposes the hypothesis below.

**Hypothesis 5: Kaizen work culture affects job satisfaction of hospital employees in Lamongan Regency.**

### 2.6 Effect of Kaizen Work Culture on Performance

Previous studies on *kaizen* culture conducted by Pamungkas & Franksiska (2018) and Syamsuri (2018) found that *kaizen* culture affects employee performance and reward can moderate or strengthen the effect of *kaizen* culture on employee performance. Considering the finding of study, the author proposes the following hypothesis:

**Hypothesis 6: Kaizen work culture affects the performance of hospital employees in Lamongan Regency.**

### 2.7 Effect of Quality of Work Life on Performance

A study entitled *Pengaruh Quality Of Work Life (QWL) Terhadap Kinerja Pegawai dengan Disiplin dan Kepuasan Kerja Sebagai Variabel Intervening* (The effect of *Quality Of Work Life (QWL)* on employee performance with discipline and job satisfaction as



intervening variable) conducted by Nurbiyati (2014) found that QWL affects significantly job analysis and employee performance but does not affect work discipline. QWL, work discipline, and job satisfaction simultaneously affect the employee performance significantly. There is a larger indirect effect (of QWL on performance through work discipline) smaller than the direct effect. There is a larger indirect effect (of QWL on performance through job satisfaction) than the direct effect (of QWL on performance). Considering this finding, the author proposes the hypothesis below.

**Hypothesis 7: Quality of Work Life affects the performance of hospital employees in Lamongan Regency.**

### 2.8 The Effect of job satisfaction on performance significantly

A study entitled "Analisis Pengaruh Gaya Kepemimpinan, Motivasi, Kualitas Kehidupan Kerja Terhadap Kinerja Karyawan (Studi Kasus Pada PD. BKK Dempet Kabupaten Demak) (An Analysis of the Effect of Leadership Style, Motivation, and Quality of Work Life on Employee Performance [A Case Study in PD BKK Dempet of Demak Regency])" conducted by Sari (2016) found the positive and significant effect of leadership style on employee performance. There is a positive and significant effect of motivation on employee performance. There is a positive and significant effect of quality of working life on employee performance and the quality of work life variable affects employee performance most significantly. Considering the finding of studies, the author proposes the hypothesis below.

**Hypothesis 8: Job satisfaction affects significantly the employee performance of Type B-hospital in Lamongan Regency.**

## 3. METHOD

Considering the problem statements, conceptual framework and hypothesis explained previously, the method employed in this study was explanatory research. The population of research consisted of 387 employees in Muhammadiyah Hospital of Lamongan, and 435 employees in Dr. Soegiri Hospital of Lamongan. Thus, the population of research consisted of 822 hospital employees. This research used sampling technique referring to Slovin's theory. The sample consisted of 122 respondents taken from Dr. Soegiri Hospital and 109 respondents from Muhammadiyah Hospital of Lamongan. Thus, the sample consisted of 231 respondents. Technique of collecting data used was questionnaire. The scale used in questionnaire development was Likert scale. Analysis data was

conducted using *Structural Equation Modeling (SEM)* with *AMOS (Analysis of Moment Structure)* program.

## 4. RESULT AND DISCUSSION

### Structural Model Analysis

The next stage is structural model analysis, analyzing the inter-variable structural relation corresponding to the track presented in the figure of SEM. Structural model analysis is conducted to test the hypothesis using CR value and its probability. The parameter of whether or not there is a partial effect can be found based on Critical Ratio (CR). To determine whether or not there is an effect of exogenous variable on endogenous variable and endogenous variable on endogenous variable, the following criteria are used: CR statistic  $\geq 1.96$  or significance value  $\leq 0.05$ . Therefore, it can be found that there is a significant effect of one variable on another. The result of hypothesis testing based on standardized regression weight in structural model is presented in the table below.

**Table 1**  
**Hypothesis Testing using Regression Weight Test**

Hyp	Inter-variable Correlation	Coefficient	C.R.	P-value	Note.
H <sub>1</sub>	Servant Leadership (X1) → Quality of Work Life (Z1)	0.239	2.903	0.004	significant
H <sub>2</sub>	Servant Leadership (X1) → Job satisfaction (Z2)	0.254	3.060	0.002	significant
H <sub>3</sub>	Servant Leadership (X1) → Performance (Y)	0.015	0.158	0.875	insignificant
H <sub>4</sub>	Kaizen work culture (X2) → Quality of Work Life (Z1)	0.296	3.928	0.000	significant
H <sub>5</sub>	Kaizen work culture (X2) → Job Satisfaction (Z2)	0.179	2.472	0.013	significant
H <sub>6</sub>	Kaizen work culture (X2) → Performance (Y)	0.239	2.709	0.007	significant
H <sub>7</sub>	Quality of Work Life (Z1) → Performance (Y)	0.217	2.224	0.026	significant
H <sub>8</sub>	Job satisfaction (Z2) → Performance (Y)	0.202	2.171	0.030	significant

From the data shown in Table 1, the result of hypothesis testing can be interpreted as follows:

The result of estimated coefficient of the effect of *servant leadership* on the *quality of work life* shows a significant effect with CR value of 2.903 (more than 1.96) at significance level (p-value) of 0.004 (less than 5%). The coefficient of effect yielded is 0.239 (positive), meaning that the higher the servant leadership, the higher is the quality of work life. Thus, the first hypothesis stating that servant leadership affects

the quality of work life in Type-B hospital significantly in Lamongan Regency is supported (**H<sub>1</sub> is supported**).

The result of estimated coefficient of the effect of *servant leadership* on job satisfaction shows a significant effect with CR value of 3.060 (more than 1.96) at significance level (p-value) of 0.002 (less than 5%). The coefficient of effect yielded is 0.254 (positive), meaning that the higher the servant leadership, the higher is the job satisfaction. Thus, the second hypothesis stating that servant leadership affects the job satisfaction in Type-B hospital significantly in Lamongan Regency is supported (**H<sub>2</sub> is supported**).

The result of estimated coefficient of the effect of *servant leadership* on employee performance shows an insignificant effect with CR value of 0.158 (less than 1.96) at significance level (p-value) of 0.875 (more than 5%). The coefficient of effect yielded is 0.015 (close to zero), meaning that the higher servant leadership cannot improve the employee performance. Thus, the third hypothesis stating that servant leadership affects the employee performance in Type-B hospital significantly in Lamongan Regency is not supported (**H<sub>3</sub> is supported**).

The result of estimated coefficient of the effect of *Kaizen* work culture on quality of work life shows a significant effect with CR value of 3.928 (more than 1.96) at significance level (p-value) of 0.000 (less than 5%). The coefficient of effect yielded is 0.296 (positive), meaning that the stronger the Kaizen work culture, the higher is the quality of work life. Thus, the fourth hypothesis stating that Kaizen work culture affects the quality of work life in Type-B hospital significantly in Lamongan Regency is supported (**H<sub>4</sub> is supported**).

The result of estimated coefficient of the effect of *Kaizen* work culture on job satisfaction shows a significant effect with CR value of 2.472 (more than 1.96) at significance level (p-value) of 0.013 (less than 5%). The coefficient of effect yielded is 0.179 (positive), meaning that the stronger the Kaizen work culture, the higher is the job satisfaction. Thus, the fifth hypothesis stating that Kaizen work culture affects the quality of work life in Type-B hospital significantly in Lamongan Regency is supported (**H<sub>5</sub> is supported**).

The result of estimated coefficient of the effect of *Kaizen* work culture on employee performance shows a significant effect with CR value of 2.709 (more than 1.96) at significance level (p-value) of 0.007 (less

than 5%). The coefficient of effect yielded is 0.239 (positive), meaning that the stronger the Kaizen work culture, the higher is the employee performance. Thus, the sixth hypothesis stating that Kaizen work culture affects the employee performance in Type-B hospital significantly in Lamongan Regency is supported (**H<sub>6</sub> is supported**).

The result of estimated coefficient of the effect of *quality of work life* on employee performance shows a significant effect with CR value of 2.224 (more than 1.96) at significance level (p-value) of 0.026 (less than 5%). The coefficient of effect yielded is 0.217 (positive), meaning that the higher the quality of work life, the higher is the employee performance. Thus, the seventh hypothesis stating that quality of work life affects the employee performance in Type-B hospital significantly in Lamongan Regency is supported (**H<sub>7</sub> is supported**).

The result of estimated coefficient of the effect of job satisfaction on employee performance shows a significant effect with CR value of 2.171 (more than 1.96) at significance level (p-value) of 0.030 (less than 5%). The coefficient of effect yielded is 0.202 (positive), meaning that the higher the job satisfaction, the higher is the employee performance. Thus, the eighth hypothesis stating that job satisfaction affects the employee performance in Type-B hospital significantly in Lamongan Regency is supported (**H<sub>8</sub> is supported**).

The *Quality of work life* existing in Type-B hospital in Lamongan Regency is affected more dominantly by Kaizen work culture, with effect coefficient of 0.296, followed with organizational climate (0.271), and servant leadership (0.239). Job satisfaction of employees in Type-B Hospital in Lamongan Regency is affected more dominantly by organizational climate with the effect coefficient of 0.300, followed with servant leadership (0.254) and Kaizen work culture (0.179).

The performance of employees in Type-B hospital in Lamongan Regency is affected more dominantly by Kaizen work culture, with effect coefficient of 0.239, followed with *quality of work life* (0.217), and job satisfaction (0.202), while servant leadership has relatively little effect, with coefficients of 0.015 and 0.042, respectively. Kaizen work culture can affect employee performance either directly or indirectly mediated by *quality of work life* and job satisfaction. It indicates that *quality of work life* and job satisfaction mediate partially the effect of Kaizen work

culture on employee performance (partially mediation). It means that the performance of employee can be improved through strengthening Kaizen work culture, when it is also supported with high quality of work life and job satisfaction. Therefore, the employee performance can be better.

#### 4. CONCLUSION

Considering the result of analysis and discussion, the following conclusions can be drawn: Servant leadership affects *quality of work life (QWL)* positively and significantly, Servant leadership affects job satisfaction significantly, Servant leadership does not affect employee performance significantly, Kaizen work culture affects quality of work life significantly, Kaizen work culture affects job satisfaction significantly, Kaizen work culture affects employee performance significantly, Quality of work life affect employee performance significantly, and job satisfaction affects employee performance significantly.

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