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The Impact of Servant Leadership on Employee Engagement in Small and Medium-Sized Enterprises in Ho Chi Minh City: The Mediating Role of Job Satisfaction

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Abstract

This study examines the influence of servant leadership on employee engagement in small and medium-sized enterprises (SMEs) in Ho Chi Minh City and tests the mediating role of job satisfaction. A mixed-methods design was adopted. Four experts first reviewed the conceptual model and refined the measures, followed by a quantitative survey of employees and first-line managers with at least three months of organizational tenure. After data screening, 243 valid responses were analyzed using SPSS for descriptive statistics and SmartPLS 4 for partial least squares structural equation modeling (PLS-SEM). The measurement model demonstrated satisfactory indicator reliability, internal consistency, convergent validity, and discriminant validity. All four hypotheses were supported. Servant leadership positively affected job satisfaction ($\beta =$

0.337, $p < 0.001$) and employee engagement ($\beta = 0.514$, $p < 0.001$), while job satisfaction positively affected employee engagement ($\beta = 0.421$, $p < 0.001$). Job satisfaction also provided complementary partial mediation in the servant leadership–employee engagement relationship (indirect $\beta = 0.142$, $p < 0.001$). The model explained 74.0% of the variance in job satisfaction and 58.0% of the variance in employee engagement. The findings extend evidence on servant leadership in Vietnamese SMEs and indicate that engagement is strengthened most effectively when leader behaviors—listening, empathy, support, empowerment, ethical conduct, employee development, and community building—are integrated with practices that improve employees' evaluation of their work experience.

Keywords: Servant Leadership, Job Satisfaction, Employee Engagement, SMEs, PLS-SEM, Ho Chi Minh City

1. Introduction

Human resources have become a strategic asset as organizations navigate intensified competition, digital transformation, and changing employee expectations. This issue is especially salient for small and medium-sized enterprises (SMEs), which create substantial employment yet frequently operate with limited financial resources, less formalized human-resource systems, and narrower promotion structures. Under these conditions, the capacity to maintain employees' energy, dedication, and focus is central to organizational continuity and performance.

Employee engagement describes a positive work-related state expressed through vigor, dedication, and absorption (Schaufeli *et al.*, 2002; Schaufeli *et al.*, 2006) [22, 21]. Engaged employees invest physical, cognitive, and emotional resources in their roles, persist when difficulties arise, and experience work as meaningful. Low engagement, by contrast, may accompany declining motivation, weaker performance, absenteeism, and turnover intentions. Identifying manageable organizational conditions that support engagement is therefore a practical priority for SMEs.

Leadership is one such condition. Servant leadership reverses the conventional leader-first logic by emphasizing service, listening, empathy, empowerment, ethical behavior, and follower development (Greenleaf, 1977; Liden *et al.*, 2008; Eva *et al.*, 2019) [11, 18, 9]. These behaviors can be especially consequential in SMEs, where hierarchical distance may be short and employees interact frequently with owners and line managers. A leader who provides resources, gives voice, and demonstrates concern can shape both employees' immediate work experience and their willingness to devote effort to organizational goals.

Job satisfaction may explain part of this process. It reflects a favorable evaluation of one's job and work experiences (Locke,

1976; Spector, 1997) ^[19, 24]. Employees who perceive fair treatment, support, recognition, development opportunities, and suitable working conditions are more likely to evaluate their jobs positively. That positive evaluation may subsequently encourage stronger engagement. Servant leadership may therefore influence engagement directly and indirectly through job satisfaction.

Although the three constructs have received extensive international attention, evidence remains limited in the specific context of Vietnamese SMEs, particularly in Ho Chi Minh City. Furthermore, studies that estimate both the direct effect of servant leadership and the mediating role of job satisfaction can clarify whether satisfaction is the principal mechanism or one complementary route through which leader behavior affects engagement. This study addresses that gap by testing a three-construct mediation model with survey data from 243 employees in Ho Chi Minh City SMEs.

The study contributes in three ways. First, it supplies context-specific evidence for servant leadership theory in resource-constrained SMEs. Second, it integrates social exchange theory and the job demands–resources perspective to explain why supportive leadership can become both favorable job evaluations and an energized work state. Third, it establishes an empirically grounded order of managerial priorities based on standardized path coefficients and effect sizes.

2. Literature Review and Hypothesis Development

2.1 Servant Leadership

Greenleaf (1977) ^[11] introduced servant leadership as an approach in which the desire to serve precedes the desire to lead. Rather than treating employees primarily as instruments for organizational objectives, servant leaders recognize followers' needs, growth, autonomy, and well-being. Later scholarship depicts the construct as multidimensional and behaviorally observable, incorporating emotional support, empowerment, ethical conduct, conceptual skills, follower development, and community orientation (Liden *et al.*, 2008; van Dierendonck, 2011) ^[18, 25].

Eva *et al.* (2019) ^[9] define servant leadership around the leader's other-oriented motivation and the prioritization of individual followers' needs and interests. This orientation does not reject performance; instead, it proposes that sustainable performance develops when leaders build capability, trust, and responsible relationships. In SMEs, where formal procedures may be incomplete, leader conduct itself can become a highly visible signal of organizational values.

2.2 Job Satisfaction

Job satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences (Locke, 1976) ^[19]. It incorporates employees' evaluations of work content, rewards, conditions, recognition, development opportunities, and workplace relationships. Spector (1997) ^[24] emphasizes that satisfaction is both an overall attitude and a set of evaluations concerning specific job facets.

Herzberg *et al.* (1959) ^[14] distinguish factors that prevent dissatisfaction from factors that foster motivation and satisfaction. Although the distinction is not absolute, the framework remains helpful for SMEs: adequate pay and working conditions reduce negative evaluations, whereas

recognition, responsibility, achievement, and development can create more positive experiences. Servant leaders can influence several of these factors by recognizing contributions, supporting development, and granting meaningful responsibility.

2.3 Employee Engagement

Kahn (1990) ^[15] conceptualized personal engagement as the harnessing of organizational members' selves to work roles, expressed physically, cognitively, and emotionally. Schaufeli *et al.* (2002) ^[22] later described work engagement through vigor, dedication, and absorption. Vigor concerns energy and persistence; dedication reflects significance, enthusiasm, inspiration, pride, and challenge; absorption refers to deep concentration and immersion.

The present study treats employee engagement as an overall construct measured by nine indicators rather than separating it into three subdimensions. This choice follows the study's objective of estimating a parsimonious structural model and is consistent with the short engagement measure developed by Schaufeli *et al.* (2006) ^[21].

2.4 Theoretical Foundations

Social exchange theory proposes that relationships develop through reciprocal exchanges (Blau, 1964) ^[6]. When employees receive support, respect, fairness, and development from leaders, they may reciprocate through positive attitudes and greater investment in their roles. Servant leadership provides relational and socioemotional resources that make such reciprocity likely. Job satisfaction captures one favorable evaluation arising from the exchange, while engagement captures active investment in work.

The job demands–resources model further suggests that job resources stimulate motivation and engagement, while buffering demands (Bakker & Demerouti, 2007, 2008) ^[3, 4]. Servant leadership can function as a social and managerial resource by clarifying expectations, removing obstacles, supporting autonomy, and providing feedback. These resources can improve job satisfaction and enable employees to sustain energy, dedication, and concentration.

2.5 Hypotheses

Servant leadership is expected to enhance job satisfaction because its defining behaviors address both relational and task-related aspects of work. Listening and empathy communicate interpersonal respect; timely support lowers the burden created by obstacles; empowerment increases experienced autonomy; development provides a credible future within the organization; and ethical conduct improves perceived fairness. Empirical work has repeatedly connected servant leadership with favorable job attitudes. Al-Asadi *et al.* (2019) ^[2], for example, found positive relationships with intrinsic and extrinsic satisfaction, while Aboramadan *et al.* (2020) ^[1] identified job satisfaction as an important employee outcome of servant leadership. In the Vietnamese SME context, where employees often experience leadership through direct and frequent contact, these signals should be especially visible.

Job satisfaction should, in turn, support engagement. An employee who evaluates the job positively is more likely to approach tasks with energy and willingness, whereas persistent dissatisfaction can consume attention and weaken voluntary effort. Satisfaction and engagement remain

theoretically distinct: a person may be comfortable but passive, or temporarily energized despite dissatisfaction. Yet a stable positive job evaluation provides conditions under which vigor, dedication, and absorption can be sustained. The relationship is also compatible with social exchange theory because employees who receive valued work outcomes may reciprocate through greater role investment. A direct servant leadership–engagement relationship is also expected. Servant leaders provide job resources that can enter the motivational process without first changing an employee's global attitude toward the job. Coaching can increase competence, empowerment can create ownership, support can preserve energy, and community orientation can enhance meaning and belonging. Previous empirical and qualitative studies associate servant leadership with engagement and related work outcomes (Bao *et al.*, 2018; Canavesi & Minelli, 2022) [5, 7]. The direct path is therefore conceptually justified even when job satisfaction is included in the model.

Finally, job satisfaction is proposed as a mediator. Servant leadership can shape how employees appraise their job by improving the social environment, recognition, growth, fairness, and perceived support. A more favorable appraisal can then increase willingness to devote physical, cognitive, and emotional resources to work. Kaur (2018) [16] provides prior evidence for a mediating role of job satisfaction in the servant leadership–engagement relationship. Because servant leadership also supplies resources that may directly activate engagement, partial rather than full mediation is plausible.

H1. Servant leadership has a positive effect on job satisfaction.

H2. Job satisfaction has a positive effect on employee engagement.

H3. Servant leadership has a positive direct effect on employee engagement.

H4. Job satisfaction mediates the relationship between servant leadership and employee engagement.

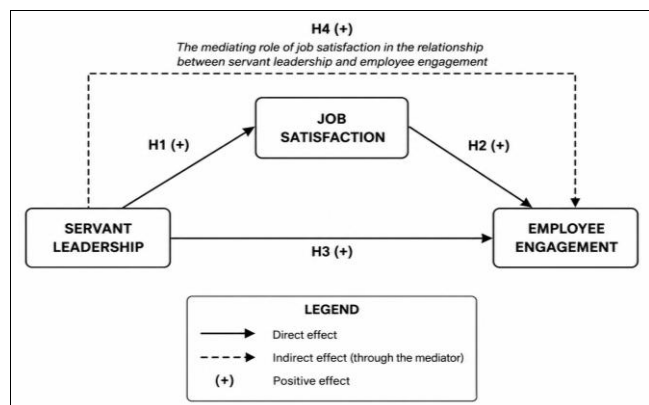


Fig 1: Proposed research model

3. Research Method

3.1 Research design and scale refinement

A mixed-methods design combined a preliminary qualitative stage with a cross-sectional quantitative survey. In the qualitative stage, four experts with relevant academic or managerial experience reviewed the model, construct coverage, and item wording. Their comments supported the three-construct model and led primarily to linguistic refinements that improved clarity for employees in Ho Chi

Minh City SMEs without changing the conceptual content of the inherited scales.

The final instrument contained 21 reflective indicators rated on a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). Servant leadership was measured with seven items adapted from Liden *et al.* (2008, 2015) [18, 17], covering listening, empathy, support, empowerment, employee development, ethical conduct, and community building. Job satisfaction was measured with five items informed by Spector (1997) [24], concerning overall work, income and benefits, work environment, advancement and development, and organizational recognition. Employee engagement was measured with nine items adapted from Schaufeli *et al.* (2006) [21], covering energy, effort, persistence, meaningfulness, enthusiasm, pride, concentration, passion, and absorption.

3.2 Sampling and Data Collection

The target respondents were employees and first-line managers working in SMEs located in Ho Chi Minh City who had at least three months of tenure in their current organization. This tenure criterion ensured that respondents had sufficient exposure to evaluate their direct leader and work experience. Because a complete sampling frame was unavailable, non-probability convenience and snowball sampling were combined. The questionnaire was distributed mainly through Google Forms and supplemented by direct, email, and other online channels.

Following screening and cleaning, 243 valid observations were retained. Women represented 58.0% and men 42.0%. The largest age group was 35–44 years (39.1%), followed by 25–34 years (23.9%) and 45–54 years (21.0%). Regarding tenure, 35.0% had worked for three to under five years, 27.2% for five to under ten years, and 25.1% for one to under three years. Employees and specialists constituted 64.2% of the sample, and 49.8% held a university degree. The profile therefore reflects respondents with meaningful organizational experience across multiple job levels.

Characteristic	Largest categories	%
Gender	Women / Men	58.0 / 42.0
Age	35–44 / 25–34	39.1 / 23.9
Tenure	3–<5 yrs / 5–<10 yrs	35.0 / 27.2
Position	Employee / Specialist	39.1 / 25.1
Education	University / College	49.8 / 25.1

3.3 Data Analysis

SPSS was used to describe the sample and observed variables. SmartPLS 4 was used to estimate the reflective measurement model and structural relationships through PLS-SEM. Measurement-model assessment considered outer loadings, Cronbach's alpha, composite reliability (rho_c), average variance extracted (AVE), the heterotrait–monotrait ratio (HTMT), and the Fornell–Larcker criterion. Structural-model assessment examined variance inflation factors (VIF), coefficients of determination (R²), effect sizes (f²), path coefficients, and bootstrapped significance. Outer loadings above 0.70 were considered satisfactory. Reliability was supported when alpha and composite reliability exceeded 0.70, while AVE above 0.50 indicated convergent validity. HTMT values below 0.85 and square roots of AVE exceeding inter-construct correlations supported discriminant validity (Fornell & Larcker, 1981; Henseler *et al.*, 2015; Hair *et al.*, 2022) [10, 13, 12]. Five

demographic characteristics—gender, age, tenure, position, and education—were included as controls for job satisfaction in the thesis model.

4. Results

4.1 Descriptive Statistics

All 21 indicators had 243 valid observations. Item means ranged from 3.43 to 3.76, above the midpoint of the five-point scale, indicating generally positive perceptions. Servant leadership item means ranged from 3.56 to 3.76, job satisfaction from 3.43 to 3.74, and employee engagement from 3.46 to 3.76. These results describe the sample but do not establish causal or structural relationships.

4.2 Measurement Model

All standardized outer loadings exceeded 0.70 and were retained. Servant leadership loadings ranged from 0.762 to 0.825, job satisfaction from 0.801 to 0.845, and employee engagement from 0.770 to 0.825. Cronbach's alpha and composite reliability were high but below the level commonly associated with indicator redundancy. AVE exceeded 0.50 for every construct.

Construct	Items	Loadings	α	rho c	AVE
Servant leadership	7	0.762–0.825	0.905	0.925	0.638
Job satisfaction	5	0.801–0.845	0.886	0.916	0.686
Employee engagement	9	0.770–0.825	0.929	0.941	0.639

Discriminant validity was also established. HTMT values were 0.645 between employee engagement and job satisfaction, 0.704 between employee engagement and servant leadership, and 0.357 between job satisfaction and servant leadership, all below 0.85. Under the Fornell–Larcker criterion, the square roots of AVE—0.799 for employee engagement, 0.828 for job satisfaction, and 0.799 for servant leadership—exceeded the respective inter-construct correlations (0.321–0.649).

Construct	EE	JS	SL
Employee engagement (EE)	0.799		
Job satisfaction (JS)	0.586	0.828	
Servant leadership (SL)	0.649	0.321	0.799

Note: Diagonal values are square roots of AVE; off-diagonal values are correlations.

4.3 Structural model and explanatory power

Indicator VIF values ranged from 1.834 to 2.476. Inner VIF values ranged from 1.004 to 1.115, including 1.006 for servant leadership predicting job satisfaction and 1.115 for both predictors of employee engagement. These values indicate that multicollinearity was not a material concern. The model explained 74.0% of the variance in job satisfaction (adjusted $R^2 = 0.733$) and 58.0% of the variance in employee engagement (adjusted $R^2 = 0.577$). The f^2 effect sizes were 0.434 for servant leadership on job satisfaction, 0.378 for job satisfaction on employee engagement, and 0.565 for servant leadership on employee engagement. Using Cohen's (1988) [8] reference values, each principal relationship had a large effect size, with the direct servant leadership–engagement relationship the largest.

4.4 Hypothesis testing and mediation

Bootstrapping supported all hypothesized relationships. Servant leadership positively predicted job satisfaction ($\beta = 0.337$, $t = 9.513$, $p < 0.001$), supporting H1. Job satisfaction

positively predicted employee engagement ($\beta = 0.421$, $t = 10.411$, $p < 0.001$), supporting H2. Servant leadership retained a strong positive direct effect on employee engagement ($\beta = 0.514$, $t = 14.241$, $p < 0.001$), supporting H3.

Hyp.	Relationship	β	t	p	Decision
H1	SL $\rightarrow$ JS	0.337	9.513	<0.001	Supported
H2	JS $\rightarrow$ EE	0.421	10.411	<0.001	Supported
H3	SL $\rightarrow$ EE	0.514	14.241	<0.001	Supported
H4	SL $\rightarrow$ JS $\rightarrow$ EE	0.142	8.113	<0.001	Supported

The specific indirect effect of servant leadership on employee engagement through job satisfaction was positive and significant ($\beta = 0.142$, $t = 8.113$, $p < 0.001$), with a 95% confidence interval of [0.109, 0.178] that excluded zero. H4 was therefore supported. Because the direct effect remained significant and the direct and indirect effects had the same sign, job satisfaction operated as a complementary partial mediator. Servant leadership thus strengthens engagement through two simultaneous routes: a direct motivational and relational route and an indirect route involving employees' favorable appraisal of their work.

5. Discussion

5.1 Servant leadership and job satisfaction

The positive effect of servant leadership on job satisfaction is consistent with evidence that servant-oriented leaders improve both intrinsic and extrinsic satisfaction (Al-Asadi *et al.*, 2019) [2] and with research identifying job satisfaction as an outcome of supportive, follower-centered leadership (Aboramadan *et al.*, 2020) [1]. Listening, empathy, help with difficulties, fair conduct, and development support may improve employees' evaluations of their work even when SMEs cannot match larger firms' financial rewards.

From a social exchange perspective, these practices communicate that employees are valued partners rather than replaceable resources. Positive treatment encourages favorable attitudes toward the job and the organization. From Herzberg's perspective, ethical and fair conduct helps reduce dissatisfaction, whereas empowerment, recognition, and development can act as motivational conditions. The coefficient is meaningful ($\beta = 0.337$), although smaller than the two paths predicting engagement, suggesting that satisfaction is influenced by leadership alongside other job and organizational conditions.

5.2 Job satisfaction and employee engagement

Job satisfaction had a positive effect on engagement ($\beta = 0.421$). Employees who evaluate their jobs, rewards, environment, growth opportunities, and recognition positively are more willing to invest effort and attention. The finding supports the view that satisfaction and engagement are distinct but closely related constructs: satisfaction is an evaluative attitude, whereas engagement is an activated state characterized by energy, dedication, and absorption (Shuck *et al.*, 2021) [23].

For SMEs, this distinction matters. Benefits that merely remove dissatisfaction may not automatically produce high engagement. Employees also need meaningful work, autonomy, recognition, and a credible development path. Satisfaction creates a favorable basis, but engagement requires conditions that enable employees to mobilize their resources in work.

5.3 Servant leadership and employee engagement

The strongest structural path was the direct effect of servant leadership on employee engagement ($\beta = 0.514$). This finding aligns with prior work linking servant leadership to engagement (Bao *et al.*, 2018; Canavesi & Minelli, 2022) [5, 7]. It also highlights the practical importance of leaders in smaller organizations, where daily interactions are frequent and managerial behavior may be more visible than formal human-resource policies.

Under the job demands–resources model, servant leadership supplies resources such as support, feedback, autonomy, fairness, and development. These resources can stimulate the motivational process directly. A leader who listens, removes obstacles, and grants appropriate discretion may help employees preserve energy and experience greater ownership. Ethical consistency and community building may also increase psychological safety and meaningfulness, which Kahn (1990) [15] identifies as important conditions for engagement.

5.4 Mediating role of job satisfaction

The significant indirect effect confirms that job satisfaction transmits part of servant leadership's influence. This is consistent with mediator evidence reported by Kaur (2018) [16]. Servant behavior improves employees' work evaluations, and these evaluations support stronger engagement. However, the persistence of the direct effect shows that satisfaction does not fully account for the relationship.

The complementary partial mediation provides a more nuanced explanation than a satisfaction-only model. Some leader behaviors may affect engagement immediately by providing resources and inspiring reciprocal effort, while others operate through a gradual improvement in job appraisal. Management initiatives should therefore avoid treating engagement surveys and satisfaction programs as substitutes for leader development.

5.5 Integrated interpretation of the findings

Taken together, the coefficients reveal a coherent pattern rather than four isolated hypothesis tests. The direct path from servant leadership to engagement (0.514) is larger than the path from satisfaction to engagement (0.421), and the indirect effect (0.142) is meaningful but smaller than the direct effect. This configuration indicates that employees do not need to translate every positive leader experience into a general judgment of job satisfaction before becoming more engaged. Some resources provided by a servant leader—immediate help, decision latitude, clear ethical guidance, and a sense of being heard—can be deployed directly in task performance. Other resources influence the employee's broader assessment of the job and then support engagement. The result also distinguishes servant leadership from a purely benevolent or relationship-maintenance style. Empowerment, development, and community building can improve employees' capacity to perform, not only their feelings about the workplace. Thus, the strong direct relationship should not be interpreted as evidence that satisfaction is unimportant. Rather, the two paths represent different but mutually reinforcing processes. One process is activated and work-focused; the other is evaluative and attitudinal. SMEs gain the greatest benefit when both processes are managed deliberately.

The relatively high R^2 for job satisfaction requires careful interpretation because the structural equation included servant leadership and five demographic controls. It indicates strong in-sample explanatory power, but it does not imply that leadership alone accounts for 74.0% of satisfaction. Similarly, the 58.0% R^2 for engagement pertains to the combined prediction by servant leadership and job satisfaction. The results support the usefulness of the model without claiming that these constructs exhaust the determinants of either outcome.

All three principal f^2 values exceeded 0.35, suggesting practically substantial contributions within this sample. The largest effect size for servant leadership on engagement reinforces the coefficient-based priority, while the other large values show that the indirect pathway should not be neglected. Statistical significance was not driven merely by the sample size: the effects were positive, precisely estimated, and accompanied by substantial effect sizes. Nevertheless, causal wording should remain cautious because the data are cross-sectional.

Measurement findings also strengthen the interpretation. High but non-excessive composite reliability indicates that the items consistently represent their respective constructs without obvious duplication. AVE values between 0.638 and 0.686 show that each construct explains most of its indicators' variance. The HTMT and Fornell–Larcker results indicate that respondents differentiated leadership behavior, satisfaction, and engagement despite their positive associations. This distinction is important because managerial action differs depending on whether an issue concerns what leaders do, how employees evaluate their jobs, or how much energy employees invest in work.

6. Managerial Implications

6.1 Prioritize servant-leadership behavior

Because servant leadership has the largest direct coefficient and effect size for engagement, leader behavior should be the first intervention priority. SMEs can translate the construct into a short behavioral standard for owners, department heads, and supervisors: listen before deciding; acknowledge employee concerns; provide timely support; delegate decisions within clear boundaries; coach for development; apply rules consistently; and reinforce cooperation. These standards should be observable and linked to routine management rather than presented only as values.

A practical implementation cycle can include a monthly one-to-one conversation, brief team check-ins, an issue log with named owners and deadlines, and quarterly review of delegated decision rights. Leader performance evaluation should include employee feedback on listening, support, fairness, and empowerment. SMEs with limited training budgets can use peer observation, case discussions, and on-the-job coaching instead of expensive leadership programs.

6.2 Improve the drivers of job satisfaction

The second priority follows the positive path from job satisfaction to engagement. Managers should distinguish between basic conditions and motivational conditions. Pay and benefits should be explained transparently and reviewed for internal consistency; workloads and work arrangements should be monitored; and employees should know how decisions affecting them are made. At the same time, firms

should strengthen recognition, responsibility, learning, and career visibility.

The lowest observed satisfaction item concerned recognition of employee contributions (mean = 3.43). Although item means do not identify structural effects, this descriptive signal suggests a practical review area. Recognition need not be costly: timely acknowledgment, specific feedback, visibility for contributions, and fair access to development can make appreciation credible. To avoid perceptions of favoritism, criteria should be stated in advance and applied consistently.

6.3 Integrate leadership and employee experience

The mediation result indicates that leader development and job-experience improvement should be designed as one system. For example, a listening meeting should lead to a documented response; empowerment should be accompanied by authority, information, and support; and development conversations should lead to learning assignments or coaching. This closed-loop process enables employees to experience servant leadership as tangible changes in their work.

SMEs should conduct short surveys on satisfaction and engagement and combine the results with turnover, absence, participation, and internal-mobility indicators. Surveying must be followed by visible action. Teams with weaker results should receive targeted diagnosis rather than uniform company-wide initiatives. Follow-up communication should specify what the organization heard, what it will change, what it cannot change, and when progress will be reviewed.

6.4 A staged implementation roadmap for SMEs

A staged roadmap can help SMEs convert the evidence into action without creating a large administrative burden. In the first stage, the firm should establish a baseline. A short anonymous pulse survey can use a limited number of items representing the three constructs, supplemented by two open questions concerning the most helpful leader behavior and the main obstacle to effective work. Results should be reported at a level that protects confidentiality, especially in small teams. Turnover, absence, and internal transfer data can be reviewed alongside the survey to identify areas that warrant conversation.

In the second stage, the firm should define three to five leadership behaviors that managers can practice consistently. A suitable initial set is active listening, timely support, fair explanation of decisions, appropriate delegation, and developmental feedback. Each behavior should be specified in observable terms. For instance, active listening can mean asking clarifying questions, summarizing the concern, agreeing on a response date, and later closing the loop. Appropriate delegation can mean specifying the outcome, boundaries, resources, decision rights, and escalation point.

In the third stage, managers should run small workplace experiments over eight to twelve weeks. One team may introduce weekly obstacle-removal check-ins; another may redesign approval thresholds to increase employee discretion; a third may implement a structured recognition practice. Each experiment should identify a problem, an expected behavioral change, a responsible manager, a review date, and one or two indicators. This disciplined but

lightweight approach is more suitable for SMEs than a broad program that consumes resources without producing local learning.

In the fourth stage, senior management should review progress and scale practices that have credible evidence of usefulness. The review should consider both employee feedback and operating consequences. A rise in survey scores accompanied by unresolved delays or declining customer outcomes would call for diagnosis, while improved engagement alongside stable or stronger service outcomes would support continuation. Practices that fail should be adjusted rather than defended because of sunk costs.

Finally, successful practices should be embedded into recruitment, onboarding, promotion, and performance management. Candidates for supervisory roles can be assessed through behavioral scenarios involving employee voice, ethical tension, and delegation. New managers can receive a concise playbook and an experienced peer coach. Promotion decisions should consider how candidates develop others, not only individual technical results. These steps reduce the risk that servant leadership remains dependent on the goodwill of a few managers.

6.5 Specific practices linked to the seven leadership indicators

Listening can be institutionalized through predictable one-to-one meetings, open agendas, and documented follow-up. Empathy should be expressed through efforts to understand the employee's context while maintaining clear standards; it should not mean avoiding difficult performance conversations. Support requires rapid identification of work obstacles and coordination of resources. A simple escalation rule can clarify which problems employees solve independently, which require supervisor help, and which require senior approval.

Empowerment is effective only when employees receive adequate information, skill, and authority. Delegating responsibility without decision rights may increase demand rather than provide a resource. SMEs should therefore map recurrent decisions and specify who may decide, who must be consulted, and what limits apply. Managers can start with low-risk decisions and expand discretion as competence and trust develop.

Employee development can be delivered through stretch assignments, job shadowing, peer learning, short skill demonstrations, and after-action reviews. Development discussions should connect an employee's goals with actual business needs and include a near-term opportunity to apply new learning. Ethical conduct requires consistency between stated principles and daily choices, particularly in workload allocation, performance evaluation, rewards, and treatment of mistakes. Explanations should be timely enough that fairness is visible, not assumed.

Community building is particularly valuable when SMEs grow rapidly and informal coordination becomes less reliable. Managers can clarify shared goals, recognize interdependence, and create brief cross-functional problem-solving routines. Social activities may support relationships, but they should not substitute for operational cooperation and respectful conduct. A genuine community is reflected in how colleagues share information, respond to errors, and

support one another under pressure.

6.6 Governance and measurement cautions

Employee survey data should be handled with clear governance. Participation must be voluntary, individual answers should remain confidential, and results should not be used to identify critics. In very small teams, reporting thresholds may be necessary. Managers should receive aggregated themes and coaching, not lists of respondents. These safeguards are consistent with the ethical orientation of servant leadership and improve the credibility of the feedback process.

Organizations should avoid setting simplistic targets that encourage score manipulation. A supervisor evaluated solely on an engagement score may pressure employees or select favorable respondents. A balanced review should combine trend data, qualitative feedback, completion of agreed actions, and operational evidence. The purpose of measurement is learning and accountability, not cosmetic improvement.

Because the sample was non-probability based, firms should use the reported coefficients to guide priorities, not as guaranteed forecasts for every workforce. Local diagnosis remains necessary. Differences in occupation, industry, firm maturity, workforce age, and ownership structure can affect which practices work best. The study provides a disciplined starting point: leader behavior deserves attention, satisfaction is a meaningful mechanism, and their integration is likely to be more effective than isolated initiatives.

7. Conclusion, Contributions, and Limitations

This study tested how servant leadership affects employee engagement in Ho Chi Minh City SMEs and whether job satisfaction mediates the relationship. Analysis of 243 valid responses showed that servant leadership increased job satisfaction and engagement, job satisfaction increased engagement, and job satisfaction partially mediated the servant leadership–engagement link. The results support a dual-route explanation in which leader behavior both directly energizes employees and indirectly strengthens engagement by improving their appraisal of the job.

Theoretically, the study extends context-specific evidence for social exchange theory and the job demands–resources model. It demonstrates that supportive leader behavior can be understood simultaneously as a relational exchange and a job resource. The complementary partial mediation finding clarifies that job satisfaction is an important mechanism but not the only one. Practically, the study establishes a priority sequence: strengthen servant-leadership behavior first, improve satisfaction drivers second, and connect both through feedback and follow-through.

Several limitations qualify the findings. The study was restricted to SMEs in Ho Chi Minh City and used convenience and snowball sampling, which limits statistical generalization. The cross-sectional design does not establish temporal causality. Self-reported data from one source may be affected by common-method and response biases. The model focused on three aggregate constructs and did not examine industry differences or the separate dimensions of servant leadership and engagement.

Future studies may use probability or stratified samples across Vietnamese regions, longitudinal or multi-wave designs, and matched employee–manager data. Potential

mediators and moderators include trust in leaders, perceived organizational support, psychological empowerment, psychological safety, job characteristics, and organizational culture. Industry-specific studies could also identify boundary conditions under which servant leadership is more or less effective.

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