



## Servant Leadership and Entrepreneurial Performance of SME's: Testing the Effects of Pro-Social Motivation and Duty Orientation

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### Abstract

The purpose of this study is to investigate the impact of servant leadership on entrepreneurial performance with the mediating role of duty orientation and moderating role of pro-social motivation. Small and medium-sized firms (SMEs) are essential for the growth of the global economy because they encourage innovation and employment creation. Modern leadership models such as servant leadership put the needs of their followers first, inspiring them and promoting organizational success. In today's fast-paced company climate, entrepreneurial performance is essential. Servant leadership inspires people and promotes an innovative and trusting culture. Duty orientation encourages dedication and responsibility, which strengthens the relationship between servant leadership and entrepreneurial performance. Entrepreneurial activity is encouraged by pro-social motivation, which is driven by a sense of social duty. This strengthens the link between entrepreneurial success and servant leadership. This study used cross-sectional data from 120 employers and employees from small and medium enterprises (SMEs) to explore the impact of servant leadership on entrepreneurial performance with the mediating role of duty orientation and moderating role of pro-social motivation. The data collected were analyzed using SEM, in Smartpls4. All hypotheses proposed in this study were accepted. Findings proved that servant leadership has a significant positive influence on entrepreneurial performance. Findings also proved that duty orientation significantly mediates the relationship between servant leadership and Entrepreneurial performance. Findings suggest that Pro-social motivation moderates the relationship between servant leadership and entrepreneurial performance. Companies should focus and foster servant leadership within their leadership ranks, putting a strong emphasis on empathy and a supportive workplace environment, in order to increase organizational success. All levels of leadership can benefit from these traits being ingrained through leadership development and training programs. Additionally, encouraging a sense of responsibility in workers through training initiatives that place a strong emphasis on accountability can help businesses perform better. Pro-social motivation can further connect with servant leadership concepts and assist entrepreneurial activities by being acknowledged and valued in hiring and performance assessments.

**Keywords:** Gender, Education, Age Group, Number of Employees, Work Experience

### 1. Introduction

Traditional authoritarian leadership styles often lead to low employee morale, high turnover rates, and disengagement. In a rapidly evolving entrepreneurial landscape, driven by intense competition and technological advancements, small and medium-sized enterprises (SMEs) require effective leadership to remain competitive and succeed. This study highlights that servant leadership, by fostering employee engagement, satisfaction, and retention, can effectively address these challenges. It is crucial for managers and business leaders to understand how servant leadership influences entrepreneurial performance, as it offers a solution to issues such as employee motivation, innovation, and business growth (McBee-Black, 2023). The findings present valuable insights for managers and the wider industry, demonstrating how servant leadership can enhance the entrepreneurial success of SMEs. By adopting servant leadership principles, entrepreneurs can build a supportive, empowering work environment that nurtures creativity, innovation, and originality within their teams, ultimately leading to stronger long-term business outcomes (Darvishmotevali & Altinay, 2022). Furthermore, the research suggests ways to design leadership development programs that promote risk-taking and entrepreneurial thinking, benefiting organizations of all sizes. It also provides the academic and research community with a deeper understanding of the relationship between servant leadership and entrepreneurial performance. This knowledge offers opportunities for further exploration, development of new hypotheses, and the creation of useful frameworks for future studies (Ansong, Agyeiwaa, & Gnankob, 2022). Managers and industry leaders can apply the study's findings to enhance leadership practices and drive organizational success by cultivating servant leadership traits, addressing key challenges identified in the literature.

Several pertinent prior studies that shed light on the subjects of duty orientation, pro-social motivation, entrepreneurial performance of SMEs, and servant leadership are highlighted in the literature review. These investigations have clarified the various ideas and how they relate to one another. Rabiul et al.'s research from 2022, for example, highlights the growing significance of servant leadership, which has been extensively researched recently and has a positive impact on a number of outcomes, including commitment, citizenship behavior, job performance, and enjoyment at work. Serving others comes before pursuing power or self-interest, a philosophy known as servant leadership, which was popularized by Robert K. Greenleaf's seminal essay "The Servant as Leader." However, research on the performance of SMEs' entrepreneurs, such as that done by Suwanto, Sunarsi, & Achmad (2022) and

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Bavik (2020), emphasizes the importance of elements like digital transformation, transformational leadership, and servant leadership in determining the success of entrepreneurs. These studies show how important a role leadership styles can play in encouraging innovation, creativity, and business expansion in small and medium-sized enterprises. Furthermore, as Xu, Loi, and Chow (2022) discuss, research on pro-social motivation emphasizes the significance of people's intrinsic motivation to take actions that advance others and society at large. Pro-social motivation can enhance social interactions, cooperation, and community involvement. It has been associated with kindness, charity, and volunteering. The ethical paradigm that emphasizes the significance of keeping moral commitments and duties is also highlighted by studies on duty orientation, such as those by Zhang et al. (2021) and Ansong, Agyeiwaa, and Gnankob (2022). Moral principles and ethical behavior are the top priorities for duty-oriented people, and this can benefit resilience, ethics, and leadership in both businesses and organizations.

In addition to highlighting several knowledge gaps, the literature review provides valuable insights into the components of duty orientation, pro-social motivation, entrepreneurial performance in SMEs, and servant leadership. Even though this leadership concept is becoming more and more popular, there are still gaps in the literature. One example is the paucity of empirical studies looking at how servant leadership affects entrepreneurial performance in the context of SMEs. Furthermore, not much is understood about the ways in which servant leadership affects entrepreneurial success. Despite the body of research on the impact of ethical paradigms and leadership styles on organizational success, the literature review also emphasizes the lack of comprehensive studies examining the precise mechanisms through which servant leadership influences entrepreneurial performance in SMEs. The mediating and moderating roles that duty orientation and pro-social motivation play in this relationship are particularly poorly understood. To fill these gaps, the chosen research investigates the relationships between duty orientation, pro-social motivation, servant leadership, and entrepreneurial performance in SMEs. It seeks to improve understanding of the connections between these components and how they all work together to support the expansion of SMEs by providing useful information to managers, company owners, and the academic community. The study specifically investigates how servant leadership affects SMEs' performance, productivity, and overall results, as defined by its emphasis on empathy, helping others, and employee empowerment. It also investigates the moderating and mediating roles that duty orientation and pro-social motivation play in this relationship. This topic is especially important in light of the specific opportunities and challenges that SMEs face in today's fast-paced business environment (Wang, Meng, & Cai, 2019). The problems found in the literature review highlight how crucial this subject is to managers and the business.

This study's methodology consists of a deductive research approach, a positivist research philosophy, and a quantitative research design. Employers and employees of small and medium-sized businesses (SMEs) in Gujranwala, Pakistan, made up the unit of analysis. A survey questionnaire was utilized to gather data, and 240 participants were chosen using non-probability sampling. The study's main conclusions showed that duty orientation acts as a mediator between servant leadership and entrepreneurial performance, with the former having a considerable positive impact on the latter. Pro-social motivation was found to moderate the relationship between servant leadership and entrepreneurial performance, providing important insights into the role of servant leadership in SMEs. A current study comprises essential components for a coherent structure. The introduction establishes the study's context, research problem, questions, and objectives. The literature review critically assesses relevant research, identifying gaps. The research methodology details data collection and analysis methods. The data analysis section presents findings, while the results and discussion section analyzes and links them to the study's goals. The conclusion summarizes key concluding findings, and recommendations suggest further research or practical applications.

## 2. Research Background

### 2.1. Servant Leadership

The comprehensive strategy and broad focus utilized in comparison to other leadership styles, as well as its significant or essential role in impacting individual and team-level outcomes, such as firm commitment, firm citizenship behavior, performance on the job, and happiness at work, make servant leadership one of the most promising and thoroughly studied over the recent years (Rabiul et al., 2022). Like most other leadership approaches, servant leadership is mostly developed in the United States as a concept and evaluation. According to several academics, servant leadership is a philosophy and a method of leadership that emphasizes the leader's commitment to meeting others' needs before their own (Khan et al., 2022). It entails an alteration in emphasis from the conventional top-down style of leadership, where the leader is mostly focused on exercising authority and control, to a more collaborative and people-centred style. According to Khan et al. (2022), the leader's major responsibility in servant leadership is to empower and encourage their team members to realize their full potential and accomplish their objectives. The leader takes on the role of a servant to their people, actively attending to their needs, offering support and resources, and removing any barriers that might hinder their success. As reported by Zarei, Supphellen and Bagozzi (2022), Robert K. Greenleaf's 1970 essay "The Servant as Leader" is credited with popularizing the premise of servant leadership. In Greenleaf's opinion, a servant leader is motivated by a desire to serve others before pursuing power or self-interest. They prioritise their followers' welfare and growth, providing an environment that is welcoming and positive (Meuser & Smallfield, 2023). Literature from the past stated that It is essential to recognize that the servant-leader, in the words of Greenleaf's phrase, is "primus inter pares" (i.e., first among equals), who aims to convince and influence personnel rather than

employing the power or authority to achieve objectives (Khan et al., 2022). A servant-leader fulfils this responsibility as a steward who trusts the organization (Rabiul, Patwary, & Panha, 2022). As a result, servant-leaders put others' needs ahead of their own. Instead of being motivated by a desire for power, they are motivated to serve. This argument is similar to that made previously by McClelland & Burnham (2019), who stated that the desire for power may additionally be employed for goodness (Meuser & Smallfield, 2023).

## **2.2. Entrepreneurial Performance of SMEs**

In the fields of entrepreneurship and management, there has been a great deal of interest in the entrepreneurial performance of small and medium-sized businesses (SMEs). Researchers have carried out many studies to better understand the elements that contribute to the development and success of SMEs (Aboramadan et al., 2022). Small- and medium-sized businesses' entrepreneurial performance (SMEs) is a key factor in promoting economic and development growth. SMEs are the backbone of many economies since they help create wealth, innovation, and jobs. According to Raharjo et al. (2023), the accomplishment of established entrepreneurial goals is entrepreneurial performance. According to previous literature, innovation is reportedly another important factor that propels entrepreneurial performance. A higher level of performance is more likely to be attained by SMEs who engage in innovation activities, such as creating new products, processes, or business models. Through innovation, SMEs can stand out from rivals, access new markets, and modify their offerings to meet shifting consumer demands (Santos-Vijande et al., 2022). It improves their capacity for value creation and advantages over competitors. Following Le, Behl and Pereira (2022), the role of entrepreneurial leadership is equally essential for boosting SME success. The entrepreneurial performance of SMEs is enhanced by visionary and proactive leaders who promote a culture of innovation, risk-taking, and ongoing learning. A company's ability to be flexible, adaptable, and resilient in the face of difficulties is ensured by effective leadership. It generates a collaborative environment, inspires creativity in the workforce, and empowers staff members—all are essential for promoting entrepreneurial success (Khan et al., 2022). SMEs may improve their performance, generate value, and support economic growth and development by pursuing innovation, encouraging entrepreneurial leadership, and adopting technology.

## **2.3. Pro-Social Motivation**

As defined by Bhatti et al. (2023), pro-social motivation is the internal drive or desire people have to engage in acts that benefit other people or society as a whole. It is a basic aspect of human nature and encompasses a variety of selfless and cooperative actions. Building and maintaining healthy and peaceful communities depends heavily on this innate desire to lend a hand and do good for others (Hernaus & Černe, 2022). Empathy, compassion, and genuine concern for the welfare of others are the fundamental components of pro-social motivation. According to Xu, Loi & Chow (2022), it motivates pro-social behaviors like kindness, charity, and volunteering. Many academics held the view that persons with strong pro-social motivations are more likely to put the welfare of others before their interests and to exhibit actions that encourage cooperation, collaboration, and social harmony (Hernaus & Černe, 2022; Tiwari, Bhat, & Tikoria, 2022). According to Yamini et al. (2022), pro-social motivation is especially important for addressing societal issues and fostering social change. Individuals can cooperate to achieve common objectives because it sparks group activity and community involvement. Pro-social motivation is a motivating factor that enables people to act and benefit from various social concerns, including poverty, inequality, environmental sustainability, and social justice. Employees who are motivated by a desire to serve others are said to be pro-socially motivated (Xu, Loi, & Chow, 2022). It is regarded as one of the most important aspects determining workers' or organizations' capacity for creativity and innovation. Pro-social motivation is essential to promote positive social interactions, improve interpersonal connections, and create strong communities (Song & Ferguson, 2023). According to Xu, Loi & Chow (2022), when people sincerely desire to support and aid others, it positively impacts society. People actively engaging in pro-social behaviors can build an inclusive, loving, and compassionate environment.

## **2.4. Duty Orientation**

Duty orientation is an ethical paradigm emphasizing the significance of upholding one's moral commitments and abiding by established laws and standards. It is sometimes referred to as duty-based ethics or deontological ethics. In obligation orientation, acts' inherent rightness or wrongness is prioritized rather than just their results or consequences (Ampofo et al., 2023). The Duty orientation, according to Karatepe & Kim (2023), is "an individual's volitional orientation to genuinely provide assistance to other members of the group, work diligently and make compromises to carry out the group's responsibilities and missions, and to honor its codes and principles." Duty to fellow group members, duty to the group's objective or task, and obligation to the group's rules and customs are the three dimensions of duty orientation (Park & Hur, 2023). Several scholars believe that Kant is one of the most significant philosophers related to duty orientation. The categorical imperative is a theory by Kant that holds that people have a moral need to act in a way that can be applied to all situations. In accordance with Kant, moral behavior is determined by reason and commitment to universal principles, regardless of the results (Hernaus & Černe, 2022). According to Bhatti et al. (2023), the thinking and actions of people who prioritize their obligations to their employer and organization are referred to as duty orientation. It requires a strong sense of dedication, discipline, and accountability, all of which are essential to the success and productivity of the workplace as a whole. From the point of view of Karatepe and Kim (2023), duty orientation is also crucial for developing a supportive workplace environment. Employees who accept their responsibilities encourage cooperation and teamwork among their coworkers. They are aware of how their actions affect how the organization functions and contribute to greater effectiveness and efficiency.

This way of thinking also fosters a sense of ownership, where people accept responsibility for their work and take the initiative to go above and beyond their allocated responsibilities. A duty-oriented workplace promotes growth and development. Employees who prioritize their work are more likely to look for possibilities for growth and learning (Song & Ferguson, 2023).

## 2.5. Hypotheses

Servant leadership has been increasingly recognized for its positive influence on organizational outcomes, particularly in resource-constrained environments like SMEs. Past research by Bavik (2020) explored how servant leadership fosters a service climate and mitigates competitive intensity, thereby enhancing firm-level outcomes. This aligns with the resource limitations faced by SMEs, where effective leadership becomes critical for optimizing team performance and business success.

Recent studies expand on this, showing how servant leadership in SMEs creates a climate of trust, employee engagement, and innovation. For example, Susanto (2023) emphasized the role of servant leadership in promoting organizational citizenship behavior (OCB), which directly improves organizational performance. Similarly, Mohamad & Majid (2014) found that entrepreneurial servant leadership contributes to a cooperative's performance by encouraging both strategic orientation and marketing acumen.

Further, Suwanto et al. (2022) demonstrated that servant leadership, through its people-centric approach, boosts pro-social motivation, fostering employee commitment and creativity in SMEs, which ultimately leads to improved performance outcomes. Darvishmotevali & Altinay (2022) also highlight how servant leaders in SMEs cultivate an environment conducive to growth and innovation by supporting employees' development and participation in decision-making.

Given these findings, H1 is proposed:

H1: Servant leadership has a significant positive influence on entrepreneurial performance in SMEs.

Pro-social motivation plays a pivotal role in strengthening the relationship between servant leadership and entrepreneurial performance. Pro-socially motivated employees are more inclined to go beyond their routine responsibilities, fostering innovation, collaboration, and high organizational performance. Arshad, Abid, & Torres (2021) explored this connection, showing how pro-social motivation encourages servant leadership to enhance organizational citizenship behavior and leader-member exchanges. Servant leadership's ability to align the motivations of employees with the organization's mission fosters a service-oriented culture that supports entrepreneurial success, especially in SMEs, where teams are closely knit and leadership is personal (Hernaus & Černe, 2022; Hurt & Heath, 2017).

Furthermore, Zhao et al. (2023) and Veres et al. (2020) found that servant leaders who incorporate pro-social values enhance creativity and performance by empowering employees to take ownership of their work. This pro-social motivation strengthens the organizational culture and has been proven to facilitate better outcomes in entrepreneurial settings. Tiwari, Bhat, & Tikoria (2022) also emphasize that integrating pro-social motives in servant leadership styles increases organizational engagement and resilience, which are critical for entrepreneurial performance.

Pro-social motivation thus acts as a significant moderator between servant leadership and entrepreneurial performance. Servant leaders who nurture this motivation in their teams foster an environment of trust, collaboration, and shared responsibility, leading to improved performance. Moreover, employees with a high level of pro-social motivation are more likely to innovate and contribute to the success of the organization, as demonstrated by the research of Trajano et al. (2023).

In light of these findings, H2 is proposed:

H2: Pro-social motivation positively moderates the relationship between servant leadership and entrepreneurial performance in SMEs.

Duty orientation reflects an individual's sense of responsibility and ethical behavior in fulfilling their obligations (Gebauer et al., 2008). In the context of servant leadership, this orientation aligns with a leader's commitment to fostering the development and well-being of their employees. Servant leadership's core focus on empathy, altruism, and meeting the needs of others is closely tied to the concept of duty orientation, which emphasizes accountability and moral responsibility (Yamini, Soloveva, & Peng, 2022). Duty-oriented leaders encourage ethical decision-making and build trust, which enhances employee engagement and satisfaction, leading to improved organizational outcomes. Mohamad & Majid (2014) highlighted that servant leaders promote moral principles and ethical behaviour, directly benefiting team collaboration and entrepreneurial performance. Furthermore, duty-oriented leaders are more likely to prioritize the development of their teams, fostering a supportive work environment that encourages resilience and persistence, crucial traits for entrepreneurial success (Ansong, Agyeiwaa, & Gnankob, 2022).

Suwanto et al. (2022) illustrated that duty orientation enhances servant leadership by providing a framework of ethical leadership, which motivates individuals to achieve high entrepreneurial performance. Duty orientation enhances entrepreneurial success by promoting strong work ethics, customer satisfaction, and long-term resilience. Individuals with strong duty orientation show a heightened sense of commitment to organizational objectives, leading to improved productivity and business performance (Zhang et al., 2021). Therefore, the mediating role of duty orientation is critical in strengthening the link between servant leadership and entrepreneurial performance, particularly in SMEs. By fostering resilience, ethical decision-making, and dedication to duty, servant leaders can significantly enhance the performance of entrepreneurial ventures (McBee-Black, 2023).

In light of the literature review, H3 is proposed:

H3: Duty Orientation significantly mediates the relationship between Servant Leadership and Entrepreneurial Performance.

The Social Exchange Theory posits that social interactions and relationships are governed by reciprocal exchanges, where individuals engage in relationships based on mutual benefits and trust. In the context of servant leadership and entrepreneurial performance, this theory emphasizes that when leaders exhibit servant leadership qualities—such as putting the needs of their followers first, fostering trust, and providing a supportive work environment—employees are likely to respond by reciprocating these positive behaviours. This reciprocal relationship generates a dynamic exchange, where employees feel more dedicated and motivated to perform at higher levels.

According to Cortez & Johnston (2020), pro-social motivation and a sense of duty orientation play a pivotal role in this exchange. Employees who are motivated by pro-social impulses and a deep sense of responsibility are more likely to reciprocate their leader's investment in their well-being with increased loyalty, engagement, and entrepreneurial performance. Servant leadership, therefore, strengthens this exchange by fostering mutual trust and commitment, leading to enhanced organizational outcomes, especially in SMEs where close relationships are critical.

In summary, Social Exchange Theory supports the hypothesis that servant leadership positively impacts entrepreneurial performance, with pro-social motivation and duty orientation reinforcing this relationship through reciprocal exchanges of trust, dedication, and responsibility.

Self-Determination Theory (SDT) focuses on the intrinsic motivations of individuals and how the fulfilment of three core psychological needs—autonomy, competence, and relatedness—influences their behaviour and performance. In the context of servant leadership and entrepreneurial performance, this theory highlights that when leaders adopt a servant leadership style, they create an environment where these intrinsic needs are fulfilled, particularly through empowerment, skill development, and fostering a sense of belonging and relatedness among team members.

As outlined by Park (2021), individuals with a strong duty orientation and pro-social motivation are intrinsically motivated to perform their entrepreneurial duties. Servant leaders nurture this intrinsic motivation by giving employees the autonomy to make decisions, helping them grow in their competencies, and building supportive relationships that promote a sense of community within the organization. This environment not only motivates employees to perform better but also enhances their commitment to the organization, leading to improved entrepreneurial performance.

Thus, Self-Determination Theory explains how duty orientation and pro-social motivation mediate the relationship between servant leadership and entrepreneurial performance, suggesting that servant leadership fulfils employees' psychological needs, fostering intrinsic motivation and commitment, which in turn enhances performance.

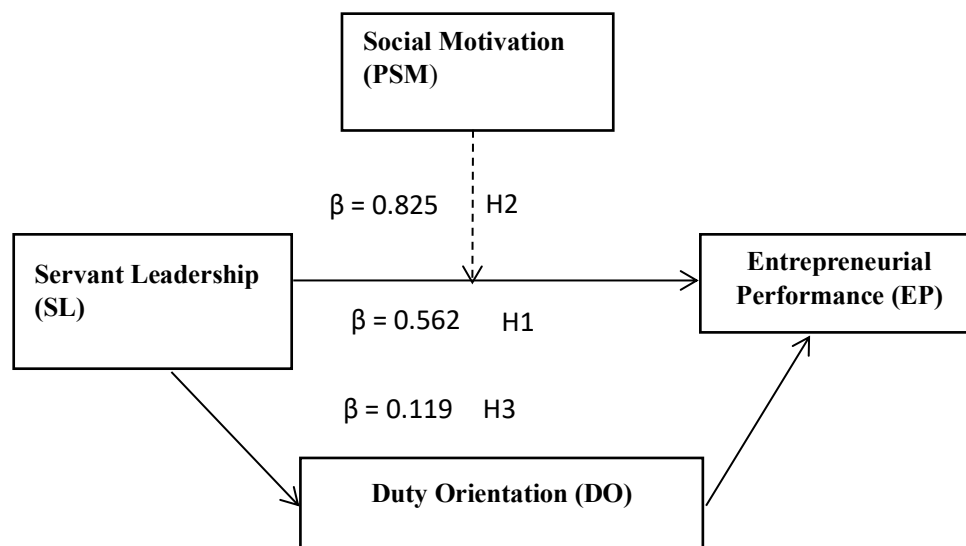


Figure 1 Conceptual Framework

### 3. Research Methodology

A quantitative approach to research was taken in this study. Based on the nature of the research objectives, which included examining the relationships between variables and testing particular hypotheses, a quantitative approach was chosen. This strategy was selected due to its utilization of numerical data collection, which enables systematic statistical analysis to look for patterns and relationships. As the goal of the research is to determine the causal relationships among variables, the positivist philosophy is in line with the quantitative approach, which made objective measurement, analysis, and hypothesis testing possible. Entrepreneurs of small and medium-sized businesses (SMEs) in Gujranwala, Pakistan, served as the research's unit of analysis. The study's objective was to

investigate how individuals in SMEs perceive and experience servant leadership and how it affects their entrepreneurial performance, duty orientation, and pro-social motivation. For this reason, this unit of analysis was chosen. These people were chosen because, in the context of SMEs, they represent important stakeholders and may offer insightful commentary on the research topics.

There was only one method used to choose the respondents with non-probability sampling. This method was chosen because when the purpose of research is to test the theoretical relationships, it is not necessary to use random sampling. Second, the pure randomness is not possible in management research because of inaccessibility of respondents and samples. The data collected were from entrepreneurs of Gujranwala Pakistan. By contacting SMEs in the area directly and asking for their cooperation to participate in the research, it was possible to get in touch with these respondents. In order to create the questionnaire, items from previous research measuring pro-social motivation, duty orientation, entrepreneurial performance, and servant leadership were modified. To guarantee that the questionnaire was clear and in line with the goals of the study, it was evaluated and improved.

#### 4. Results and Findings

The demographics of entrepreneurs running their SMEs, who responded to the survey, are in the below table.

This study utilized Smart PLS 4 for data analysis due to its ability to simultaneously assess the measurement model and theoretical model, examine construct correlations, and evaluate the path model relationships. SmartPLS 4's capability to test moderated mediation hypotheses, coupled with its flexibility in incorporating unlimited latent variables, made it a suitable choice for this research (Wang, Meng, & Cai, 2019).

The evaluation of the measurement model involves assessing the reliability, validity, and discriminant validity of the constructs. Each latent variable was analysed based on outer loadings, Cronbach's alpha, composite reliability (CR), and Average Variance Extracted (AVE). The first latent variable that the study covers is Servant leadership, denoted by SL. There are 7-items selected play a major role in evaluating servant leadership in the SMEs. Denoted as SL1, SL2, SL3, SL4, SL5, SL6, and SL7. One of them (SL6) was dropped due to their outer loading of less than 0.50. The values of the outer loadings of the remaining items are as follow; Entrepreneurial performance. The second latent variable that the study covers is Entrepreneurial performance, denoted by EP. There are 7-items selected that play a major role in evaluating the performance of entrepreneurs in the SMEs. Denoted as EP1, EP2, EP3, EP4, EP5, EP6, and EP7. None of them was dropped due to their outer loading of more than 0.50. Duty orientation is treated as a mediator in this model. It is denoted by DO. It includes 12-items, i.e. DO1, DO2, DO3, DO5, DO6, DO7, DO8, DO9, DO10, DO11, AND DO12. None of them was dropped due to their outer loading of more than 0.50. Duty orientation is treated as a moderator in this model. PSM denotes it. It includes 8-items, i.e. PSM1, PSM2, PSM3, PSM5, PSM6, PSM7, and PSM8. Only 1 item (PSM5) was dropped due to their outer loading of less than 0.50. The results in the table below showcasing the measurement model testing.

##### 4.1. Reliability and Validity

Table 2 presents the outer loadings, Cronbach's alpha, composite reliability, and convergent validity (AVE) for each construct, demonstrating satisfactory internal consistency and validity across the measurement model.

The values of Cronbach's alpha and composite reliability for all constructs were above 0.70, confirming high internal consistency. Additionally, AVE values exceeded 0.50, indicating acceptable convergent validity (Xu, Loi, & Chow, 2022).

**Table 1: Demographics of Respondents**

Demographic Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	180	81%
	Female	40	19%
Education	Intermediate Degree	50	23%
	Graduation Degree	155	70%
	MS Degree	15	7%
Age Group	18 - 25 years	40	18%
	26 - 35 years	35	16%
	35 - 40 years	64	29 %
	More than 40 years	81	37%
Number of Employees	1 - 5 employees	90	41%
	5 - 10 employees	80	36%
	11 - 20 employees	50	23%
Work Experience (Tenure)	1 - 5 years	112	51%
	5 - 10 years	108	49%

**Table 2: Outer Loadings, Composite Reliability and Analysis of Variance Extracted**

Construct	Item	Outer Loadings	Cronbach's Alpha	Composite Reliability	AVE
Servant Leadership (SL)	SL1	0.658	0.796	0.835	0.506
	SL2	0.847			
	SL3	0.686			
	SL4	0.847			
	SL5	0.847			
	SL7	0.657			
Entrepreneurial Performance (EP)	EP1	0.872	0.847	0.864	0.542
	EP2	0.695			
	EP3	0.599			
	EP4	0.872			
	EP5	0.872			
	EP6	0.539			
	EP7	0.695			
Duty Orientation (DO)	DO1	0.668	0.896	0.899	0.500
	DO2	0.719			
	DO3	0.686			
	DO4	0.658			
	DO5	0.659			
	DO6	0.752			
	DO7	0.662			
	DO8	0.752			
	DO9	0.620			
	DO10	0.694			
	DO11	0.669			
	DO12	0.656			
Pro-Social Motivation (PSM)	PSM1	0.533	0.780	0.778	0.599
	PSM2	0.667			
	PSM3	0.636			
	PSM4	0.622			
	PSM6	0.746			
	PSM7	0.699			
	PSM8	0.616			

**Note:** Outer loadings above 0.50 indicate strong indicator validity.

#### 4.2. Discriminant Validity

Discriminant validity was assessed using the Fornell-Larcker Criterion, ensuring that each construct was sufficiently distinct from others. Table 2 below presents the discriminant validity results, indicating that the square root of the AVE for each construct is greater than its correlations with other constructs.

**Table 3: Discriminant Validity**

Construct	DO	EP	PSM	SL
DO	0.707			
EP	0.679	0.736		
PSM	0.841	0.715	0.774	
SL	0.897	0.665	0.885	0.711

**Note:** Diagonal values represent the square root of AVE.

#### 4.3. Path Analysis and Hypothesis Testing

The path model was assessed to examine the relationships between the constructs. The results of the hypotheses testing are summarized in Table 3 below:

**Table 4: Path Analysis and Hypothesis Testing**

Hypothesis	Path	$\beta$	SD	T-statistic	P-value	Decision
H1	SL -> EP	0.562	0.060	9.387	0.000	Supported
H2 (Mediation)	SL -> DO -> EP	0.825	0.064	34.797	0.000	Supported
H3 (Moderation)	PSM x SL -> EP	0.119	0.100	2.192	0.003	Supported

The path analysis results indicate strong support for all hypotheses (H1, H2, and H3). Specifically, H1 shows a significant positive association between Servant Leadership (SL) and Entrepreneurial Performance (EP). H2 demonstrates that Duty Orientation (DO) mediates the relationship between SL and EP. Lastly, H3 confirms that Pro-Social Motivation (PSM) moderates the relationship between SL and EP. These results imply that the association between servant leadership and entrepreneurial performance is mediated by duty orientation. H3 examines moderation effects involving Pro-Social Motivation (PSM), Servant Leadership (SL), and Entrepreneurial Performance (EP). The interaction term PSM x SL to EP is supported, with a path coefficient of 0.100, a T statistic of 2.192, and a p-value of 0.003. These findings imply that Pro-Social Motivation moderates and mediation of Duty Orientation between the Servant Leadership and Entrepreneurial Performance with  $R^2$  of 0.465. In summary, all of the presented hypotheses (H1, H2, and H3) are supported by the path coefficients, T statistics, and p-values, indicating significant relationships and effects in the study.

## 5. Discussion

The primary objective of this research was to explore how servant leadership (SL) impacts entrepreneurial performance, focusing specifically on the mediating role of duty orientation (DO) and the moderating effect of pro-social motivation (PSM). Recent years have seen a significant rise in academic interest regarding the relationship between servant leadership and entrepreneurial success. Earlier studies, such as those by McBee-Black (2023) and Park (2021), have highlighted the positive influence of servant leadership on business outcomes. Servant leaders create environments that encourage creativity, risk-taking, and innovation by prioritizing the growth and needs of their teams. This approach can lead to greater product innovation, business expansion, and overall success, as demonstrated in high-performance companies like The Ritz-Carlton. Additionally, servant leadership has been linked to enhanced employee motivation, engagement, and job satisfaction, all critical factors for entrepreneurial performance. The study's hypothesis regarding the positive impact of servant leadership on entrepreneurial performance was confirmed through significant path coefficients, establishing a statistically strong relationship between SL and EP, as indicated in Table 4.

Beyond this direct relationship, the study examines how duty orientation mediates the link between servant leadership and entrepreneurial performance. Duty orientation, defined by a strong sense of responsibility, ethics, and dedication, acts as a potential mediator. Research by Zhang et al. (2021) and Xu, Loi, and Chow (2022) shows that employees under servant leaders often develop a sense of obligation and moral responsibility. This leads to behaviors associated with duty orientation, such as conscientiousness and ethical judgment, which in turn contribute to improved entrepreneurial performance. The results of the current study support this mediating role, with significant path coefficients (0.064 for EP → DO and 0.024 for SL → DO) and p-values (0.003 and 0.000), further solidifying the mediation effect as displayed in Table 4. Duty orientation essentially bridges the gap between servant leadership and entrepreneurial performance by fostering a work culture where employees feel morally bound to contribute to organizational success.

Moreover, the study explores how pro-social motivation moderates the relationship between servant leadership and entrepreneurial performance. Pro-social motivation, characterized as an intrinsic drive to improve the well-being of others and society, serves as an important moderator. Prior research, such as that by Song and Ferguson (2023) and Lan and Pham (2018), indicates that employees driven by pro-social values enhance the effect of servant leadership on entrepreneurial outcomes. Those with high pro-social motivation are more likely to be driven by a sense of mission, empathy, and social responsibility, aligning with servant leadership values. This study supports this moderating effect, with a significant path coefficient (0.100) and a p-value of 0.003, confirming the influence of pro-social motivation as a moderator, as seen in Table 4. Pro-social motivation amplifies the positive impact of servant leadership on entrepreneurial success, emphasizing its role in promoting socially responsible and conscious entrepreneurship.

In summary, this study provides insights into the complex interplay between servant leadership, duty orientation, pro-social motivation, and entrepreneurial performance. The findings underscore the importance of servant leadership in creating an environment that fosters entrepreneurial success, with duty orientation and pro-social motivation functioning as mediators and moderators, respectively. These dynamics offer a more in-depth understanding of how leadership styles, personal values, and motivations shape entrepreneurial outcomes in today's business environment.

## 6. Conclusion

This study set out to explore the effects of servant leadership on entrepreneurial performance, examining duty orientation as a mediator and pro-social motivation as a moderator. Modern leadership models like servant leadership prioritize the needs of their followers, fostering innovation and promoting organizational success. In the current business landscape, characterized by rapid change, entrepreneurial performance is crucial. Servant leadership inspires teams, fosters trust, and creates a culture of innovation. Duty orientation strengthens this link by promoting accountability and dedication, while pro-social motivation enhances entrepreneurial activity by emphasizing social duty. The research used cross-sectional data from 120 SME employers and employees, analyzing it through SEM using SmartPLS4. The results confirmed that servant leadership positively influences entrepreneurial performance, with duty orientation acting as a significant mediator and pro-social motivation as a moderator.



### 6.1. Practical Implications

Organizations should emphasize the development of servant leadership across their ranks, particularly fostering empathy and a supportive work environment to drive organizational success. Leadership development programs at all levels can benefit from embedding these traits. Furthermore, companies should encourage a sense of responsibility through accountability-focused training, which can significantly improve performance. Acknowledging and valuing pro-social motivation in recruitment and performance assessments can further align with servant leadership principles, promoting entrepreneurial activities. Organizations can also promote a culture of ethics and social responsibility by adhering to servant leadership values, encouraging pro-social behavior through corporate social responsibility programs and community involvement initiatives.

### 6.2. Limitations and Future Research Directions

Although this study provides valuable insights, it is not without limitations. The focus on SMEs may limit the generalizability of the findings, and future research should seek to replicate the results across different sectors. Additionally, the reliance on quantitative data collection through questionnaires could limit the depth of the analysis. Future studies could explore alternative data collection methods and incorporate qualitative techniques to provide a more nuanced understanding of these dynamics. While SmartPLS was effective for structural equation modeling, it may have limitations in fully capturing model covariance. Future research could utilize other statistical methods for more precise results. Building on this study, researchers could explore additional moderating variables beyond pro-social motivation or consider alternative mediating factors in the relationship between servant leadership and entrepreneurial performance. Examining the role of office environment or organizational culture as potential mediators could offer more comprehensive insights. Expanding the research across different industries and organizational settings would also help validate and extend the applicability of the findings. By comparing different data collection techniques and statistical methods, future studies can address existing methodological gaps in the field.

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