Servant Leadership Trends and Impact on Business

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Abstract: Servant Leadership (SL) has been in the forefront of business theory for the past decade and yet has been little utilized to describe and analyze specific areas of the concerns of business today. This study will attempt to apply the theories of Servant Leadership to the concerns of outsourcing, internet-related business and the trends associated with the Baby Boomer generation.

Key words: leadership; organizations; outsourcing; baby boomer; internet; servant-leadership

JEL codes: M10, M15, O32

1. Study Purpose

Management literature is replete with references to and on the concept of leadership and business schools across the countries that offer courses on leadership at the undergraduate and graduate levels. The model for servant leadership has profound implications for the individual and the organization where it is practiced. Greenleaf (1977) argues that the servant leadership (SL) model of leadership was historically successful, making another model unnecessary. However, the researcher will explain the benefits of servant leadership as it was applied in some organizations, as well in projects in Information Systems.

The researcher will identify and analyze the following three major businesses trends: (1) Outsourcing, (2) Internet-Related business, (3) and trends associated with the Baby Boomer generation, which were identified previously by Knickman and Snell (2002) that could have a major impact on servant leaders in today's business. Savage-Austin and Guillaume (2012) states that organizations benefit from understanding how leadership engages followers in day-to-day activities; because, the outcome of this act contributes to the organization's ability to be effective. In the 21st Century business environment companies have found it necessary to transform from a business that simply earns a profit to a business that looks for ways to maintain a competitive advantage.

2. Background

The aim of this study was to examine Servant-Leaderships trends that have an impact on today's business. Few studies describe the practice of servant leadership within businesses today. More recently, Hannigan (2008) conducted an investigation on servant leadership as a predictor of college performance in academic institutions caused by both faculty and administrator leaders. Given these opportunities of significant research, the need for this study was evident. This study also exposed the 10 characteristics of servant leadership. Spears (1995, 1998) listed, for example, 10 characteristics of a servant leader drawn from Greenleaf's writings, and Contee-Borders's

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(2003) case study confirmed these characteristics as being critical to servant leadership:

- listening—servant leaders clarified a group by listening receptively to what is being said;
- empathy—servant leaders strived to understand and empathize with others;
- healing—servant leaders had the potential for healing self and others;
- awareness—servant leadership was strengthened by general awareness, and especially self-awareness;
- persuasion—servant leaders relied upon persuasion, rather than positional authority, in making decisions within an organization;
- conceptualization—servant leaders sought to nurture their abilities to dream numerous dreams;
- foresight—servant leaders could foresee the likely outcome of a situation in the future;
- stewardship—servant leaders' ultimate commitment was to serve the needs of others;
- commitment to the growth of people—servant leaders were deeply committed to the personal, professional, and spiritual growth of every individual within the institution; and
- building community—servant leaders sought to identify means of building community among those who work within a given institution.

In an essay designed to encourage faculty to train future leaders, Greenleaf (1978) wrote, "The leader leads well when leadership is, and is seen as, serving the dream and searching for a better one" (p. 8).

3. Methodology

The main purpose of this research was to observe Servant-Leaderships trends that have an impact on today's business. Spears (1998) concluded Greenleaf's writings incorporated 10 major attributes of servant leadership. These included (1) listening, (2) empathy, (3) healing, (4) awareness, (5) persuasion, (6) conceptualization, (7) foresight, (8) stewardship, (9) commitment to the growth of people, and (10) building community. However, Spears (1998) stated, "These ten characteristics of servant leadership are by no means exhaustive" (p. 6). Subsequent writers on the subject have identified specifically other attributes consistent with Greenleaf's writings and appropriately included in a review of servant leadership. The researcher will identify and analyze the following three major businesses trends: (1) Outsourcing, (2) Internet-Related business, (3) and trends associated with the Baby Boomer generation, during this qualitative research.

(1) How businesses today influence servant leadership and the selected business trends?

(2) What do servant leaders observe and practice with the selected business trends?

(3) How do business trends perceive servant leadership factors?

A qualitative study was conducted to explain the influences of servant leadership on the selected business trends. Shank (2002) defines qualitative research as a form of systematic empirical inquiry into meaning. By systematic he means planned, ordered, and public, following rules agreed upon by members of the qualitative research community. By empirical he means that this type of inquiry is grounded in the world of experience. Inquiry into meaning says researchers try to understand how others make sense of their experience. The empirical approach to this research was a qualitative observation. This, in turn, means that observations, collections of data, and results are determined to a large extent by the approach chosen.

Outsourcing is one of the primary tools that companies keep to stay competitive that has become a financial leverage tool. Most people are already familiar with the concept of business process outsourcing (BPO), such as the outsourcing of large company call centers overseas.

As the outsourcing trend continues to grow, some companies are beginning to use the foreign workforce in higher-skilled trades through knowledge process outsourcing (KPO).

One subset, for instance, called legal process outsourcing (LPO), entrusts lower-level legal tasks and research to overseas attorneys at a fraction of the cost of legal fees charged in the U.S. There are three basic trends which are affecting organizations direction toward globalization and outsourcing. One implication of these trends is that employees will work in more decentralized, specialized firms, and employer-employee relationships will become less standardized and more individualized (Spears, 2004). Gartner (2009) states that the fall in prices would occur due to increasing competition in the market between traditional and new providers, as more providers compete aggressively to keep revenue growth on target while ensuring margins. Furthermore, cost-focused buying behaviors in the current economic phase will be a key factor behind the reductions for IT infrastructure outsourcing services from 2009 to 2010, with a great variability based on each single deal.

Gartner (2009) advises clients and providers to avoid stretching their positions to the extreme as pushing for an extremely low price will not make providers safer, deliver goods and services, or promote a positive relationship. Not accepting a renegotiation of terms and price in a tough economy will not contribute to client's viability. In addition, especially in hard times, there is only one viable balance and that is win-win; if one side loses, the other loses too. Lommel (2004) suggested that outsourcing has captured only a few hundred thousand American jobs while opening up millions better paying and more challenging careers in this country. Balancing that comforting fact, though, is the new reality that none of us can remain complacent about our present positions — much less future ones. This is the age of job insecurity.

4. Impact of Technology

With the entrance of the Internet and World Wide Web into the mainstream sphere more than a decade ago, entrepreneurs have gained access to a market far broader than that of traditional brick-and-mortar stores. Internet users number more than 1.3 billion or 20% of the world's population as of December 2007, according to InternetWorldState.com. To compete for potential consumers on the Internet, establishing a presence online has become a near necessity for business owners. Beazley (2000) wrote the most significant drivers of hyper-change are the following: Rapid Technological Innovation includes revolutions in communication, medical, industrial, computer, and information technology; research on genetics and nanotechnology; and the development of economically viable applications in those two fields. Rapid technological innovations fuel many of the other forces and trends characteristic of hyper-change.

Knowledge as a capital asset has replaced capital as the scarce factor of production. Purely web-based businesses have an unusual potential for profit by cutting back on traditional expenditures such as storefront leases, maintenance, and round-the-clock staffing. Business owners who sell goods can avoid the costs of hosting their own website by posting items on platforms such as eBay and Amazon, which garner hundreds of millions visits each month. Drucker (2001) notes that experiences have shown that grafting innovation on to a traditional enterprise do not work. The organization itself has to become a change agent. This requires the organized abandonment of things that have been shown to be unsuccessful, and the organized and continuous improvement of every product, service and process within the organization. Achievement requires the exploitation of success, especially unexpected and unplanned-for ones, and it requires systematic innovation. The point of becoming a change agent is that it changes the mindset of the entire organization. Instead of seeing change as a threat, its

people will come to see it as an opportunity.

5. Demographic Trends

The enormous demographic changes within the 21st-century American workforce are creating organizational growth pains. Hankin (2005) mentioned for the first time in American history that there are four generations co-existing in the workplace. The first wave of Baby Boomers began to hit retirement age in 2011, opening a new generational chapter with tremendous impact on U.S. and global economies. The Baby Boomer population is made up of some 78.2 million people, or approximately 26% of the entire U.S. population, according to 2005 estimates by the U.S. Census Bureau. To aid in this development, Lamy (2006) suggests the following are necessary to approach effectively the global community: (1) common values, (2) champions with legitimacy to raise public interest in the debate, and (3) multilateral mechanisms of governance that are truly effective.

Baby Boomers with "empty nests" are already making a significant dent in the housing market by moving into smaller residences, such as one-story homes or condominiums. A significant portion of Baby Boomers are also inclined to move into seasonal or vacation properties as their primary residence upon retirement, according to a study last year by the National Association of Realtors (2009). According to Smith-Trudeau (2001), new retirees will pursue active lifestyles through vocations or hobbies that they enjoy, presenting opportunities in recreational businesses and tourism ventures that cater to their interests.

Demand for assisted living is also likely to take a sharp increase, as the health care system braces itself for an aging demographic. Generational diversity is becoming a challenge in the nursing workforce; never before in nursing have so many generations been asked to work together (Smith-Trudeau, 2001). Twenty-four percent of employees in nursing are Veterans (people born 1922–1943), 47% t are Baby Boomers (people born 1944–1959), and 21% are Generation X (people born 1960–1980) (Spratley et al., 2000). Generation X views all team members as equally important, with the leader being no more or no less important than any other role. This generation will be frustrated if they think the organization is too bureaucratic, and they do not like dealing with office politics (Weston, 2001). With the current hierarchical, bureaucratic, and political atmosphere of many healthcare organizations the current leadership may be unprepared for the changes that the new generation of nurses will want in their leaders.

The truth is that survival is not always possible unless the servant leader has a clear understanding of the cultures within which they are working. Many cultures believe that it is improper or disrespectful to take on a superior role to someone who has been defined as the "leader" of a group or organization. Pauchant (2005) argues that leadership theories should be primarily focused on leaders and their impact on their followers. To address these trends, the researcher must rely on one of his research questions: Is there a relationship between servant leadership and job satisfaction? Furthermore, Northouse (2010) further claims that leadership styles impact subordinates perception of their job characteristics. Green (2008) applied varying leadership theories to knowledge management systems that could produce a cultural quagmire for organizations given the clash between employee, managerial, and organizational values. Therefore, the right leadership style is crucial. Traditionally, most public leaders have operated in a bureaucratic leadership style. A bureaucratic environment includes (1) authority and responsibility clearly identified and legitimatized; (2) hierarchy of authority producing a chain of command; (c3) leaders selected by technical competency, training, or education; (4) leaders appointed, not elected; (5) administrative officials working for fixed salaries and having no ownership of process or organization; and (6)

administrators subject to strict rules for control. Spears (2004) has listed and discussed the following ten common characteristics that he sees as communicating its promise—characteristics that seem to be especially applicable to business organizations:

Servant-leadership embodies behavioral management approaches, especially the need to respect and value employees, which "numerous rigorous studies" reveal can result in "enormous economic returns" (Pfeffer & Veiga, 1999). This involves Emotional Intelligence which "has been shown to be positively related to job performance at all levels" (Robbins, 2007). Job performance also seems suited for developing the interpersonal trust levels that are essential to effective business performance. Servant-leadership is a philosophy that leads managers to consider and fulfill the needs of employees so that the employees will be motivated and fulfill the organization's needs. These needs are especially well-suited to deal with some of the emerging trends in business that reflect the changing nature of American culture, e.g., how to handle workplace expressions of spirituality (Cash & Gray, 2000) and dealing with the incivility that is growing between employees (Anderson & Pearson, 1999).

The flow experience offers insight that may be useful with almost approach to management or the size of company, which practices business trends. The servant-leader approach to management should facilitate its application, and the servant-leader concept is growing more popular. At the very least, the servant-leader concept promotes emotional intelligence and reminds managers to take the needs of employees into account. There are some special benefits to businesses of every size. Leaders and managers may decide to use only some of the insights that the servant-leader approach provides. The promise, however, should induce them to take some time to investigate it. Podolny (2009) further argues that academics capable of teaching soft skills such as leadership, values, and ethics are a distinct minority at most business schools. Conducting research in qualitative methods and publishing papers in different kinds of journals need to be encouraged. These factors could incorporate servant leadership qualities in the students. This effort must be taken in all business schools to produce holistic leaders. There is a great need for a shift from quantitative methods to qualitative techniques in teaching in business schools.

6. Conclusion

Hopen (2002) states that the leader should understand the interaction between the organization's operational practices and the results generated by those practices by having specific methodologies for ensuring that decisions made by all members of the organization reflect the appropriate principals and strategies will lead the organization to excellence. To aid in the efforts of effective leadership, researchers may need to alter the methodology used for leadership studies and that organizational requirements in the 21st century will differ from requirements faced by businesses today.

Consequently, research methods used to study the realm of leadership has been based upon the paradigm of how aspects should be managed. The purpose of future research is not to change how researchers currently approach a subject, but to offer alternatives to make research more effective. The goal is to provide new knowledge and offer alternative views on the approaches to leadership. Bredillet (2006) notes that the necessary conditions supporting a sound translation of research results into practice being a preamble to any relevant research is clarification of our perception and understanding. To aid leaders in their efforts to successfully propel their organizations into the 21st century, researches should note that there might be a need to alter their methodological approach to understand the realm of leadership. Furthermore, past research methods used in leadership studies were based upon the view point that there is a quantifiable link between leadership effectiveness and organizational earnings.

The researcher would like to conclude with Drucker (2001) who identifies five fundamental changes, which have already started to occur, particularly in knowledge-oriented industries, and will have an increasing impact in the coming decades. The workers rather than the organization provide most of the knowledge-capital, and thus control the means of production. The majority of people working for an organization are either part-time staff, multi-skilled portfolio workers or outsourced employees, managed either independently or through a separate outsourcing organization; large organizations, and even medium-sized ones, will need to disintegrate into federations of associated companies, with the primary role of top management being to hold the vision and purpose of the overall organization rather than attempt to control the whole. The key knowledge for an organization is no longer held by central management, but collectively by individual workers, customers, suppliers and other stakeholders. The organization will need to build and maintain conversations in order to survive technologies that are no longer concentrated in a single industry, but may find applications in any industry; hence, industry-alliances rather than organization controlled research laboratories are the primary source of new research. The researcher recommended that future researchers use these observations to conduct a comparative study that identify the impact of servant leaders on the above trends. This study was a baseline to target trends that how influences servant-leaders in today's workplace. There are many studies that can follow to further discussion such as servant leadership and technology in the workplace; servant leadership and outsourcing; servant leadership and generation in the workplace. This study did not seek to establish any relation between servant leaders ability to provide, technology, outsourcing, and connect baby boomers with technology.

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