# Servant Leadership: an Idealistic Philosophy or the key to a High Performance Organization?

André de Waal *
*Maastricht School of Management, the Netherlands*

Mirna Sivro
*Vrije Universiteit Amsterdam, the Netherlands*

* corresponding author: Endepolsdomein 150, 6229 EP Maastricht, The Netherlands; e-mail: andredewaal@planet.nl,  phone: +31-6-51232322

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**ABSTRACT**

Many authors on Servant Leadership (SL) claim there exists a positive relationship between SL and organizational performance, but empirical evidence for this has thus far been lacking. In addition, there is an underlying assumption that introducing SL will lead to a high performance organization (HPO) but for this also no empirical proof has been offered. This article evaluates empirically the relations between SL, organizational performance and HPO. A theoretical proposition of these relations was made and, based on a sample of 80 managers and employees of the VU medical center, the degrees of SL, HPO and performance were measured. The study results show there is no evidence of a positive relation between SL and organizational performance. There is evidence of SL having impact on the HPO factors but this impact is different on various organizational levels. It was concluded that the role SL plays within an organization is not consistent.

## INTRODUCTION

In much of the leadership literature, the 'ideal leader' is described as a person who uses his[1] power and influence to motivate followers, in order to realize organizational goals and thereby turn the organizational vision into reality (Graham, 1991; Dierendonck et al., 2009). Leadership theories stress the importance of listening to, appreciating, valuing, and empowering employees (Bass and Avolio, 1994; Dierendock et al., 2009). Illies et al. (2005) describe 'good leadership' as the ability to make the right decisions, build commitment, motivate and mobilize employees. In recent years, however, there

has been a shift in the thinking about this ideal leader. A reason for this shift is given by Collins (2001) who states that building great companies takes a leadership style that combines strength with humility. The '100 Best Companies to Work For' yearly list of Fortune Magazine emphasizes that these best companies acknowledge the importance of addressing employees' needs and setting humane values by leadership for great performance. Organizations nowadays are therefore seeking leaders who use their power in an ethically responsive and positive way and are people centered. In addition, Liden et al. (2000) show that organizations with leaders who serve their people have more satisfied, committed, and better performing employees. The most recent people-centered leadership approach is that of Servant Leadership (SL). This style has grown considerably in popularity among both consultants and practitioners (Spears, 1998; Reinke, 2004). However, whether practicing SL actually leads to increased organizational performance is still unclear. Greenleaf (1977) developed the general approach but did not clearly distinguish its advantages versus other leadership styles. He also did not connect SL to organizational performance (Reinke, 2004). Although other authors (Liden et al., 2000; Van Dierendonck et al., 2009; Nuijten, 2009) argue that applying SL can lead to increased organizational performance, they do not support this argument with empirical evidence. At the same time, the HPO research (Waal, 2008, 2010) shows - on the basis of extensive empirical work - that quality of management is paramount to creating and sustaining an high performance organization (HPO). This gives raise to the following two research questions: *What is the influence of SL on organizational performance?* and *What role does SL have in an HPO?* This article aims at answering these two questions, based on a study which was performed at the VU Medical Center (VUmc) hospital in Amsterdam where SL has been applied since 2000. The relevance of this article is high because it sheds light on the issue whether SL is a worthwhile leadership approach to be applied by organizations, so they can transform themselves into HPOs.

The article is organized as follows. In the next three sections, the theoretical concepts of HPO and SL are introduced and their relationship is discussed. After this, the research approach is given. Then the research performed at the VUmc is described and the research results are discussed. Although the results of the HPO and SL survey are given, the focus in this section is on discussing the results of the

organizational performance review and the correlations between the SL and the HPO characteristics. The article ends with the conclusions, the limitations of the research and recommendations for future research.

## THE HPO FRAMEWORK

A High Performance Organization is defined as: an organization that achieves financial and non-financial results that are better than those of its peer group over a period of time of at least five to ten years" (Waal, 2008, 2010). Waal (2008) argues that 'it pays to be a HPO' as HPOs achieve better financial and non-financial results than non-HPOs, year after year. For instance, HPOs achieve higher customer satisfaction, customer loyalty, employee loyalty, and quality of products and services than their less able counterparts. To identify the elements that make up an HPO, a five year study was undertaken. This study started with a descriptive literature review of 290 studies into high performance and excellence (Waal, 2010). Characteristics were extracted from each of the 290 publications that the authors of these studies regarded as essential for high performance. These characteristics were tested in a worldwide survey executed at over 2500 profit, non-profit and governmental organizations. In this survey respondents indicated how good their organizations were on the various characteristics (on a scale of 1 to 10) and also what their organizational results were compared to their peer group. With a statistical analysis, 35 characteristics which had significant and strong correlations with organizational performance were grouped into five factors, which were subsequently identified as the HPO factors. The study results showed there was a direct relation between these five HPO factors and competitive performance. Organizations which paid more attention to the HPO factors and scored high on these consistently achieved better results than their peers, in every industry, sector and country in the world. Conversely, organizations which scored low on the HPO factors ranked performance-wise at the bottom of their industry. The five HPO factors are described underneath. The detailed results of the worldwide survey can be found in Waal (2010).

*HPO factor 'Management Quality'*
In an HPO, management maintains trust relationships with people on all organizational levels by

valuing employees' loyalty, treating smart people with respect, creating and maintaining individual relationships with employees, encouraging belief and trust in others, and treating people fairly. Managers at an HPO work with integrity and are a role model by being honest and sincere, showing commitment, enthusiasm and respect, having a strong set of ethics and standards, being credible and consistent, maintaining a sense of vulnerability and by not being self-complacent. They apply decisive, action-focused decision-making by avoiding over-analysis but instead coming up with decisions and effective actions, while at the same time fostering action-taking by others. HPO managers coach and facilitate employees to achieve better results by being supportive, helping them, protecting them from outside interference, and by being available. Management holds people responsible for results and is decisive about non-performers by always focusing on the achievement of results, maintaining clear accountability for performance, and making tough decisions. Managers at an HPO develop an effective, confident and strong management style by communicating the values and by making sure the strategy is known to and embraced by all organizational members.

*HPO factor 'Openness and Action Orientation'*

Apart from having an open culture, an HPO uses the organization's openness to achieve results. In an HPO, management values the opinion of employees by frequently seeking a dialogue with them and involving them in all important business and organizational processes. HPO management allows experiments and mistakes by permitting employees to take risks, being prepared to take risks themselves, and seeing mistakes as an opportunity to learn. In this respect, management welcomes and stimulates change by continuously striving for renewal, developing dynamic managerial capabilities to enhance flexibility, and being personally involved in change activities. People in an HPO spend a lot of time on dialogue, knowledge exchange and learning in order to obtain new ideas to improve their work and make the complete organization performance-driven.

*HPO factor 'Long-Term Orientation*

In an HPO, long-term is far more important than short-term gain. This long-term orientation is extended to all stakeholders of the organization, which is shareholders as well as employees, suppliers, clients and society at large. An HPO continuously strives to enhance customer value creation by learning what customers want, understanding their values, building excellent relationships and having

direct contact with them, involving them in the organization's affairs, being responsive to them, and focusing on continuously enhancing customer value. An HPO maintains good long-term relationships with all stakeholders by networking broadly, taking an interest in and giving back to society, and creating mutual, beneficial opportunities and win-win relationships. An HPO also grows through partnerships with suppliers and customers, thereby turning the organization into an international network corporation. Management of an HPO is committed to the organization for the long haul by balancing common purpose with self-interest, and teaching organizational members to put the needs of the enterprise as a whole first. They grow new management from the own ranks by encouraging staff to become leaders, filling positions with internal talent, and promoting from within. An HPO creates a safe and secure workplace by giving people a sense of safety (physical and mental) and job security and by not immediately laying off people (dismissal is a last resort).

*HPO factor 'Continuous Improvement'*

The process of continuous improvement starts with an HPO adopting a strategy that will set the company apart by developing many new alternatives to compensate for dying strategies. After that, an HPO will do everything in its power to fulfill this unique strategy. It continuously simplifies, improves and aligns all its processes to improve its ability to respond to events efficiently and effectively and to eliminate unnecessary procedures, work, and information overload. The organization also measures and reports everything that matters, so it measures progress, monitors goal fulfillment and confronts the brutal facts. It reports these facts not only to management but to everyone in the organization so that all organizational members have the financial and non-financial information needed to drive improvement at their disposal. People in an HPO feel a moral obligation to continuously strive for the best results. The organization continuously innovates products, processes and services, constantly creating new sources of competitive advantage by rapidly developing new products and services to respond to market changes. It also masters its core competencies and is an innovator in them by deciding and sticking to what the company does best, keeping core competencies inside the firm and outsourcing non-core competencies.

*HPO factor 'Workforce Quality'*

An HPO makes sure it assembles a diverse and complementary workforce and recruits people with

maximum flexibility to help detect problems in business processes and to incite creativity in solving them. An HPO continuously works on the development of its workforce by training staff to be both resilient and flexible, letting them learn from others by going into partnerships with suppliers and customers, inspiring them to work on their skills so they can accomplish extraordinary results, and holding them responsible for their performance so they will be creative in looking for new productive ways to achieve the desired results.

An HPO scores at least an 8,5 or higher on each factor. In the HPO framework the quality of management is of the utmost importance: good management is the basis of an HPO. Therefore it is interesting to evaluate whether the Servant Leadership approach can be used to improve the quality of management.

## SERVANT LEADERSHIP

SL is defined as a leadership style that is primarily focused on the growth and well-being of individuals. A Servant – Leader has the moral character, the wisdom to foresee what is needed, the ability to meet the needs of people, and the courage to act on that (Nuijten, 2009). Nuijten (2009) distinguishes eight core factors, divided in the two groups of 'servant' and 'leader' that characterize a servant leader, these are described underneath.

*'Servant' factor 'Humility*

Humility can be defined as the ability to put one's own accomplishments and talents in a proper perspective" (Patterson, 2003). Dierendonck et al. (2009) explain this as the ability to look at one's own achievements and talents. Servant leaders admit that they can benefit from the expertise of others. Another definition of humility is an awareness of all that one is and all that one is not (Morris et al., 2005). It is thus important to understand one's weak and one's strong points. The servant leader is not afraid to acknowledge his limitations, but seeks for contribution and participation of others in order to overcome them. A servant leader admits that he does not know everything and can learn from others. Russell and Stone (2002) argue that one of the aspects of humility is serving, the first and most

important priority of a servant leader. Serving means offering time, compassion and care to their followers. This is not seen as fate, but a privilege of being a Servant Leader.

*'Servant' factor 'Standing back'*

Standing back is the extent in which a leader puts the interests of others above his own interests and valuates others, by giving support and praise. Standing back thus can be characterized by staying on the background when success has been achieved, and giving the employees the credits of this success instead of taking all the credits himself. This way, followers are feeling valuable and are stimulated to provide input and work hard. Standing back also means offering time, energy, care and compassion to employees (Patterson, 2003).

*'Servant' factor 'Forgiveness or Interpersonal acceptance'*

Forgiveness or Interpersonal acceptance is the ability to understand and experience the feelings of others, to understand where people come from and being able to let go of the past wrong situations. In other words, being able to forgive followers for their wrong doings in the past, instead of taking this into other situations (McCullough et al., 2000). In addition, it is important to experience feelings of warmth, compassion and concerns for others even when these make mistakes. Servant leaders create a culture of trust, acceptance, room to make mistakes, and sharing knowledge. Servant leaders do not aim at revenge or the purpose to get even, which facilitates a setting where followers can bring the best out of themselves. This factor stimulates interpersonal relationships through a better understanding of the behavior of followers.

*'Servant' factor 'Authenticity'*

Authenticity is defined as expressing oneself in ways that are consistent with inner thoughts and feelings (Harter, 2002). Authenticity focuses on owning one's personal experiences, the thoughts, emotions, needs, wants, preferences, or beliefs. One's expressions are consistent with the inner thoughts and feelings of the person. In addition, authenticity is concerned with the purpose of one's own life as a whole. Authenticity thus can be summarized as staying close to what you are.

*'Leader' factor 'Empowerment'*

The aim of empowerment is to foster a proactive, self-confident attitude among employees and giving them a sense of personal power (Cogner, 2000). Greenleaf (1998) explains empowerment by arguing

that it is all about recognition, acknowledgement, and the realization of each person's capabilities and possibilities to learn more. Empowering leadership behavior includes sharing information and coaching employees to strive for more innovative performance (Konczak et al., 2000). Empowering also means providing meaning, paying attention to followers, caring for them and showing appreciation and by doing this, Servant Leaders empower employees to be the best they can be (Dierendonck et al., 2009).

*'Leader' factor 'Accountability'*

Accountability means that people are held responsible for the performances they can control (Conger, 2000). A servant leader gives responsibility for performances to individuals or their teams (Konczak, et al., 2000). Accountability is also about acknowledging and making explicit individuals' contribution, which makes it a technique for showing confidence in one's followers and provides boundaries within which one is free to achieve one's goals.

*'Leader' factor 'Stewardship'*

Stewardship focuses on the willingness to take responsibility for the organization as a whole and strive for service instead of control and self-interest. The task of the leader is to behave as a care taker and also as a role model for the followers (Hernandez, 2008). By giving the right example, leaders stimulate followers to act in the common interest instead only acting for their own benefits. Due to this, stewardship is related to loyalty, responsibility and team work. Stewardship is also about understanding the organization's role in the larger society and encouraging a spirit of cooperation. Stewardship in leadership is about adhering to a set of principles the followers find acceptable. This makes it likely that the steward is seen as trustworthy by his followers.

*'Leader' factor 'Courage'*

Courage is defined as proactive behavior that might be reflected in 'pioneering'. Russel and Stone (2002) explain pioneering as creating new ways and approaches to existing problems and relying on values and beliefs that run one's actions. As the pioneer the servant leader will be the first one to take a risk and dares to be vulnerable as mistakes will undoubtedly happen. Courage also exists from admitting these mistakes. Courage can also be found in the freedom that a servant leader gives to the followers to exercise their own abilities. In addition, looking from an organizational context, courage

can be characterized by challenging the old, conventional models and manners of working (Hernandez, 2008).


**COMPARING THE HPO FRAMEWORK WITH SERVANT LEADERSHIP**

In order to empirically examine the link between the concepts of servant leader and HPO, a theoretical comparison has been made between the characteristics of both concepts. The assumption was that a good theoretical fit predicts a strong influence of a specific SL characteristic on organizational performance in practice. In Table 1 the results of the comparison are given. When there were two SL characteristics which corresponded to a specific HPO factor, the match was deemed to be full; one or zero SL characteristics gave a partial respectively no match. The Table shows that there is, as could be expected, much overlap between the SL characteristics and the characteristics of HPO factor 1, High Quality of Management. Specifically HPO characteristics like trust, being a role model, integrity and strong leadership can be found in the SL concept. HPO factor 2, Openness and Action Orientation, has a partial fit with the SL concept. Characteristics like dialogue, a positive attitude towards change, and being performance-driven as an organization are not found among the SL characteristics. Sharing information, knowledge exchange and learning, involving the organizational members in important processes, and allowing them to make mistakes are elements that can be found both in the SL as in the HPO concepts. HPO factor 3, Long Term Commitment, does not have any match with the SL characteristics. Factor 4, Continuous Improvement, shows little fit with SL as this latter does not contain anything about having a distinct strategy compared to its peers, having good processes, and having available financial and non-financial data for the organizational members. Looking at the SL literature it is apparent that SL puts followers first instead of goals and objectives, which might explain the limited attention SL pays to organizational strategy or processes. Another HPO characteristic that is not present in SL is continuous improvement of the core competencies. In regard to the HPO characteristics of innovation, a match can be made with SL as this concept is also focused on continuous development and stimulating employees to develop themselves in order to increase creativity. Considering the fifth HPO factor, High Quality of Workforce, the characteristics of inspiring organizational members and stimulating them to feel responsible and be flexible and resilient

have a partial match with SL. However, SL does not address having a diverse and complementary workforce.

INSERT TABLE 1 HERE

The conceptual framework for this study is illustrated in Figure 1. The HPO research shows that there is a direct positive relationship between the HPO characteristics and organizational performance. At the same time, no empirical evidence can be found in the literature of a relationship (neither positive nor negative) between SL and organizational performance, despite the claims of the proponents of the SL concept. Therefore the empirical part of the study described in this article will look at whether the SL characteristics have an indirect positive influence on organizational performance by influencing the HPO characteristics positively. This is a reasonable assumption, as the theoretical matching between the two concepts shows that several of the HPO characteristics can be supported by SL characteristics.

INSERT FIGURE 1 HERE

**THE CASE COMPANY**

The Academic Hospital of the Free University Amsterdam was established in 1965 through private initiative and with the help of people with a Christian life conviction. The hospital grew, extended the number of medical specialties and changed its name in VU Hospital and in 2001 in the VU medical centre (VUmc). The religious fundament of the hospital disappeared to the background. In the nineties, the VUmc distinguished itself through the development of more specific academic tasks and functions as well as a focus on improvement. Furthermore, the installation of the first medical-ethical commission in the Netherlands, the euthanasia protocol, and the treatment of special cases such as transsexual patients, made the identity of the VUmc stronger. The growth however was accompanied

by an increasing chaos in the organization, making the introduction of new managerial techniques necessary. One of these techniques was the implementation of a new leadership philosophy called SL in 2000. The aim of the introduction of SL was to create a structural as well as a cultural change within the entire organization, with a focus on shared values. As part of SL a focus on decentralization was encouraged, so people would be put in positions that encouraged them to handle from common sense instead of only following the rules. At the same time, everything had to be integrated. This meant that the doctor worries about money and the manager is concerned with the patient. The new focus led to a merger with the faculty of medicine of the Free University, so integration of health care, research and education was achieved. In 2005/2006 the identity of the VUmc was renewed. The VUmc grew considerably the last 40 years and nowadays has approximately 7000 employees. The well-being of patients is still the main focus of the VUmc, just like the social involvement and medical-ethical subjects. The VUmc started implementing SL in 2000 and , despite the fact that the Board of Directors thought the implementation would take approximately four years, still had not finished the implementation organization-wide in 2010.

## RESEARCH APPROACH

This study examined the role of SL in creating and sustaining an HPO at the VUmc. The research started with several semi-structured interviews, to explore the situation at the organization and to identify the research population. Then a study was made of the financial and non-financial results of the VUmc, several years before and after the implementation of SL, to identify the possible differences in organizational performance. These data were obtained from the annual reports of the VUmc. At the same time, a survey was put out. The target population was approached through an e-mail which was send in June 2010 by the board of directors to 570 employees in 100 departments. The survey consisted of HPO and SL questions. Firstly, the respondents were asked to rate how the VUmc performed on the 35 HPO characteristics. The rating scale consisted of a range from 1 (much improvement necessary) to 10 (excelling). Secondly, the respondents were asked to rate the 30 SL characteristics which determined to what extend the respondents saw their managers as a Servant Leader. The rating was a 6 point rating scale from 1 (strongly disagree) to 6 (strongly agree). Both

managers and medical specialists were rated. A person had a managerial position when he or she managed at least one subordinate. Therefore the medical specialists also had managerial positions because they all had at least one nurse as their subordinate. The total number of respondents was 116 which is a response rate of 20.4 percent. Of the respondents, 35 were men and 81 were women. Thirteen were managers, 14 were medical specialists, 21 were nursing personnel, and 68 worked in other functions (both leading and non leading). The average age of the respondents was 46 years.


## RESULTS AND ANALYSIS

In this section the results of the organizational performance study, the HPO and SL questionnaire, and the correlations are given.


### <u>Organizational performance</u>

Looking at the literature on performance indicators for hospitals, a combination of the indicators proposed by Shortell et al. (2005) and Waal and Vink (2009) were used to determine the performance of the VUmc. This combination of indicators was chosen, because these data could be obtained from the annual reports of the VUmc. The indicators 'organizational learning' and 'clinical quality performances' from Shortell et al. (2005) were dismissed because these data were not available in the annual reports. Therefore, the indicators used for the analysis were: patient satisfaction (2001-2008), employee loyalty (2001-2007), and financial performance (incl. productivity) (1998-2008).

The first indicator, patient satisfaction, consisted of the number of complaints submitted at the complaint commission of the VUmc, and the number of incidents reported by the medical incidents patient care. It was expected that patients would be more satisfied after the implementation of SL than they were before, because employees of the VUmc were expected to put others (i.e. patients) first due to the SL philosophy. Therefore this indicator should be positively influenced by SL. Looking at the development of this indicator through the years a mixed image appeared. The number of medical incidents for the years 1998, 1999 and 2000 were unknown. In 2002 and 2003 a decrease was visible compared to the years before, however in 2004, 2005, 2006 and 2007 there were increases in reported

incidents, while in 2008 a decrease could be noticed. A possible explanation for the erratic development was that several projects were undertaken to get employees and patients to report incidents, which could increase the number of reported incidents. The decrease might be explained by the fact that the VUmc started to measure patient experiences, where every patient was invited to answer questions about their experiences at the VUmc. The results of these measurements were used to identify problems and areas of improvement. It had to be concluded that no direct relation between patient satisfaction and the implementation of SL could be established.

The second indicator, employee loyalty, consisted of the element degree of absenteeism. Absenteeism consisted of the sub-elements total percentage of illness, percentage of short illness (<1 year) and percentage of long illness (>1 year). This indicator was expected to improve after the implementation of SL, because employees should in this concept be intrinsically being motivated to do the best they can. In addition, Servant Leaders should be focused on follower (i.e. employee) well-being, which should decrease employee burn-out and stress, factors that might cause absenteeism. In comparison with 2001, the percentage absenteeism (exclusive pregnancy leave) in 2007 decreased with 37 percent. The use of tight procedures after reporting absenteeism as well as the organization culture, new leadership philosophy and the situation on the labor market was mentioned to contribute to the reduction of absenteeism according to the VUmc's annual rapport of 2008. Therefore, the expectation that SL would increase employee loyalty, because of its focus on follower well-being, seemed to be true.

Looking at the third indicator, financial performance, it has to be noticed that a direct link between SL and the financial results of an organization is hard to make, because the SL concept does not state anything specific about this indicator. However, it could be argued that financial performance is influenced by productivity which should have increased after implementation of SL. At the same time, SL could influence financial performance positively because absenteeism, which can be quite costly for an organization, should go down because Servant Leaders invest a lot in their in employees making them more committed, which in turn brings down absenteeism. When looking at the annual rapports it was noticed that the financial performance of the VUmc varied considerably over the years. The financial position of the organization, as measured in net result, improved in 1998 and 1999 compared

to the previous year. However, in 2000 and subsequent years until 2003the financial position deteriorated and the Government was asked for financial help. The financial position of the VUmc has weakened further. In 2004 a slight positive financial result was visible but it stayed weak and the capacity to deal with financial setbacks was small. The financial position of the VUmc improved over the years until in 2008 it could be compared to the sector. Due to the varied results, a direct link between financial performance and SL was not found. It seemed the financial results could be better explained by looking at the changing circumstances within the sector, differences in cost positions of healthcare organizations, effects of mergers and partnerships with other organizations, and the financial crisis, than by the implementation of a leadership style that is mainly focused on the non–financial aspects of an organization. In conclusion no unambiguous evidence could be found of a direct positive relation between the implementation of SL and the results of the VUmc, which is in line with the results of the literature study.

## **HPO scores**

Table 2 gives the average scores for the HPO factors, calculated from the individual scores of the 116 respondents, and compares these with the average scores of all healthcare (cure and care) organizations and the Top 3 best performing healthcare organizations, as collected in  the HPO database (Waal, 2010). In Figure 2 the HPO scores are graphically depicted.

INSERT TABLE 2 HERE

INSERT FIGURE 2 HERE

Table 2 and Figure 2 show that VUmc is an average performing healthcare organization which still has a lot to improve in order to be able to belong to the Top 3 healthcare organizations in the Netherlands. To test whether the scores for VUmc differ statistically significant from the scores of the other healthcare organizations, a one-sample T-test was done. This test compared means on the basis of the sample average, and showed that the differences were indeed significant. A detailed discussion of the

results can be found in Sivro (2010).

## SL scores

Respondents were asked to rate the 30 SL statements which determined to what extent they saw their leaders as a Servant Leader. Nursing personnel and administrative personnel without leading functions (the staff) were asked to rate both their formal leaders (in both cases the administrative manager) and their direct leaders (the 'work floor' leaders, i.e. medical specialists for nurses, and team leaders for the administrative personnel). Medical Specialists, team leaders and administrative managers (the management) were asked to only evaluate their direct leaders i.e. (their superiors), as they didn't have a formal leader. Figure 3 gives the results for the various leader groups.

An independent groups T–test was done to test whether the differences in the evaluation between the scores for the formal and the direct leader groups were significant. This test showed that the differences were only significant for the SL factor courage, for the staff. This means that the staff rates their direct leader, the one they are daily into contact with, significantly higher on courage than their formal leader. An explanation for this result could be the fact that the staff is not aware of the courageous behavior of their formal leaders as these are less visible to them. The scores on the other SL characteristics are not significantly different, meaning that the staff rates their formal and direct leaders more or less the same. A detailed discussion of the results can be found in Sivro (2010).

INSERT FIGURE 3 HERE

## HPO- SL correlation

A Pearson correlation test was performed in order to determine the influence of the SL factors on the HPO factors. In this test, two levels were distinguished: staff and management. The correlation was performed for two types of Servant Leaders, the formal leaders and the direct leaders, to evaluate whether there were differences between these two types of leaders. In Tables 3 to 5 the results of the correlation analysis between the SL and HPO characteristics for the combinations of followers and

their leaders are given. For each of the SL characteristics, the correlation and significance with the five HPO factors is listed. In addition, the theoretical match between the SL and HPO factors is given (full match, partial match, or no match) which is taken from Table 1. Finally, a comparison is made between the theoretical match and the correlation in practice. For instance, if the theory predicts a full match between the SL and HPO factors and a significant correlation is indeed found, it is concluded there is a match between theory and practice. Conversely, if the theory predicts there is no match but a significant correlation is found, it is concluded there is no match between theory and practice. If the theoretical match was partial and a significant correlation was found, it was assumed there was a match between theory and practice. The strongest correlations are discussed underneath.

*Staff – Formal leaders*

In Table 3, there is a 47.5 percent match between the theoretical predicted relation and the relation in practice between the SL and HPO factors, with the factor Management Quality being the most fully matched (87.5 percent). This comes as no surprise as the SL factors should naturally have the most effect on this HPO factor. It does come as a surprise that, despite the fact that there were no theoretically predicted correlations, the HPO factor Long term orientation still shows five significant correlations. Possible explanations for these correlations are that the investments in followers due to the implementation of SL sends the positive signal that management deems employees to be necessary for achieving VUmc's goals in the long run; and the fact that VUmc's management has been working with SL for more than 10 years is in itself a sign of an orientation on the long term.

INSERT TABLE 3 HERE

The strongest correlation for most of the HPO factors are with the SL characteristics humility (5 times), empowerment (4) and stewardship (3). In regard to humility, the more management is open to criticism, accessible, willing to communicate and involve employees in the organizational processes, and willing to learn from their faults and from others' mistakes, the more satisfied staff are with the quality and openness of management because they appreciate managers being open and vulnerable. In

addition, management who is open and listens to the needs of employees might be more willing to invest more in the employees to increase their quality. In regard to empowerment, the more management empowers staff of the VUmc by encouraging them, sharing information with them and giving them freedom and possibilities and power to make their own decisions and to develop themselves, the more employees feel positive about their managers and therefore the more satisfied they are with the quality and openness of their management. In addition, the more empowered, free and stimulated employees feel to develop themselves, the higher the correlation with the HPO factor Workforce Quality. In regard to stewardship, the more management is focused on this - in the sense that the managers are focused on both organization and society and understand the organization's role within the society - the higher staff will rate the quality of management. In addition, the more management has a long term vision and emphasizes the social responsibility of the work employees do, the higher the level of satisfaction with the management quality. In addition, when looking at the statement 'improve the world, begin with yourself' Nuijten (2009) argues that Servant Leaders persuade and stimulate their followers in such a way that they feel and see the need to improve themselves first in order to improve the organization.

*Staff – Direct leaders*

In Table 4, there is a 57.5 percent match between the theoretical predicted relation and the relation in practice between the SL and HPO factors, but there are hardly any significant correlations and those that can be found are not particularly strong. This result entails that the formal leader behaving as a Servant Leader toward the staff has more positive effects on the HPO factors than the direct leaders - ´the 'work floor' leaders, i.e. medical specialists for nurses, and team leaders for the administrative personnel, with whom staff work on a daily basis - behaving as Servant Leaders. An explanation for this could be that the employees do not see their direct leader as their supervisor but rather as one of them. They regard their direct leaders more as collaborative foremen who work together with them, almost as a primus interparus, to get the job done. Another explanation could be that the distance between staff and formal leaders is larger than with the direct leaders, which generally results in less trust between these two organizational levels (Smith, 2005). This could mean that, when formal

leaders start behaving as SL, this will have a bigger effect on the HPO factors than if direct leaders are SL. As theoretically predicted, there are no significant correlations for HPO factor Continuous Improvement. According to VUmc´s staff, a direct leader that behaves as a SL does not have an impact on continuous improvement efforts. This could be explained by arguing that the direct leader is more focused on improving professional conduct on the work floor and during contacts with the patients than on improving organizational processes, products and services. The latter seems to be regarded more as an organization-wide effort that is the responsibility of higher management, i.e. the formal leaders within the VUmc.


INSERT TABLE 4 HERE


*Management – Formal leaders*

In Table 5, there is a 42.5 percent match between the theoretical predicted relation and the relation in practice between the SL and HPO factors, with this time the factor Workforce Quality being the most matched (62.5 percent). The correlations in Table 5 concern the relations between medical specialists, team leaders and administrative managers (the management) with their superiors. The results in Table 5 are very similar to those in Table 3, for the relations between staff and their supervisors. In a sense management can, in this regard, be seen as employees of their superiors meaning that similar correlation results are to be expected. Even the match between the theoretical predicted relation and the relation in practice between the SL and HPO factors is the same for both categories. It is interesting to note that SL characteristic accountability has, in contrast with the relation between staff and direct leader, a significant correlation with four of the five HPO factors. This means that management appreciates their superiors given them accountability for results, which is in line with their functional level which calls for taking responsibility for achieving results and improvements.


INSERT TABLE 5 HERE


**CONCLUSIONS**

The two research questions posed in the Introduction can be now answered. In regard to the first question *What is the influence of SL on organizational performance?* the conclusion has to be there is no unambiguous theoretical nor practical evidence that SL has a direct positive influence on organizational performance. In regard to the second question *What role does SL have in an HPO?* the conclusion is that SL within the VUmc does not have the same impact on the HPO factors of different organizational levels and their function groups, and therefore the role SL plays within the organization is not consistent. SL seems to have more impact on the HPO factors when the formal leader is behaving as a Servant Leader, then when the direct leader is behaving like a Servant Leader. Additionally, SL does not have an influence on all HPO factors and specifically the characteristic 'courage' did not show any correlation at all. This finding is interesting because one could question the usefulness of being a courageous leader and daring to take risks. The employees of the VUmc at the different levels did not find that being courageous has an impact on the success of the organization. Also the 'accountability' and 'authenticity' characteristics show little correlation with the HPO factors, which indicates that SL as a concept does have some shortcomings, because of the fact that not all SL factors have an impact on the performance of the VUmc. An interesting finding is that the SL characteristic 'empowerment' shows a correlation with all HPO factors, for both function levels (except for staff – direct leader and HPO factor 'continuous improvement'). This means that management being able to empower employees is one of the most important things management can do to help improve the HPO factors and thereby organizational performance. However, the problem with the positive correlations between SL characteristic 'empowerment' and the HPO factors is that empowerment also has a downside with regard to organizational performance, because a high level of autonomy can have a negative effect on the competitive performance of the organization (Waal, 2010).

As this study is the one of the first to empirically examine the influence of SL on organizational performance within a real organizational context, managers can use the findings as guidance when they are considering implementing SL within their organization in order to achieve high performance. Looking at the results of the study it seems clear that the introduction of  SL will not lead directly to improved performance. Rather SL can be used to specifically improve the quality of formal leaders by

teaching them to be more attuned to employees. This will help the organization to create better managers which in turn will help create an HPO as these managers will be better able to improve the HPO factors.

## LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

This research has several limitations. Firstly, a limitation can be found in the data. Out of 570 possible respondents that were invited to participate, 116 filled-in the questionnaire and only 80 responses were usable for the analysis. This increases that chance for a error in the generalization of the results. In line with this, future research should be performed with a sample with a larger response rate. Secondly, SL was introduced in the VUmc ten years ago but without a direct connection to the HPO Framework. It therefore was not possible to study the relation between the two concepts over a longer period of time. Longitudinal study should be conducted in order to test the longer-term correlation and the causality between SL and HPO. Thirdly, the scale of Dierendonck et al. (2009) and Nuijten (2009) used to assess SL in this study has only fairly recently been developed and has only been tested during the studies of these authors. This gives some uncertainty whether this scale was the best one to use during the study described in this article. Future research should use the SL scale in different settings in order to validate its usefulness. In addition, the SL scale has not been used in combination with organizational performance and the HPO Framework. Therefore, another recommendation for future research is to replicate this research using the same concepts in order to test if differences exist, and to determine if the influence of SL on organizational performance and HPO is sector, branch, culture and level dependent.

Notes

1 He can also be read as she; his can also be read as her

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| HPO factor | VUmc | Average Healthcare sector | Top 3 |
|---|---|---|---|
| Management Quality | 6.5 | 6.3 | 8.6 |
| Openness and Action Orientation | 6.3 | 6.7 | 8.6 |
| Long Term Commitment | 6.5 | 6.9 | 9.0 |
| Continuous Improvement and Renewal | 5.7 | 6.2 | 8.7 |
| High Workforce Quality | 6.4 | 6.2 | 9.2 |
| *Average HPO score* | *6.3* | *6.5* | *8.8* |

*Table 2: Average HPO scores for VUmc compared to other healthcare organizations (scale: 1 – 10)*

| SL character. / HPO factors | MQ | Match | OAO | Match | LTO | Match | CI | Match | WQ | Match |
|---|---|---|---|---|---|---|---|---|---|---|
| Empowerment | • Coach followers, understand followers' capabilities<br>• Foster a proactive, self-confident attitude among followers and give them a sense of personal power | Full | • Share information with the follower<br>• Foster a proactive, self-confident attitude among followers and give them a sense of personal power | Full | - | No | - | No | • Pay attention to followers, and care and show appreciation | Partial |
| Accountability | - | No | - | No | - | No | - | No | • Hold followers responsible for the actions they can control<br>• Show confidence in followers | Full |
| Stewardship | • Be a role model for the followers<br>• Be loyal | Full | - | No | - | No | - | No | • Stimulate followers to act in the common interest | Partial |
| Courage | • Behave as a pioneer: dare to take risks | Partial | • Make and admit mistakes | Partial | - | No | • Challenge old models of working | Partial | • Give followers the freedom they need to exercise their own abilities | Partial |
| Humility | • Seek the contribution | Partial | - | No | - | No | - | No | - | No |

| SL characteristic | Description | MQ | OAO description | OAO | LTO description | LTO | CI description | CI | WQ description | WQ |
|---|---|---|---|---|---|---|---|---|---|---|
| | of others | | | | | | | | | |
| **Standing back** | ▪ Give followers the credits instead of taking these for oneself<br>▪ Put the interests of followers above one owns interest | Full | - | No | - | No | - | No | - | No |
| **Forgiveness** | ▪ Create a sphere of trust and acceptance<br>▪ Have an accurate self image, moral conviction and emotional stability | Full | ▪ Understand and experience the feelings of followers,<br>▪ Forgive followers who made mistakes in the past | Full | - | No | - | No | ▪ Let go of past wrong situations | Partial |
| **Authenticity** | ▪ Express oneself in ways that are consistent with inner thoughts and feelings<br>▪ Do what you say, say what you do | Full | ▪ Have integrity and be loyal to a moral code | Partial | - | No | - | No | ▪ Be visible in the organization | Partial |

*Table 1: Theoretical match between the SL characteristics and the HPO factors (MQ = management quality, OAO = openness and action orientation, LTO = long term orientation, CI = continuous improvement and renewal; WQ = workforce quality). The detailed comparison can be found on www.hpocenter.com.*

| SL character. / HPO factors | MQ | Theor rel. | Match T-P | OAO | Theor rel. | Match T-P | LTO | Theor rel. | Match T-P | CI | Theor rel. | Match T-P | WQ | Theor rel. | Match T-P | *Match %* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Empowerment** | .70 .000** | Full | Yes | .63 .000** | Full | Yes | .51 .001** | No | No | .41 .007** | No | No | .59 .000** | Partial | Yes | 60 |
| **Accountability** | -.01 .944 | Full | Yes | -.04 .790 | No | Yes | .06 .697 | No | Yes | .05 .739 | No | Yes | -.06 .705 | Full | No | 80 |
| **Stewardship** | .71 .000** | Full | Yes | .43 .003** | No | No | .39 .010** | No | No | .48 .001** | No | No | .58 .000** | Partial | Yes | 40 |
| **Courage** | .18 .264 | Partial | No | .23 .233 | Partial | No | .15 .330 | No | Yes | .30 .053 | Partial | No | -.01 .929 | Partial | No | 20 |
| **Humility** | .70 .000** | Partial | Yes | .69 .000** | No | No | .59 .000** | No | No | .55 .000** | No | No | .61 .000** | No | No | 20 |
| **Standing back** | .55 .000** | Partial | Yes | .37 .017* | No | No | .46 .002** | No | No | .34 .026* | No | No | .53 .000** | No | No | 20 |
| **Forgiveness** | .42 .005** | Full | Yes | .59 .000** | Full | Yes | .45 .003** | No | No | .43 .005** | No | No | .38 .013* | Partial | Yes | 60 |
| **Authenticity** | .44 .004** | Full | Yes | .39 .010** | Partial | Yes | .18 .252 | No | Yes | .29 .061 | No | Yes | .24 .133 | Partial | No | 80 |
| *Matching %* | | | 87.5 | | | 50.0 | | | 37.5 | | | 25.0 | | | 37.5 | **47.5** |

Table 3: Results correlation analysis SL and HPO characteristics – Staff and Formal leaders

(2-tailed, correlation is significant at the 0.05 level (*) or at the 0.01 level (**); MQ = management quality, OAO = openness and action orientation, LTO = long term orientation, CI = continuous improvement and renewal; WQ = workforce quality)

| SL character. / HPO factors | MQ | Theor rel. | Match T-P | OAO | Theor rel. | Match T-P | LTO | Theor rel. | Match T-P | CI | Theor rel. | Match T-P | WQ | Theor rel. | Match T-P | *Match %* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Empowerment** | .33 .036* | Full | Yes | .38 .014* | Full | Yes | .41 .008** | No | No | .31 .051 | No | Yes | .34 .029* | Partial | Yes | *80* |
| **Accountability** | -.02 .928 | No | Yes | .13 .421 | No | Yes | .22 .163 | No | Yes | .10 .528 | No | Yes | .10 .516 | Full | No | *80* |
| **Stewardship** | .05 .745 | Full | No | .21 .179 | No | Yes | .25 .122 | No | Yes | .15 .340 | No | Yes | .12 .454 | Partial | No | *60* |
| **Courage** | .04 .829 | Partial | No | .13 .421 | Partial | No | .13 .406 | No | Yes | .11 .508 | Partial | No | .02 .906 | Partial | No | *20* |
| **Humility** | .26 .103 | Partial | No | .22 .166 | No | Yes | .32 .043* | No | No | .20 .209 | No | Yes | .18 .261 | No | Yes | *60* |
| **Standing back** | .60 .708 | Partial | No | .00 .986 | No | Yes | .20 .204 | No | Yes | .18 .251 | No | Yes | .04 .818 | No | Yes | *80* |
| **Forgiveness** | .12 .466 | Full | No | -.01 .952 | Full | No | .06 .731 | No | Yes | .16 .304 | No | Yes | -.18 .261 | Partial | No | *40* |
| **Authenticity** | .20 .204 | Full | No | .23 .148 | Partial | No | .29 .064 | No | Yes | .14 .371 | No | Yes | .12 .506 | Partial | No | *40* |
| *Matching %* | | | *25.0* | | | *62.5* | | | *75.0* | | | *87.5* | | | *37.5* | **57.5** |

Table 4: Results correlation analysis SL and HPO characteristics – Staff and Direct leaders

(2-tailed, correlation is significant at the 0.05 level (*) or at the 0.01 level (**); MQ = management quality, OAO = openness and action orientation, LTO = long term orientation, CI = continuous improvement and renewal; WQ = workforce quality)

| SL character. / HPO factors | MQ | Theor rel. | Match T-P | OAO | Theor rel. | Match T-P | LTO | Theor rel. | Match T-P | CI | Theor rel. | Match T-P | WQ | Theor rel. | Match T-P | *Match %* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Empowerment** | .67 .000** | Full | No | .78 .000** | Full | Yes | .69 .000** | No | No | .50 .009** | No | No | .68 .000** | Partial | Yes | *40* |
| **Accountability** | .68 .000** | No | Yes | .48 .014* | No | No | .58 .002** | No | No | .37 .062 | No | Yes | .59 .002** | Full | Yes | *60* |
| **Stewardship** | .65 .000** | Full | Yes | .78 .000** | No | No | .65 .000** | No | No | .55 .004** | No | No | .61 .001** | Partial | Yes | *40* |
| **Courage** | .37 .062 | Partial | No | .10 .617 | Partial | No | .11 .578 | No | Yes | -.14 .494 | Partial | No | .07 .752 | Partial | No | *20* |
| **Humility** | .50 .009** | Partial | Yes | .66 .000** | No | No | .42 .034* | No | No | .46 .018* | No | No | .38 .056 | No | Yes | *40* |
| **Standing back** | .42 .034* | Full | Yes | .57 .002** | No | No | .43 .030* | No | No | .47 .014* | No | No | .31 .122 | No | Yes | *40* |
| **Forgiveness** | .32 .114 | Full | No | .50 .009** | Full | Yes | .30 .142 | No | Yes | .57 .003** | No | No | .20 .333 | Partial | No | *40* |
| **Authenticity** | .13 .527 | Full | No | .43 .027* | Partial | Yes | .28 .171 | No | Yes | .02 .922 | No | Yes | .15 .458 | Partial | No | *60* |
| *Matching %* | | | *50.0* | | | *37.5* | | | *37.5* | | | *25.0* | | | *62.5* | *42.5* |

Table 5: Results correlation analysis SL and HPO characteristics – Management and Formal leaders

(2-tailed, correlation is significant at the 0.05 level (*) or at the 0.01 level (**); MQ = management quality, OAO = openness and action orientation, LTO = long term orientation, CI = continuous improvement and renewal; WQ = workforce quality)
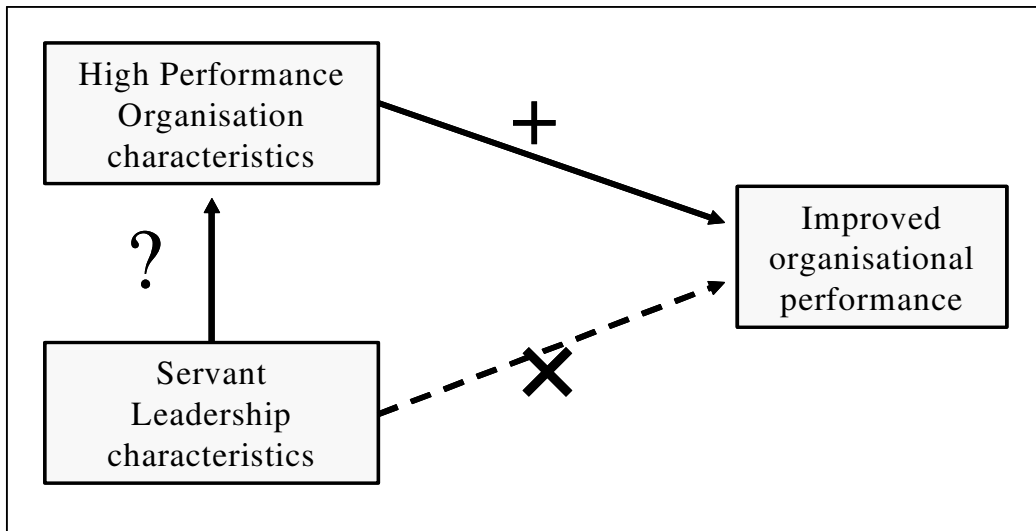
*Figure 1: Conceptual Framework of the relation between*
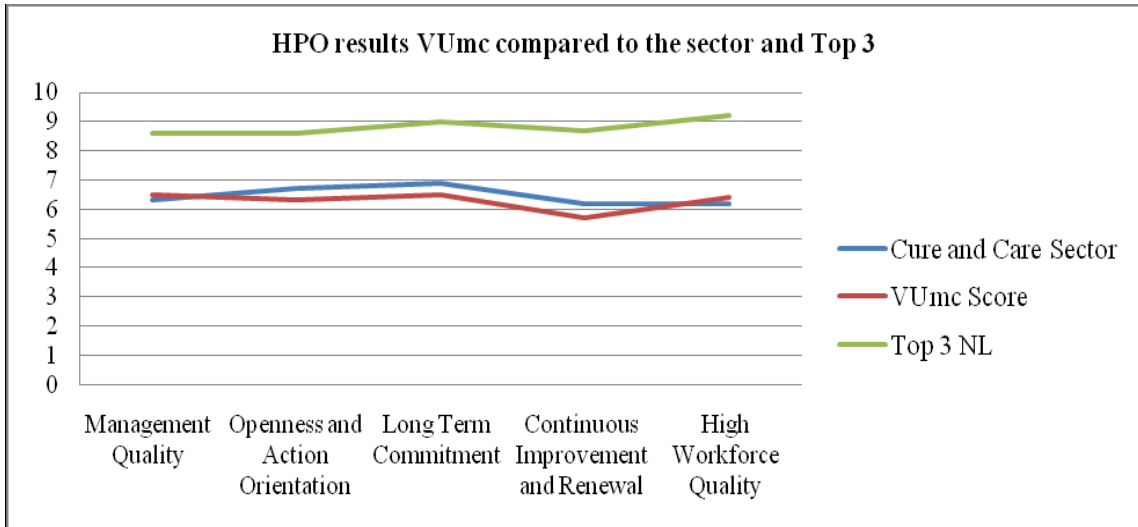
*HPO, SL and organizational performance*

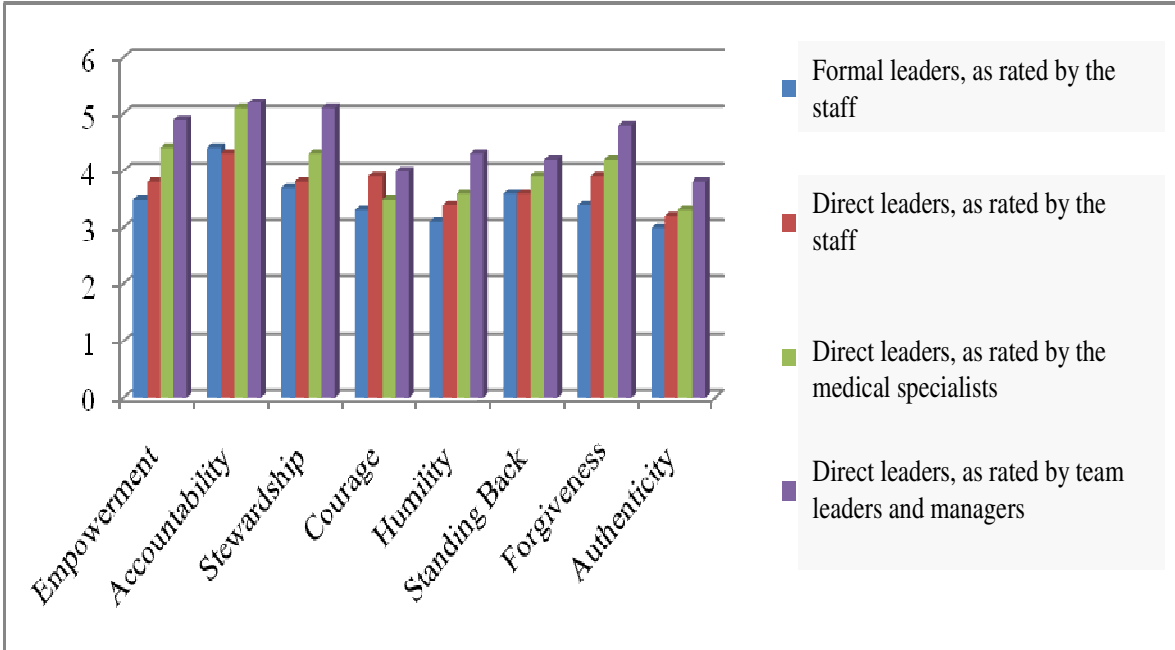*Figure 2: Average HPO scores for VUmc and other healthcare organizations*

*Figure 3: Average scores per SL factor (scale: 1- 6)*