

# **Servant Leadership and Public Administration: Solving the Public Sector Financial Problems Through Service**

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*The financial problems facing many states and local governments have caused some to take unilateral actions concerning the terms and conditions of employment in unionized environments governed by collective bargaining agreements. The unilateral actions by the public sector have fostered an adversarial tension between unions and management in public administration. Servant leadership is an emerging leadership paradigm, which proponents believe has universal applicability among various organizations. This paper seeks to present a preliminary literature review and framework seeking to understand if servant leadership can be applied in an adversarial public administration setting.*

## **INTRODUCTION**

The recession that began in December 2007 has affected every sector of the economy, including the public sector. Since 2009, all levels of government are dealing with declining revenues and increasing fixed costs, leaving many policy makers in a quagmire as to how to overcome the fiscal realities facing budgets ("The fiscal survey of states," 2009; Hogler & Henle, 2011). The recession is particularly devastating to state and local entities, which are many times required by legislation to have a balanced budget (Befort, 2011). The choices facing policy makers have great implications on the services provided to their citizens, as well as each citizen's tax responsibility.

One of the chief concerns for policy makers as they seek to balance their budgets is the cost of employees (Befort, 2011; Hogler & Henle, 2011). Within the public sector, a significant portion of employee costs is regulated by collective bargaining agreements. In 2011, there were approximately 7.56 million unionized public sector employees in the United States, which represents 37% of the total unionized workforce in the nation (Greenhouse, 2012). Although this number has decreased due to layoffs happening throughout the public sector, the number of unionized employees has presented unique public policy challenges to lawmakers. Governments have implemented layoffs, furloughs, wage freezes, and hiring freezes, along with other measures in an effort to balance their budgets (Befort, 2011).

Traditionally, terms and conditions of employment are negotiated in the collective bargaining process. However, the economic hardships facing state and local governments have caused some states to bypass collective bargaining through the legislative process (Fisk & Olney, 2011; Hogler & Henle, 2011). Normally, an employer is prohibited from making unilateral changes in the terms and conditions of employment in a unionized environment; however, when the employer has legislative authority and makes changes through the legislative process, then it has the ability to make unilateral changes in employment (Befort, 2011). According to Befort (2011), if the state is not classified as an employer under the applicable state statute, then they are only bound by the contract clause in the United States

Constitution. The United States Supreme Court has upheld a state's ability to supersede contracts when it is in the best interest of the public. Accordingly, there are states that have taken the opportunity to unilaterally alter the terms and conditions of employment, fostering an adversarial relationship between public sector employees and their employer, in addition to villainizing employers in the political process (Fisk & Olney, 2011). Some argue that the unilateral actions of states are not necessary, but spurred by political agendas (Fisk & Olney, 2011). Nonetheless, the impact of these debates may have increased the divide between employees and management, thereby greatly reducing the ability to foster cooperative action between the unions and lawmakers. Fisk and Olney (2011) do not believe that collective bargaining is the problem affecting states. Rather, collective bargaining could be a source of solutions if done properly.

This paper seeks to explore whether the servant leadership management paradigm would be applicable in the public sector, specifically in addressing the fiscal challenges facing state and local governments and their correlating relationship with unions. Could servant leadership foster innovative collaboration between policy makers and unions that create solutions to the budgetary issues facing governments, without vilifying either side or taking unilateral actions?

Servant leadership is a management paradigm, which is emerging throughout literature and in application in various organizations worldwide. Proponents of the servant leadership model state that it has universal applicability across cultures, religions, and organizational models. The servant leadership model fills the void of morality that some suggest exists in other leadership paradigms. The servant leadership concept, while not explicitly stated, is derived from a Judeo-Christian foundation (Kezar, 2001; McCuddy & Cavin, 2008; Sen Sendjaya & Sarros, 2002), the concept rooted in Jesus Christ's teachings to his disciples that, in order to be a leader, one must be a servant. Building on this foundation, proponents of servant leadership assert that leaders motivated by an intrinsic desire to serve have a positive effect on his/her followers, as well as the organizational health and success (Sen Sendjaya, Sarros, & Santora, 2008).

Unionized organizations must address a variety of issues that arise in the workplace which do not exist to the same level in non-union counterparts. Specifically, the union-management relationship within a unionized context may be frequently described as adversarial. The adversarial nature of the relationship between union and management derives from the process in which unions are formed, as well as from the collective bargaining process – from development to implementation. At the bargaining table, in which union and management work to reach an agreement on terms and conditions of employment, there are often competing forces at play which cause an adversarial tension. Over the long-term, this tension has the ability to erode trust in the other party, thereby expanding the divide between union and management interests. When trust erodes between the parties, it has the potential to polarize the positions that each party represents, which in turn creates conflict. Each party is concerned with avoiding the perception of appearing weak because of their need to satisfy the goals of their constituents.

A unionized workforce, like all other organizations, requires trust as a means of advancing the overall goals and objectives of the organization. However, in an adversarial environment, the development and maintenance of trust proves difficult. When trust is lacking it can result in strikes, excessive grievances, and arbitrations. This is costly for both the union and the organization. Without trust, both sides may utilize power in an attempt to avoid the appearance of vulnerability in response to the motives and actions of the other party.

This paper hypothesizes that servant leadership has the ability to transform the union-management relationship in the public sector from adversarial to cooperative by fostering an environment of trust. As both seek to trust the other side, open communication can occur without hidden agendas. Each side, in trusting the pure motives of the other, is able to seek to achieve broad organizational goals that would benefit both the employee and the employer. Applying the servant leadership paradigm in the public sector may improve the long-term union-management relationship, thereby creating an environment no longer characterized as adversarial, but an environment that fosters teamwork and innovation among parties for the common good.

## THE ROLE OF TRUST IN ORGANIZATIONS

Trust is the foundation of all positive human interactions, whether it is in the purview of one's home or workplace. Trust is what allows for both short-term and long-term human interactions, which advance common goals and objectives. In a rapidly changing economic landscape, trust is needed to allow for businesses to remain competitive by fostering an environment of collaboration and engagement (Reina & Reina, 2006). Kramer and Lewicki (2010) define trust as "a psychological state characterized by several components, the most important of which is some sort of positive expectation regarding others' behavior" (p. 247). Trust promotes openness through mutual vulnerability in believing that one's motive is positive and altruistic.

Trust has been demonstrated to have a relationship with organizational success. Tony Simon's (2002) study, "The high cost of lost trust", demonstrated that hotel workers were more productive and the hotel was more successful when the employees trusted their leaders. The study noted that, when an inconsistency developed between what leaders said and what they did, the employees' responded through loss of trust, commitment, and dedication (Simons, 2002). Fraser's (2010) study put forward the most frequently cited factors that lead to a breakdown in trust in an organization:

1. Disrespectful behaviors: discounting people of their contributions, disregarding feelings and input, and blaming other people for problems;
2. Communication issues: not listening to others, not working to understand the other party, and breakdown in communication around major changes;
3. Unmet expectations: broken promises, breaches in the psychological contract, breach of confidentiality, and breach of rules;
4. Ineffective leadership: punishing those who challenged authority, poor decisions, favoritism, or unwillingness to address major issues;
5. Unwillingness to acknowledge: taking no responsibility for mistakes or issues, not owning issues or the violation itself, placing self before the group;
6. Performance issues: unwilling or unable to perform basic job duties, making mistakes, issues of general competence;
7. Incongruence: misaligned with or not honoring core values, mission, practices; actions do not match words; and
8. Structural issues, including changes in systems and procedures, lack of structure or too much structure, and misalignment of job duties and authority.

These factors will erode trust over time, making it difficult for employers to inspire a cooperative environment because it will lead to higher employee turnover and lower productivity (Reina & Reina, 2006; Simons, 2002). This has led for some to call for new methods in building and maintaining trust in the workforce (Olekalns & Smith, 2008).

### Leadership and Trust

The servant leadership paradigm evolved from the transformational leadership paradigm, which dominated most of the latter part of the 20<sup>th</sup> century. Transformational leadership involves engaging managers in actions designed to enlist subordinates as partners in organizational objectives (Burns, 1978). The behaviors which foster this type of leadership emerge from within the leader, rather than as a reaction to the actions of the subordinate (Bogenhagen, 2006). The behaviors that support the transformational leadership concept include: idealized influence, inspirational motivation, intellectual stimulation, and individual consideration (Avolio, Waldman, & Yammarino, 1991). Each of these behaviors is designed to invest in subordinates who will then invest themselves into the organizational goals and objectives. This leadership model recognizes personnel as resources of the organization through the creation of a participatory management philosophy.

One of the critiques of the transformational model of leadership is that, while it may spur organizational transformation, it does not encourage trust in the organization or the leader (Ekvall, 1991).

Joseph and Winston (2004) state that the “relationship between leader behavior and organizational behavior is well established” (p. 8). The lack of trust is hypothesized to be related to the focus of the leader. In the transformational model of leadership, the focus is on the organization and the leader’s objectives; whereas, “servant leaders focus more on the people who are the followers” (Stone, Russell, & Patterson, 2003, p. 349). According to Washington et al. (2006), “honesty and integrity build trust, which is an essential component of servant leadership and is critical in establishing credibility of servant leadership” (p. 710).

Under the pure transformational leader model, employees may distrust the leader; they may perceive that his or her investment in them as people is only being done to advance his or her agenda and organizational objectives (Whetstone, 2002). Transformational leaders are prone to self-aggrandizement and may take credit for the work of their followers. While the environment fosters creativity and commitment, it may either create an amoral environment at best and at worst an immoral environment in which fear and distrust permeate the culture (Whetstone, 2002).

### **Servant Leadership and Trust**

Robert Greenleaf recognized that the transformational leadership model was lacking in moral and ethical motivations which would promote long-term trust among members of the organization (Farling, Stone, & Winston, 1999). While both the transformational and servant leadership models promote organizational success through investment in the followers, for Greenleaf the distinction is motivation:

The servant-leader is servant first. It begins with the natural feeling that one wants to serve. The conscious choice brings one to aspire to lead. The best test is: do those served grow as persons; do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? (Greenleaf, 1998, p. 1)

The servant leadership model evolved from the understanding that, while the transformational model of leadership proved effective in bringing forth tangible results, it did so at the expense of organizational trust because of the perceived motivation of the employer.

The servant leader places ultimate value on the human component of an organization and seeks to improve the lives of the employees, without any other motive (Smith, Montagno, & Kuzmenko, 2004). The leader recognizes that, by serving the members of the organization, it “will carry [him/her] beyond the material rewards otherwise proffered to the mere job holder” (Kalwies, 1988, p. 117). The motivation of the servant leader is what sets his/her management approach apart from other leadership styles (Smith et al., 2004). According to Kent Keith (2008), Executive Director of the Greenleaf Center for Servant Leadership, servant leaders “are motivated to make life better for others, not just for themselves” (p. 10). In turn, a work environment grounded in self-sacrificial service will spur greater innovation and productivity because it creates an environment in which a follower is a partner in the organization’s success (Graham, 1991; Greenleaf, 1998; Keith, 2007).

The leader engaging in the servant leadership model does so because it is morally right to invest in other people, while the transformational leader invests in others because it is the right choice for the company. The servant leader appears to be guided by a higher sense of calling rather than organizational commitment. In turn, proponents of servant leadership suggest that the sacrificial servant leader investment in human capital will meet and exceed the financial goals of the organization and will have a multiplier effect in creating other servant leaders. The emphasis is not on the return to the organization, but the growth of individuals. The altruistic nature of servant leadership has led some to believe that this leadership paradigm has the ability to create and support trust within an organization. In Joseph and Winston’s (2004) study analyzing the correlation between servant leadership, leader trust, and organizational trust, they draw the conclusion that servant leadership positively impacts followers’ levels of trust in their leaders and the organization practicing this paradigm of leadership.

## **Organizational Trust in the Context of Collective Bargaining**

Collective bargaining is widely considered an adversarial process in which management and labor unions negotiate various terms and conditions of employment (Jensen, 1963). Unionized governmental entities did not start that way, but through a unionization campaign the workers unite, despite organizational efforts to prevent the unionization of its workforce. Accordingly, the birth of the collective bargaining process within an organization is in an adversarial environment (Chaison & Plovnick, 1986). This adversarial atmosphere will many times persist as both union and management seek to represent their interests.

The process of collective bargaining has been characterized by protracted meetings in which each party “tests the position of the other, and if skillful, finds out where the other will settle short of striking or taking a strike” (Jensen, 1963 p.552). Throughout this process, both parties engage intellectual and emotional tactics designed to understand the true position of the other side (Olekalns & Smith, 2008). The extent and degree to which either party utilizes the tactics of deception is correlated with the level of trust that the parties have with one another (Olekalns & Smith, 2008).

While the collective bargaining process is inherently an adversarial process, there are proponents that suggest the process does not have to remain this way, but instead can be transformed into a cooperative partnership (Chaison & Plovnick, 1986; Olekalns & Smith, 2008). When unions recognize that the organization is interested in the welfare of the employees, as well as the overall organizational health, then the process can become a means in which both parties seek to aid in the success of the other. Recognizing the symbiotic relationship that union and management have to one another and how this relationship affects overall performance can transform the collective bargaining process into an incubator of organizational development, thus moving beyond the traditional discussions of terms and conditions of employment. However, the transformation of the collective bargaining process requires substantive actions, including the demonstration of a willingness to trust the other side and a commitment to demonstrating that it is worthy of trust.

Trust needs to be cultivated before, during, and after the collective bargaining process. Organizations that promote shared sacrifice and shared rewards throughout the structure lend themselves to higher levels of trust in the collective bargaining process (Chaison & Plovnick, 1986). Additionally, Chaison & Plovnick (1986) note that the personalities of those involved in the collective bargaining process are also important in generating a collaborative, trusting environment. According to Washington, Sutton and Feild, (2006) the attributes of a servant leader are directly related to the leader’s values and personality. Russell (2000) notes that the values of the leader “ultimately influence organizational performance” (p. 81). The values of “care for followers, integrity, and competence are all necessary to foster interpersonal trust – an essential ingredient in servant leadership” (Washington, Sutton, & Feild, 2006, p. 701). One of the central arguments in favor of servant leadership is that the values of the leader demonstrated through particular attributes will bring about greater trust, which in turn spurs greater productivity and innovation.

Those participating in the collective bargaining process need to have the ability to believe in the sincerity of the other party’s claims in order for negotiations to move forward. Olekalns & Smith (2008) found that, when there are high levels of trust and optimism, there was a decrease in the use of deception during the negotiations. The foundation of one’s ability to ascertain the sincerity of the other is hypothetically correlated to the degree of trust that has been cultivated by each party, which is linked to the values and attributes of the participants.

## **CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH**

The impact of the state governments’ unilateral employment actions in unionized environments erodes the foundation of trust necessary to foster cooperative action between the parties in the collective bargaining process. These actions within the public sector environment have long lasting implications between various constituencies in their respective jurisdictions. Rather than cooperatively facing the fiscal challenges, both sides have vilified the other, resulting in a loss of trust and productivity. While the unilateral actions of the government may be able to alleviate short-term fiscal issues facing the

jurisdiction, it does so at the expense of trust, which will be needed to address long-term needs. Fisk and Olney (2011) propose that a new plan of action needs to be proposed in addressing the fiscal crisis affecting state and local governments. Might servant leadership be the answer to addressing the concerns facing governments?

This paper highlighted the need for continued research and discussion as to the universal applicability of the servant leadership paradigm, specifically within the public sector. A cursory review of the literature does support the idea that the servant leadership paradigm would be applicable in a public sector unionized setting and could provide a relationship of trust to address the problems affecting governments. While initially the implementation of servant leadership may be perceived as a weakness on the part of the party engaging the paradigm, it does have the ability to create sustainable trust within the relationship. If indeed the servant leadership model develops sustainable trust, then it would prove beneficial for both the government and the unions in the collective bargaining process by promoting an environment of open communication and collaborative problem solving. The literature does demonstrate that when there is trust between union and management in the negotiations of collective bargaining agreements, the process becomes less adversarial and more productive in achieving mutual goals (Plovnick & Chaison, 1985).

Further research is needed to empirically support the hypothesis that servant leadership could transform the adversarial and protracted nature of the union-management relationship in the public sector. Perhaps the servant leadership model could transform the adversarial nature of collective bargaining into a sustainable incubator of innovation through collaboration, which could address the problems confronting state and local governments.

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