AN ANALYSIS OF SERVANT LEADERSHIP IN FAMILY OWNED BUSINESS

IYER RAMAJANAKI DORAISWAMY*

* Assistant Professor
Department Of Management Studies
Shah And Anchor Kutchhi Engineering College
Mumbai, Maharashtra
India

ABSTRACT

Family owned businesses are one of the greatest contributors to any economy. These can be regarded as a seat for new ideas for products and services. The charm of management of family owned businesses lies in finely balancing the daily operational activities and the ownership responsibility of the business. Leadership plays an important role here. Since the enterprise is owned and managed by a single person or small group of persons the lacuna in the leadership process is usually seen as a clear lack of shared vision, reluctance to delegate and a serious lack of interest to form teams. Servant leadership was a term coined by Robert K. Greenleaf in 1970. This leadership style is linked to ethics, virtues and morality. It tries to enhance personal and professional growth of employees through community building, teamwork, participative decision making and caring behavior. This paper tries to explain the central ideas of servant leadership and its possible application to family owned businesses. Servant leadership is an old phenomenon but its empirical evidence is in infancy stages. An in-depth study and research is needed to understand the working and application of servant leadership in family owned businesses.

KEYWORDS: Family business, Issues in family business, Leadership, Servant leadership.

Leadership Journey

Leadership is one of the most widely and comprehensively researched topic in behavioural sciences. Despite several academic works it continues to be a topic of considerable interest and debate with no single consensus on its effectiveness (Smith, Montagno, and Kuzmenko, 2004). The common underlying thread for all the studies is the belief that leadership is a social process of mutual influence between leaders and followers in order to achieve organizational goals. Leadership is viewed as a source of competitive advantage and many research scholars have seconded this position that leadership capability is crucial to organization success (Conger, 1998; Lowe and Gardner, 2000).
Leadership theories have travelled from the trait theories to the contingency theories to the more contemporary ones-transformational and transactional styles. This paper discusses a new approach to leadership called servant leadership.

**Overview of Servant Leadership**

The traditional, autocratic and hierarchical models of leadership are giving way to a newer model of leadership, which tries to utilize 1) participative decision making, 2) care and compassion in interpersonal dealings and 3) ethical behaviour, to enhance and ensure that employees are able to grow (by achieving their personal goals) and also contribute meaningfully for achieving organizational goals. This new approach to leadership is termed as servant leadership.

Greenleaf coined this term in 1970. Although the term isn’t new; it still hasn’t gained momentum possibly because of the paradox in it. It might be difficult to imagine a leader who serve and a servant who leads. Greenleaf (1977) conceived this idea after reading Herman Hesse’s Journey to the East. This story talks about the archetypal servant leader who attains the leadership position through his servant hood, to a group of pilgrims on a spiritual journey (Sendjaya, Sarros and Santora, 2008). This story brings out a powerful yet a simple style of leadership that begins with the natural feeling that one wants to serve, serve first, then conscious choice brings one to aspire to lead (Greenleaf, 1977). Servant leadership isn’t about demeaning oneself or one’s self image, instead it is the highest form of service by assuming the lowliest form, to buffer the hardships of others. A strong self image, moral conviction, and emotional stability are factors that drive leaders to make this choice (Sendjaya & Sarros, 2002). Graham (1991) described servant leadership as the most moral form of charismatic leadership composed of the following elements, humility, relational power, autonomy, moral development of followers and emulation of the leader’s orientation towards service. Farling, Stone, and Winston (1999) proposed a five factor model, comprised of vision, influence, credibility, trust, and service. This style views a leader as a servant of his followers and the focus is on the personal development and well being of followers as a priority over everything else (Greenleaf, 1977; Laub, 1999). Themes relevant to servant leadership have been categorized under six different dimensions of servant leadership behavior (Sendjaya et al., 2008) : Voluntary Subordination, Authentic Self, Covenantal Relationship, Responsible Morality, Transcendental Spirituality and Transforming Influence.

**Family managed business**

Chua, Sharma and Chrisman (1999) have defined family business as one which is managed on a sustainable and potentially cross-generational basis to shape and follow the implicit vision held by one or a few members of the same family or a small number of families.

In any family managed business, just as in larger corporations, people pursue a strategy to achieve the goals set for the growth of the organization. Family businesses could be of two types: one where the business has only family members as its principals and agents and the second is where the business has both family members as well as outsiders. In both cases the family has a major stake in business.

Family businesses are different because of the size and the operational processes. Some of the inherently salient features are discussed.
Common issues in Family owned businesses

In family firms, the owner may influence every step since it was his passion that got the firm into being (Harris, Martinez and Ward, 1994). The owner believes that it’s his responsibility to ensure that the interests of the family and the original values on which the business was started, continues. This behavior causes the suppression of other members’ feelings, innovative ideas and natural tendency to grow.

The goals and objectives set for the business invariably reflects the interests and the values of the family. Several studies (Kelly, Athanassiou and Crittenden, 2000; Sharma, Chrisman and Chua, 1997) indicate that in family firms, the goals that are related to family roles are given propriety over and above the goals that relate to maximization of the organization’s profits.

A family owned business as the name suggests consists of family members. When there are differences of opinions or some dissonance, there is a huge debate on ‘who’ the culprit is who is falling short of the required. Since employees are related to one another, it becomes difficult to come up with an objective view of the problem and there is lot of bias with regards skills and abilities that creeps in. This can cause trouble when the family business has non family members as employees. Being aware of the family tensions all decisions will be made so as to adjust these rivalries and the boss’s whims and fancies, so as to protect their own interests. This might create a lot of under currents in the entire organization.

Entrepreneurs do not understand or even feel the need for leadership. Many of the entrepreneurs have limited prior organizational experiences or chalked out career pathways with clear associated roles and responsibilities. They know to lead only in their family business (Churchill and Lewis, 1983; Cope, 2003).

Succession planning is another strategic issue in family owned businesses. The question as to who would take over when the owner retires or dies is a big question mark. The grooming of the future leaders becomes very important and personal values of honesty and integrity become an essential requirement of the successors to the business. The big question is whether the reins are handed over to another family member or to ‘professional managers’. The founder plays a pivotal role in the life of the entrepreneurial organization and hence any change in leadership with regards time and the choice of the new leader is critical. Vancil (1987) suggests that a leadership change isn’t very openly accepted in an entrepreneurial context. Sucession planning comes as a taboo to many entrepreneurs as they continue to hold on to the belief that their role is central for building and the sustainability of the organization. Entrepreneurs find it tough to give up or let go something that they have developed and created (Sonnenfeld, 1988; Schein, 1983; Handler, 1994).

If we look at the above issues it seems imperative that there has to be some leadership style that will help balance the disagreements, ensure that there are no games being played, enough room is provided for employees to be innovative and the successor is ethical efficient who can give a meaningful direction to the entrepreneurial venture. Problems of centralized control and influence and founder values could stifle strategic decisions and performance of the family firms.

Rationale for Servant Leadership in SMEs
The work on relationship between servant leadership and family managed business seems to be minimal and hence this article tries to bring out salient features of servant leadership as applicable to the above issues which are as follows:

**Servanthood:**

Servant leadership is a voluntary willingness to serve, others’ in need regardless of the nature of service and person served and the mood of the leader. Servant leader differs from a self serving leader in that the latter offers services only when it gives him an advantage position over others. The crux of this style is about not holding on to the leadership position. In fact servant leadership isn’t a position but an opportunity to serve others. Servant leadership isn’t a formal position but a way of gaining influence in a non-traditional manner derived from servanthood (Russell and Stone, 2002). By serving others without any ulterior motive, the founder owner could develop high levels of trust among employees (family and non family) and could thus be a natural method of grooming many more leaders.

**Letting go:**

Servant leaders do not crave for the lime light and constant acknowledgement from others for their work. Since these leaders inherently love to serve, there are no vested interests and there is authenticity in their actions. They are very comfortable working behind the scenes. So these leaders come across as very humble, integral (Wong and Page 2003), accountable, secure and vulnerable (Patterson, 2004) and very dependable. These leaders do not have any qualms accepting the strengths of others as they are very secure about themselves. This quality may allow many employees of the organization to come to the fore front assume enhanced responsibilities and take calculated risks. For an entrepreneurial venture creativity and innovation is an important factor to remain competitive and by letting go founder members can also inculcate the feeling in non family members that their ideas, aspirations and creativity will be respected.

**Empowerment and autonomy:**

Gibson, Ivancevich, Donnelly and Konopaske (2006,) define empowerment as granting individuals the permission to utilize their talents, skills and resources, and experience to make decisions, to complete their workloads in a timely manner. Servant-leaders respect the capabilities of their followers and enable them to exercise their abilities, share power, and do their best. The servant-leader is prepared to share power through empowerment, thereby involving followers in planning and decision making. When an employee is empowered he gets a feeling of being in control of his job and is engaged mentally and physically to do his best. By empowering his employees the founder can instill values of responsibility and accountability in them. An empowered employee is many times an engaged employee.

**Transparency, Openness and Authenticity:**

The authentic nature of a servant leader enables him to accept people as they are without any expectations from them (Greenleaf ,1977). Sendjaya et al;(2008) have referred to Daft and
Lengel in arguing that this unconditional acceptance puts people at ease and helps them experiment, become creative and take risks without the fear of ridicule. Many times the founder/s build cocoon around themselves akin to monarchs and generals which could distance employees from the mainstream of the business. Unlike many other leadership styles, which uses status symbols and position titles as a barrier to be maintained with followers, this style treats all with equality and as equal partners in the organization. As a result all employees are an integral part of the decision making process and are completely involved. Servant leaders encourage a culture of open communications, mutual trust, shared values and true concern for welfare of the other party. The resultant relationship is thus built on faith and is strong and can withstand disagreements or conflicts without reaching the breaking point. (Sendjaya et al.; 2008).

Limitation
This article is essentially a conceptual one. Practically instilling servant leader values in employees could be difficult and so training methods could be difficult. The author is already in the process of further research in this field.

Conclusion
The major problem plaguing family businesses is how to balance the simultaneously existing and conflicting interests of the firm and the family. Here the family becomes the resource as well as the constraint and hence this article calls for a thoughtful and well planned facilitation of servant leadership development in family owned businesses. The spirit of the leader as a servant, may be just what is needed to implement a strengths-based framework wherein leaders with an innate motive to serve, could be role models with core values and they could inspire a diverse work group for long-term common good. Servant leadership , unlike other forms, does not begin with individual expertise or knowledge that can answer, but with right questions that help identify needs of employees and followers. Entrepreneurs do not view leadership as a necessary and normal part of their activities, hence servant leadership which is not a formal position may play a vital role, as an increased explicit emphasis on formal leadership practices may potentially not find any takers and could damage the company’s performance. Servant leadership could help in maintaining that delicate naturalness of working without disturbing the delicate balance of relationships in a family owned firm.

References