



**Are there signs of a better  
organizational performance  
in the presence of servant leadership?**

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## **Preface**

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## **Abstract**

Leadership in general has been shown to play a major role in improving the bottom line for organizations. However, empirical evidence has been lacking in some fields and servant leadership is one of them. Therefore, this present study was designed to shed a light on the potential relationship between servant leadership and organizational performance. Organizational performance can be defined in various ways, but in this present study, it was defined as goal obtainment in the human resource measurements, attrition and absenteeism. This present study was aimed to answer the question; are there signs of a better organizational performance in the presence of servant leadership? Two samples of total 232 participants from two previous studies on servant leadership in Icelandic healthcare organizations were compared and explored in relation to measures on organizational performance in the same settings. These two previous studies had measured the presence of servant leadership with the *Servant Leadership Survey*. Existing hospital data of the routinely measured attrition and absenteeism, that took place at the same time as the servant leadership was measured, was obtained and examined. The data was then compared to the measured score of servant leadership within its organization. The results of this present study display better organizational performance in terms of the human resource measurements, attrition and absenteeism, where servant leadership behavior is measured higher. This is in line with previous studies, but further research is needed to explore in depth this relationship.

## Introduction

In the 21<sup>st</sup> Century, when the global economy is slowly recovering after the crisis, the demand for value-laden leadership is increasing along with interest in leadership theories (Sendjaya, Sarros & Santora, 2008; van Dierendonck & Nuijten, 2011). Leadership is a commodity that is commonly believed to bring assets to organizations and eventually improve them (Northouse, 2012; Ulrich, Zenger & Smallwood, 1999; Yukl, 2012). However, since the failure of huge organizations such as Enron and Lehman Brothers, business as usual is not usual anymore. Lack of ethics and misuse of power in an ever changing, highly competitive organizational environment is now calling for more ethical, responsible and positive leadership (De Waal & Sivro, 2012; Shekari & Nikoparvar, 2012). Moreover, globalization and progressing technology are driving rising demand for increased effectiveness and organizations, nonprofit or not, are expected to maximize their performance in times of restricted resources and austerity cut downs. To name an example, hardly a day goes by without the Icelandic nation's biggest organization, Landspítali University Hospital, hitting the headlines due to serious shortage in staff or having to cut down costs. Furthermore, this is not the only problem that healthcare in Iceland or other places on the globe are facing today, as an ageing population is emerging, resulting in a growing need of health care services (Statistics Iceland, 2013; "Aging", 2012).

Organizations do not only need to be good today in order to survive, but great, as Collins (2001) points out, and a fundamental ability in building great companies is displaying humility as well as strength. Interestingly, humility is one of the main characteristics of the emerging people-centered leadership theory, servant leadership (Greenleaf, 1970/2008; van Dierendonck & Nuijten, 2011). Furthermore, when studying *Fortune's* list of the 100 best companies to work for, it is pointed out that the listed companies' great performance, is due to a people-centered leadership, where the needs of the employees are valued (Lichtenwalner, 2010).

Servant leadership was first presented by Robert K. Greenleaf in 1970. Since then, a lot of theoretical articles on the concept have been written (e.g. Laub, 1999; Russell & Stone, 2002; Spears, 2004). However, Greenleaf did not leave behind any theoretical framework causing a lively field for scholars to establish one (van Dierendonck, 2011). This has been a challenge, since many scholars have been stating different opinions, on the effects of servant leadership behavior without having enough evidence for it. One of the things scholars argue, is that servant leadership has a positive effect on organizational performance (Liden, Wayne and



Sparrowe, 2000; Neubert, Kacmar, Carlson, Chonko & Roberts, 2008; van Dierendonck & Nuijten, 2011). However, empirical research supporting this argument is still lacking and scholars have been designing, establishing and testing measurements in an attempt to gain some reliable and validated measurements. One of those scholars is Dirk van Dierendonck, which along with Inge Nuijten, established the measurement *Servant Leadership Survey* (SLS) that measures eight dimensions of the servant leadership characteristics in a questionnaire. Having reliable and validated measurements enables scholars to take a closer look at the presence of servant leadership on other variables. In spite of this, some recent studies indicate only indirect positive effect of servant leadership through mediating factors on organizational performance. As an example; firstly a research by Jenkins and Stewart (2011) found a significant positive impact on individual employee job satisfaction in organizational departments where staff perceived managers with higher servant leader orientation. This research supports and is in line with former and recent studies on servant leadership and job satisfaction in many different organizational contexts (Alda Margrét Hauksdóttir, 2009; Amadeo, 2008; Ákadóttir, 2011; Drury, 2004; Erla Björk Sverrisdóttir, 2010; Guðjón Ingi Guðjónsson, 2012; Hulda Rafnsdóttir, 2012; Sólveig Reynisdóttir, 2011; Þóra Hjörleifsdóttir, 2011). Moreover, job satisfaction has been linked to improvement in job performance, which in turn leads to better organizational outcome (Aiken, Sermeus, van den Heede, Sloane, Busse, McKee & Kutney-Lee, 2012). Secondly, several studies show a relationship between servant leadership and organizational effectiveness (Barbuto & Wheeler, 2006), in terms of leadership effectiveness (McCuddy & Cavin, 2008), team effectiveness (Irving, 2005; Irving & Longbotham, 2007) and organizational commitment (Joseph & Winston, 2005; Liden, Wayne, Zhao and Henderson, 2008; Walumbwa, Hartnell & Oke, 2010). Finally, Rauch (2007) provided evidence of less absenteeism and attrition and a few more measures, among employees in proportion to increasing overall servant leadership behavior in organizational units. These studies and more are building an empirical foundation in the field of various potential influence of servant leadership on organizational performance. However, in this still under-researched area, more is needed to shed a light on the relationship between servant leadership and organizational performance.

### **Purpose and research question**

This study aims to contribute to the knowledge of servant leadership and organizational performance, by examining the relationship of servant leadership behavior in organizations on organizational performance in terms of absenteeism and attrition among workers. The focus

of this study will be to examine the potential relationship or lack thereof, between servant leadership and organizational performance, in terms of goal attainment. This is carried out by obtaining and analyzing data from two similar organizational healthcare units, where the *Servant Leadership Survey* (SLS) has been used to measure the extent of servant leadership within both organizational units and data from common identical selected key performance indicators (KPIs) or the human resource measures; absenteeism and attrition that are routinely measured at the same time, in both units. By using this method and comparing these organizational units, this study can contribute to the knowledge of the link between the presence of servant leadership and organizational performance.

In order to fulfill this purpose, the following research question is raised: *Are there signs of a better organizational performance in the presence of servant leadership?* In this present study, evidence was evaluated and potential relationship or lack thereof was studied, as well as new questions considered.

This study is divided into three main parts. The first part provides theoretical background and definitions. The second part describes the methodology, study design, instruments, data and data comparison and analysis. The third part will summarize the main result, the research question will be answered, followed by a discussion and conclusion.

## **First part**

Firstly, in this part a theoretical background on the main concepts are overviewed and definitions presented. Secondly, two models are used as conceptual frameworks in this study and are presented as well. Thirdly, research and measurement in health care organizations are overviewed. This part will build a foundation for the proposed research question.

## **1. Theoretical background**

### **1.1. Leadership**

Leadership has a long history, reaching as far back as to the Old and New Testament and days of philosophers such as Plato and Aristotle (Bass, 2008). However, theoretical framework for leadership did not begin to form, until on the 20<sup>th</sup> century (Bass, 2008; Rost, 1991; Yukl, 1989; Northouse, 2012). Despite this, the definition of the concept is not simple, but multidimensional and scholars of the 21st century have yet to agree on one definition. Stogdill (1974) is frequently quoted when he states that the definitions of leadership are of the same

quantity as the scholars that try to define it (Northouse, 2012). In hope of finding a common definition, Rost (1991) researched almost 600 articles on leadership that spanned a 75 year timeframe. His findings showed that no commonly accepted definition on leadership exists. However, he later found out, that although lacking the definition, it seemed as there was a consensus among all of the authors on one thing, that leadership is a good management (Rost, 1995). Northouse (2012) builds on a definition where leadership is considered a process and “..an individual influences a group of individuals to achieve a common goal” (p.5). In the literature there are four common factors; it is a process that takes place in groups and involves influence and common goals (Northouse, 2012; Hughes, Ginnett & Curphy, 2012). Moreover, Riggio (2003) considers leadership to be the ability to direct a group to achieve shared objectives. Yukl (2012) supports this with the organization in mind, stating that the core of leadership in organizations is influencing individuals and groups to accomplish common goals, and this present study is based on that definition.

One article from Yukl in 1989 on managerial leadership uses the words manager and leader interchangeably. Whether management or leadership are distinct constructs or one and the same thing, is debated among scholars (Northouse, 2012). Bennis and Nanus (1985) argue that managing involves achieving activities and procedure control, while leading involves influencing people and providing vision (Northouse, 2012).

Nevertheless, leadership and management do have things in common that makes those two interrelated, although they differ in many areas. Both constructs have to do with processes, working with people and accomplishing objectives, thus fulfilling the four common factors mentioned earlier. Kotter (1990) argues that one cannot work without the other, if an organization is to function effectively. Furthermore, it is widely believed that organizations need both management and leadership to improve their performance. In the content of this study, leadership and management are considered intertwined and are used interchangeably.

Many leadership theories have been proposed and presented, which derive from the multidimensionality of leadership. The earliest approaches that have been presented had a focus on the leader. As the leadership theories developed the focus shifted to followers and situations, and from there it moved more into processes that explain leadership as interaction (Kotter, 1990; Northouse, 2012). According to Yukl (2002) leadership can be conceptualized into four processes; 1) An intra-individual process, that focuses on processes within an individual, 2) A dyadic process, that focuses on the relationship between a leader and another

person (usually follower), 3) A group process, that focuses on leadership in groups and how the leader contributes to group effectiveness, 4) An organizational process, that focuses on leadership process affecting the whole (defined as “open system”), where the groups are subsystems. Most leadership theories focus on only one of these levels and that particular level decides which variables and criteria are used in order to measure and evaluate the processes that explain or lead to effective leadership (Yukl, 2002). The four processes can be expressed as a four level hierarchy (fig. 1).

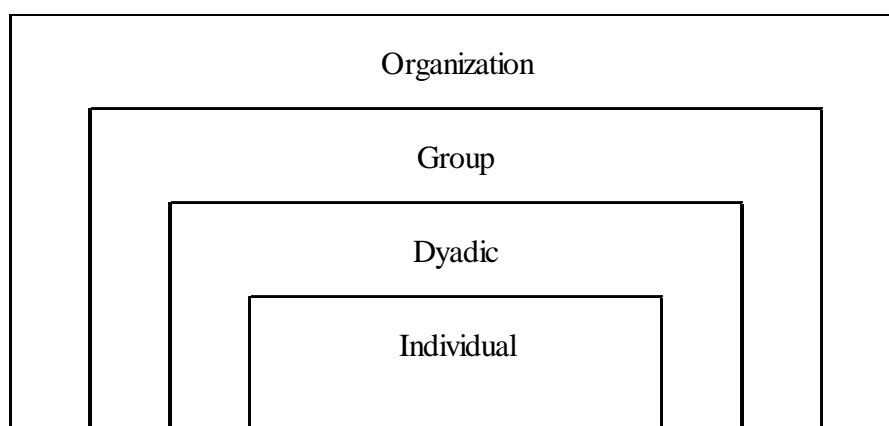


Figure 1. Organizational performance.

SOURCE: From *Leadership in Organizations*, by G. Yukl, 2002, New Jersey: Prentice Hall (p.14).

Hence, the focus has shifted from the leader to the leader-follower interaction as the demand for people-centered and value-laden leadership has increased (Northouse, 2012). Needless to say, that the performance of organizations and companies, with people-centered leadership, has gained attention and interest, as many of them have a place in *Fortune*'s list of 100 best companies to work for. Leadership is without a doubt important and its demand has increased greatly in recent years, especially in organizations (Drucker, 1995).

Therefore, it is important to take into consideration of the leadership process, the impact followers have on the outcome of the organization, influencing a great deal its success or failure as pointed out by Kean, Haycock-Stuart, Baggaley & Carson (2011). That focus is pointing in the direction of the servant leadership theory that embraces followers and leaders, aiming to maximize the cooperation between the two by assuming that one is not greater than the other, but rather first among equals (Greenleaf, 1972/2009).

### 1.1.1. Servant leadership

Servant leadership was first presented by Robert K. Greenleaf (1904-1990) in 1970, when he wrote the essay, *The Servant as Leader*. Greenleaf revised it and republished in 1973. The definition of the theory is:

It begins with the natural feeling that one wants to serve, to serve *first*. Then conscious choice brings one to aspire to lead. (Greenleaf, 1991, p.7).

Furthermore, he describes what makes servant leadership distinguish itself from other theories:

The difference manifests itself in the care taken by the servant-first to make sure that other people's highest priority needs are being served. The best test, and difficult to administer, 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, 1991, p.7).

Greenleaf explains himself very well on how his writings on servant leadership came about. Firstly, he was inspired by the book, *The Journey to the East* by Herman Hesse, which was published in English in 1956. The book is about a journey of a group of pilgrims, where the main character, Leo is their servant. Leo is not only their servant, but he sings for them and maintains their spirits as well. When Leo disappears, the group falls apart and abandons the journey. When the group meets Leo again later on, they realize that Leo was in fact, the leader of the group, although he was also serving them. Without him, they lost focus and were unable to carry on. Hence, Leo was both a servant and a leader.

Secondly, a philosopher, named Albert Camus, influenced Greenleaf in his writings, by his speech in 1961, called "Create dangerously". Camus stated that a creative ability and transformational potential lives within everyone and that every individual holds the power of expression. Greenleaf (1977/2002) quoted his speech and Camus' message became an inspiration of Greenleaf's further development in his work on the servant leadership theory.

The core of servant leadership seems to be a paradox in being a leader and a servant at the same time. These two concepts are rather seen as two opposites (Northouse, 2012; Shekari & Nikopaarvar, 2012). Nevertheless, Greenleaf realized in the light of Hesse's story that this can clearly take place. Servant leaders view their followers as entrusted to them in order to emphasize their development (Pekerti & Sendjaya, 2010). They have a desire to serve and are willing to put their followers interests above their own (Greenleaf, 1970/2008; Barbuto &

Wheeler, 2006). Furthermore, servant leaders accentuate ethics, morals and unity within the organization without jeopardizing the needs of the followers (Covey, 2006; Russell, 2001).

Finally, another aspect that makes the servant leadership theory unique, is where Greenleaf (1972/2009) argues that just as there can be a servant leader, there can be a servant institution. This approach challenges the common top-down hierarchy; where the leader is the one with the power at the top level of the pyramid and the lowest level consists of all the employees that try to fulfill the commands from the top. In servant leadership, where the institution or organization is the servant, the pyramid is upside down. The focus is on the client and the employees that are nurtured to bring out the best from the organization to the client (Keith, 2008).

Greenleaf passed away without leaving behind any empirically validated framework of the servant leadership theory, resulting in many leadership scholars creating definitions and models, from different perspectives (van Dierendonck, 2011).

### **1.1.2. Characteristics of a servant leader**

One of the first scholars to work characteristics out of Greenleaf's writings on the servant leader was Larry C. Spears (2002). Spears identified 10 common attributes of servant leadership in Greenleaf's works. These attributes make up the first conceptual model of servant leadership, although Spears did not consider them exhaustive;

1. Listening: Servant leaders listen first with active listening, valuing their followers' perspective.
2. Empathy: Servant leaders truly see things from their followers' point of view and understand them.
3. Healing: Servant leaders heal themselves by helping their followers heal in their personal life.
4. Awareness: Servant leaders possess the ability of understanding themselves and viewing themselves in a greater context.
5. Persuasion: Servant leaders use the only positive position power base a leader possesses, in order to convince others to change.
6. Conceptualization: Servant leaders have the ability to establish a clear vision for an organization, beyond the daily operations, as well as complex problem-solving.
7. Foresight: Servant leaders possess the ability to predict the future based on the present and lessons of the past.

8. Stewardship: Servant leaders take responsibility for their followers and the organization at hand and lead for the greater good.
9. Commitment to the growth of people: Servant leaders are dedicated to helping each individual to grow professionally and spiritually within the organization.
10. Building community: Servant leaders develop a community within the organization where a group of individuals share interests and flourish.

Not only Spears (2002) outlined the characteristics of servant leadership, but several other scholars as well (e. g. Keith, 2008; Laub, 1999; Patterson, 2003; Russell & Stone, 2002; van Dierendonck, 2011). Kent M. Keith (2008) put forth seven characteristics that describe key practices that make an effective servant leader. Laub (1999) identified six characteristics and Dirk van Dierendonck (2011) identified eight characteristics, all shown in table 1 to give an overview.

Table 1. Servant leadership characteristics

Laub (1999)	Keith (2008)	van Dierendonck (2011)
Develops people	Self awareness	Empowerment
Values people	Listening	Standing back
Builds community	Changing the pyramid	Accountability
Displays authenticity	Developing your colleagues	Forgiveness
Provides leadership	Coaching not controlling	Courage
Shares leadership	Unleashing the energy and intelligence of others	Authenticity
	Foresight	Humility
		Stewardship

### 1.1.3. Measurements of servant leadership

Of the scholars already mentioned, James Allan Laub (1999) was the first scholar to create a quantitative measure of a servant leader behavior characteristics, due to increasing need for a

validated and reliable measurement. He developed a measure by using the Delphi-method and the results formed a measure called the Organizational Leadership Assessment (OLA). The OLA is a 60-item measure, clustering six key areas. It was found to be reliable and inner consistency was very high. It has been used in several studies and has given servant leadership the first step toward empirical research. However, according to Dierendonck (2011) high intercorrelation between the six areas limit the measurement, making it lose its multidimensionality and Laub recommended its use for overall score.

#### **1.1.3.1. The Servant Leadership Survey**

After extensive study in two countries with up to 1600 participants and responding to 99 items questionnaires, Dirk van Dierendonck and Inge Nuijten (2011) used factor analysis, regression and pilot testing, resulting in the development of an eight dimensional measure of 30 questions, or the Servant Leadership Survey (SLS). The SLS measure showed inner consistency and reliability among the participants in the two countries and gave a clear view of multi-dimensional servant leadership attributes and brought out what could be improved in the individual as well as the organization as a whole. Originally the SLS measure was developed in the Dutch language, but it was soon translated into English, German and Icelandic. The Icelandic translation was pilot tested and revised, and was found validated and reliable (Alda Margrét Hauksdóttir, 2009; Erla Björk Sverrisdóttir, 2010; Guðjón Ingi Guðjónsson, 2012). There are eight characteristics in this measure that capture the essence of servant leadership and are the following; *Empowerment*: Fostering personal development, enabling and encouraging each individual to reach his or her full potential, *Accountability*: Individuals and teams are made responsible for their own performance, which benefits the organization, *Standing back*: The leader makes it a priority to give others credit when tasks are successful, *Humility*: The leader acknowledges his own limits and is not afraid of acquiring the help of others where he or she is lacking and dares to admit mistakes, *Authenticity*: To be who you truly are and live and work accordingly, *Courage*: Daring to create new ways and take risks such as challenging traditional thinking and solutions in order to inspire innovation, *Forgiveness*: To understand people's background and to be able to put oneself in their shoes or empathize with them. Also giving people space to make mistakes without being rejected, thereby creating a forgiving environment that brings forth the best in each individual, *Stewardship*: To be able to take the responsibility of the greater whole instead of pursuing own interests and control, thus being a role model for the greater good. The SLS measure differs from other servant leadership measurements in the three factors of



*accountability, courage and forgiveness*, but no other measurement captures these dimensions. The internal consistency of all the dimensions was found to be good and the measurement had a convergent validity with other leadership measures (van Dierendonck & Nuijten, 2010). The SLS has been shown valid and reliable in Iceland as well as in Europe (Sigrún Gunnarsdóttir, 2013). Furthermore, the authors' purpose of making a user friendly measurement has been successful.

Studies on servant leadership are increasing rapidly and so are validated, reliable empirical frameworks. Studies using validated framework for measuring in different organizations, are increasing. For example; 37 studies have been using Laub's (1999) measurement ([www.olagroup.com](http://www.olagroup.com)), 50 studies have been using Patterson's (2003) measurement ([www.regent.edu](http://www.regent.edu)) and several have been using Dierendonck's and Nuijten's (2011) measurement, thereof eight in Iceland (e. g. Alda Margrét Hauksdóttir, 2009; Guðjón Ingi Guðjónsson, 2012; Sólveig Reynisdóttir, 2012; Þóra Hjörleifsdóttir, 2011).

However, like with all philosophies, not all scholars agree and a criticism has to be considered and that plays a very important role in evaluating philosophies and furthermore, developing theories and encourages quality in most research. As pointed out by Prosser (2010), servant leadership is more of a philosophy than theory.

#### Criticisms of servant leadership theory

The servant leadership philosophy has been criticized for some limitations. Firstly, it is to mention that a common theoretical framework that scholars agree on, is yet to be established (van Dierendonck, 2011). Secondly, some scholars believe that servant leaders might not be able to hold the balance between being a servant and a leader, thus be too receptive to manipulation from the hands of the followers (Bowie, 2000; Whetstone, 2002). Thirdly, leaders and managers in organizations are hired to increase performance and profits and some scholars do not think it is possible to do so with like-minded followers, in danger of ending up as everybody's friend (Andersen, 2009; Hughes et al., 2009).

Proponents of servant leadership, such as Blanchard, Blanchard and Zigarmi (2007) emphasized on that a servant leadership is not about being a push-over or a people-pleaser. On the contrary, hearing each individual out is not about agreeing with everyone, but respecting peoples opinion and letting them know that they as individuals with opinions are valued (Greenleaf, 1977/2002). Disagreeing agreeably is possible and after all, it is the leader

who is responsible and has to make the final decisions. The servant leader knows how to set limits and boundaries and does not accept underperformance or lack of effort any more than other leaders (van Dierendonck & Nujiten, 2010). The servant leader has the ability to guide people onto the right track without tearing them down and all criticism is given firmly but caringly.

#### **1.1.4. Servant leadership and research in healthcare organizations**

Several studies on servant leadership have been conducted in healthcare settings, such as hospitals or other types of medical organizations (e.g. Amadeo, 2008; Ákadóttir, 2012; De Waal & Sivro, 2012; Erla Björk Sverrisdóttir, 2010; Garber, Madigan, Click & Fitzpatrick, 2009; Jenkins & Stewart, 2011; Hulda Rafnsdóttir, 2012; Sturm, 2009). Moreover, the presence of servant leadership in healthcare has been linked to several concepts. Firstly, a strong correlation was found in Amadeo's (2008) study, in perceptions of servant leader behavior and job satisfaction in health care acute settings. Similarly, Ákadóttir (2012) found a correlation between perception of servant leadership, job satisfaction and job engagement, except for courage in SLI sub-factors among nurse assistants. Garber et al. (2009) found a weak positive correlation between collaboration and servant leadership among nurses while de Waal and Sivro (2012) did not find evidence of a direct positive relation between servant leadership and organizational performance among managers and employees in a university medical center. Secondly, Jenkins and Stewart (2011) found a significant positive relationship to individual job satisfaction where nurse managers were considered with higher servant leadership orientation and Erla Björk Sverrisdóttir (2010) found a significant correlation between job satisfaction and all factors of servant leadership among nursing staff in four hospitals. Thirdly, Sturm (2009) found that servant leadership can support personal and professional growth of nurses, which in turn empowers them as leaders and leads to an increase in their collaboration, satisfaction and retention; Finally, Hulda Rafnsdóttir (2012) found a correlation between the sub-factor empowerment in servant leadership and job satisfaction at Akureyri Hospital. As these studies have generally been linked to a better staff outcome where the presence of servant leadership behavior is high in healthcare settings, more evidence is needed to shed a light on the importance of servant leadership in healthcare organizations. The previously mentioned study used the SLS measurement and was performed by Hulda Rafnsdóttir (2012), at Akureyri hospital. Some data from this study is used for comparison in this present study and is described in more details in the methodology chapter.

## 1.2. Leadership success and performance

### 1.2.1 Successful leadership

Leadership is sought after by organizations today for mainly one reason, which is that leadership is considered to improve the final outcome (Northouse, 2012). But what determines successful and unsuccessful leadership?

According to Yukl (2012) the accomplishment and the outcome of the activity of many individuals within organizations can determine successful leadership. Kean et al. (2011) support this, finding that successful leadership in organizations is dependent on the actions of many, where followers play an active role. Organizations usually have objectives or goals and in order to determine if an organization is accomplishing anything, it has to measure it and goal obtainment is measurable. Every organization can choose its own measures which can express its success or failure (Henri, 2004). According to the dictionary ("Performance", n.d.), any recognized accomplishment is defined as performance. As stated in Yukl (2002) "The most commonly used measure of leader effectiveness is the extent to which the leader's organizational unit performs its task successfully and attains its goals." (p.8). According to Blanchard (1996), effectiveness captures vision and direction and points the organization in a certain direction. Efficiency, on the other hand, captures procedures, systems and implementation. In this study, effectiveness and efficiency are both included in performance and effective leadership is defined as successfully accomplishing goals in a given timeframe. Thus, any recognized goal accomplishment is success and performance, where performance represents outcome.

According to Henri (2004) there are two fields of studies that mirror organizational success. One is organizational effectiveness and the other is performance measurement. The organizational effectiveness represents a construct perspective, while performance measurements are a process perspective. As stated by Henri (2004) "In essence, organizational effectiveness represents the *outcome* of organizational activities while performance measurement consists of an *assessment tool* to measure effectiveness." (p. 94).

However, performance and effectiveness are identical in Henri's article and used interchangeably, but performance measurement is an assessment tool measuring performance. Thus, supporting that organizational performance can be captured by performance measurements.

### **1.2.2. Performance**

Performance, in terms of management and measurements, has been studied for over two decades (Eccles, 1991; Kaplan & Norton, 1992; Thorpe, 2004). In order to measure performance, performance indicators are chosen by the organization at hand and used as a quantitative measure in selected dimensions within it, in order to measure its success (or failure). Since each organization is different, it can have various performance indicators as well as different dimensions it wishes to reflect (Swayne, Duncan & Ginter, 2006).

#### **1.2.2.1. The Balanced Scorecard**

All performance indicators are parameters that quantify past effectiveness and/or efficiency (Neely, Adams & Kennerley, 2002). Therefore, identifying the ones that give the most valuable information for the organization at hand or key performance indicators (KPIs) is the essence of developing a performance measurement framework.

Such a framework was presented by Robert Kaplan and David Norton in 1992, when they introduced the Balanced Scorecard (BSC), arguing that financial measurements of the past failed to grasp the vital components that contribute to organizational success. The BSC was designed as a model that can take into account four different dimensions of the organization in the context of long- and short term performance. The BSC method creates a balance between financial and operational measures and allows managers to have overview instead of overload of information (Kaplan & Norton, 1992).

Since this model was first presented it has been revised and reevaluated. It offers two different tools, or balanced scorecard and a strategy map that organizations can choose and use in various ways (Snjólfrur Ólafsson, 2005). This model has proven to work for organizations, not just businesses and has been used successfully in some healthcare settings for years (Magistretti, Stewart & Brown, 2002; Sugarman & Watkins, 2004; Wicks & St. Clair, 2007). Some criticism has also been presented, but nevertheless, many countries and organizations have established such performance measurement frameworks.

#### **1.2.2.2. Key Performance Indicators**

A fundamental part of the BSC method, are the aforementioned KPIs that provide a definition of a set of values, which are linked to the organization's strategy. The KPIs are sometimes linked to a set of goals that are called key success factors (KSFs) and this combination forms the scorecard (Snjólfrur Ólafsson, 2005). This means that the scorecard reflects the organization's strategy in balance and the measurements from the KPIs can provide clear information on how well the organization is doing in accomplishing its goals or KSFs. This is

how the scorecard can be used as a tool to represent the organization's performance. Scorecards as these can be found in two of the largest Icelandic healthcare organizations, Landspítali University Hospital and Akureyri Hospital. Their scorecards are similar at a quick glance, but not all the same. Two KPIs used in this present study are the same, and these are the human resource measurements; absenteeism and attrition. Moreover, human resource measurements have been found related to organizational performance and can therefore be used to reflect organizational performance (Aiken et al., 2012; Becker, Huselid & Ulrich, 2001).

### **1.2.3 Servant leadership and performance**

There are many examples of a performance in organizations where servant leadership is practiced. As according to Spears (2002) there are several companies that have implemented servant leadership in their company culture, that have made it to *Fortune 100* best companies to work for in America. To name a few; Southwest Airlines, Starbucks, Synovus Financial Corporation and TDIndustries. Whereof, TDIndustries has made the list several times. The benchmark for what makes a servant leader company is a criteria that is followed and set by the website, modernservantleader.com. In 2011, SAS Institute, a software producer, made the 1st place on that list, Wegman Food Markets was in 3<sup>rd</sup> place and Zappos.com (a webstore) made the 6<sup>th</sup> place. In 2012, 5 of the 10 best companies to work for on *Fortune 100* list were servant leadership companies. In 2013, SAS Institute is still as high as in 2<sup>nd</sup> place, Wegman Food Markets are in 5<sup>th</sup> place, Zappos.com, Nugget Market Inc., Men's Wearhouse and more are on this list ("Fortune", n.d.). Interestingly, all these companies are known for its servant leadership practices and the *Fortune 100* list of the best companies to work for in America, serves as a benchmark for other companies.

Another example that is worth pointing out is that according to NASDAQ data the value of Starbucks Corporation has increased 6-fold from 2009 till 2013 ("Starbucks", n.d.). Furthermore, Whole Food Market, Inc. value has grown almost 9-fold within the same timeframe, in spite of worldwide financial crisis ("Whole Foods Market", n.d.) and both companies practice servant leadership.

Several leading scholars in the field of leadership and management, such as Stephen Covey, Peter Senge and Ken Blanchard identify servant leadership as outstanding among other leadership theories. As stated by Covey (2002) "servant-leadership is the enabling art to accomplishing any worthy objective."(p. 27). Blanchard (2002) goes further by stating "[I

think that servant-leadership is the foundation for effective leadership.” (p.ix), and Senge (n.d.) even states that servant leadership is effective leadership and learning other leadership practices might be a waste of time.

#### **1.2.4. Servant leadership and organizational performance**

As indicated previously, there are many scholars that claim servant leadership to have positive effect on organizational performance and many organizations practicing servant leadership are considered among the best organizations to work for in U.S.A. (Lichtenwalner, 2010). However, empirical evidence is lacking in this particular context of research although it is gradually increasing. Firstly, Irving (2004) conducted the first study in the relationship between servant leadership and team effectiveness and researched three different sectors; non-profit organizations, church and business. Using two measurements or the OLA, designed by Laub (1999) for servant leadership and the TEQ that was designed by Larson & LaFasto (2001) for team effectiveness, he found a substantial and highly statistically significant relationship between servant leadership and team effectiveness (Irving, 2004). A year later, Irving (2005a) explored deeper, when he studied the relationship between servant leadership and team effectiveness with a bigger sample in an international nonprofit organization. He collected data by using three instruments; OLA, SLAI designed by Dennis (2004) and the TEQ. The response rate was 40.5% and a statistically significant and positive correlation was found for each variable associated with servant leadership and job satisfaction in relation to team effectiveness. Secondly, Barbuto and Wheeler (2006) gathered data from 80 leaders and 388 raters and found five servant leadership factors with significant relationship to two other leadership approaches and in terms of operational measure; extra effort, satisfaction and organizational effectiveness. Thirdly, Rauch (2007) used OLA to measure the relationship between servant leadership and team effectiveness in manufacturing sector of business and industry. The sample size was 3896 from the same organization at 28 different locations. His findings showed a significant correlation between servant leadership and reduction in absenteeism and attrition rates, or with increasing presence of servant leadership, the lower the absenteeism (41.1%) and attrition rates (22.4%). Fourthly, McCuddy and Cavin (2008) performed a study among 146 participants on the relationship between servant leadership and leadership effectiveness in terms of successfully accomplishing goals of the leader within a given timeframe. Using Fundamental Moral Orientations (FMO) measurement, their findings showed positive correlation in the servant leadership-leadership effectiveness linkage. Fourthly, Walumbwa et al. (2010) found evidence that servant leadership partially mediates

procedural justice climate and positive service climate in organizational citizenship behavior, which in turn amplifies the influence of commitment to the supervisor. This result supports Liden et al. (2008) findings, which argue that servant leadership explains organizational commitment, in-role performance and citizenship behavior beyond other leadership theories. Lastly, de Waal and Sivro (2012) studied a sample of 116 managers and employees in the context of high-performance organization framework (HPO), hypothesizing a relationship between servant leadership, organizational performance and the HPO framework. However, servant leadership was shown to have influence on the factors on the HPO, but no direct positive relation to organizational performance. Table 2 displays an overview of studies on servant leadership in relation to different forms of organizational performance.

All of the above is most interesting and gives a sound reason for researching servant leadership to the core. Corporations, organizations, businesses or organizational units nonprofit or not, most have one thing in common; how to make the most out of their resources, (including human resources). Not necessarily how to make the most profit, but how to maximize themselves for every stakeholder to gain, not least the society as a whole.

Table 2. Overview of studies on servant leadership and organizational performance

<b>Author Year</b>	<b>Measurement</b>	<b>Participants</b>	<b>Results</b>	<b>Limitations</b>
Irving (2004)	OLA (Laub) TEQ (Larson & LaFasto)	202: 22 in nonprofit sector 165 in church related sector 15 in business	A statistically significant and positive correlation between SL and team effectiveness	Too few samples in nonprofit and business
Irving (2005)	OLA SLAI (Dennis) TEQ	1800 40.5% response rate International nonprofit organization	Statistically significant and positive correlation between SL at organizational level, in job satisfaction and team effectiveness and other variables	Only one organization and therefore limits generalization to this sample frame

Barbuto & Wheeler (2006)	In development MLQ	80 leaders 388 raters	Significant relationship found between SL and organizational effectiveness, extra effort and satisfaction	Not a probability sample, therefore limiting the generalization of the study.
Rauch (2007)	OLA	3896 89% response rate Factory workers	Absenteeism (-0.599) and attrition (-0.547) have a negative correlation to the presence of servant leadership	The sample is homogenous.
McCuddy & Cavin (2008)	FMO Spears	287 54,30% Church-related institution	Found a correlation (0.438) between servant leadership and leadership effectiveness	The sample is homogenous.
deWaal & Sivro (2012)	SLS HPO	570 20.4% response rate Managers and employees in a medical center	No direct positive relation between SL and organizational performance	To small sample, limiting generalization to this sample.

### 1.3. Strategy and performance management in Icelandic healthcare organizations

An organization is a common denominator for; a company, an institution, department or a unit within an organization etc. In this study, an organization is a construct that is made by one or more organizational units that need strategy and strategic management whether in the business world or not. Some healthcare organizations have been using the same strategies and processes as successful businesses do and although not always, some business administration has proven successful in implementing the rapid changes needed in healthcare services today (Swayne et al. 2006).

Organizations are about people, products, equipment, raw materials and processes needed to deliver a product or services. They all need to define their mission, values, vision and goals to form a strategy (Thompson & Strickland, 2003). What is needed in order for a strategy to be successful is not answered in a simple way or one sentence. However, evidence shows that organizations that use strategic planning and use strategic management perform better than those who do not (Jeffs, 2008). Strategy can then be defined as the organizations use of



resources in order to accomplish its objectives. According to Snjólfur Ólafsson (2005) strategy is mainly a description of the objectives and the accomplishment of them. By defining key objectives, vision, mission and values a strategy can be formed. In order for the strategy to work and be successful, the whole organization as well as each individual employee has to be well informed of it and participate in it. Strategy and strategic management is an ongoing active process that requires participation of all relevant parties in order to work (Thompson & Strickland, 2003). Organizations can apply customized sub-strategies to different departments of the organization although each department aims to fulfill the overhead strategy or the strategy that applies to the whole (Ólafsson, 2005). This supports what Greenleaf (1972/2009) states in his book on the servant institution, an institution needs two kinds of structure; on one hand a more formal structure for short-term goals with bureaucracy, rules and regulations, and on the other hand, a more informal structure for long-term goals with leadership, entrepreneurship and creativity. In order for the organization to be able to show results, it has to set objectives and to see when objectives are achieved, it has to use evaluations or measurements. Strategy transforms key objectives, mission, vision and values of the organization into performance (Jeffs, 2008). Once an organization has made use of a strategy that makes the most out of its resources, it creates advantage, which is often the main goal (Thompson & Strickland, 2003). This advantage can come in the form of lower costs, better quality etc. that all benefit the stakeholders. Since Icelandic healthcare organizations are mostly publicly owned and work under laws and regulations set by the government, the stakeholders are; the government, the patients and the staff. Being publicly owned, performance management in the healthcare organizations is therefore founded on official guidelines. The Ministry of Welfare and the Directorate of Health in Iceland established a performance management framework for Icelandic organizations and hospitals (Velferðarráðuneytið; 2012). According to their framework, all Icelandic healthcare organizations are to establish their own performance measurements that have to be measurable and achievable, in order to be able to provide feedback to improve the bottom line (Reglugerð nr. 1148/2008). Covey (1989) has also pointed out that feedback from measures of long-and short-term perspective, need to be accurate, relevant and timely.

### **1.3.1. Landspítali University Hospital**

Referred to in everyday discussion as LSH, Landspítali University Hospital is the biggest operating organization in Iceland with almost 4600 people in staff. LSH is a university hospital and its operating expenses amount to 39.8 billion ISK. Almost two thirds of this

amount is paid in employees' salaries. LSH serves almost 600 beds and 106.804 thousand people required its services in 2011. Furthermore, it is a referral hospital for the whole country (Landspítali, 2011).

The Human Resource department of LSH does an annual work environment survey. It shows that most of the employees are aware of the values and the mission of the organization and it is discussed and put into action in organizational units. The results of the survey also show that employees are active in establishing work processes, improve the quality of services and ensuring patients safety by setting goals (Landspítali, 2011a).

The values of LSH are compassion, professionalism, safety and progress. Moreover, its mission is to provide health services to those that need and it is a publicly owned safety net. The patient and his or her safety is always a priority (Landspítali, 2012a). The operational plan for 2012-2013, clearly defines the strategy of the hospital and how it uses the Balanced Scorecard Method (Landspítali, 2012).

### **1.3.2. Akureyri Hospital**

Referred to in everyday discussion as FSA, Akureyri Hospital is the second biggest operating hospital in the country and has 815 people in staff. FSA is a university hospital as well and its operating expenses amount to 4.9 billion ISK. Almost two thirds of this amount is paid in employees' salaries. FSA serves up to 140 beds and 10.285 people required its services in 2011 (Sjúkrahúsið á Akureyri, 2011).

The values of FSA are safety, cooperation and progress and its mission is to provide its clients with a safe healthcare and outstanding services. The operation at FSA holds international certification (Sjúkrahúsið á Akureyri, 2011).

In times of financial crisis, these healthcare organizations have been facing deep austerity cuts and thus it makes their leadership practices all the more important, in terms of improving performance without lacking in quality and inspiring employee engagement for the greater good of the individuals and the organizations as a whole. Austerity cuts can cause more stress in workplaces and stress among workers has been shown to have negative effect on employee engagement, absenteeism and performance (Gunnarsdóttir, Clarke, Rafferty & Nutbeam, 2009; Walumbwa et al., 2010).

#### **1.4. Summary**

An aging population and increasing demand for quality health care in times of economic crisis is evident. Meeting this demand under these circumstances is nothing but a challenge and a better organizational performance is required under austerity cut downs. The need for value-laden and people-centered leadership is increasing and servant leadership has been shown to fulfill those demands. Studies have shown that servant leadership is positively related to job satisfaction. However, various factors can explain job satisfaction and a lack of it and various factors can also explain and affect attrition and absenteeism at work; e.g. stress, heavy workload, lack of staff, bad moral, bad media on the workplace and low salary. Probably no leadership practices can completely eliminate attrition or absenteeism in a workplace and studying leadership in an organization does not take place in a vacuum, where all variables can be controlled. In spite of that, there is limited evidence available on the relationship between servant leadership and organizational performance and thus, it is essential to further study this relationship, in order to understand better the success of organizations practicing servant leadership, for others to learn and even apply.

In order to examine a relationship to organizational performance, the variables at hand have to be fit for the study to show potential relationship to organizational performance. In other words, in this present study, a potential connection between human resource measurements and performance of businesses or organizations has to exist in order to be able to explore it. According to Becker et al. (2001) there is evidence of correlation between organizational performance and human resource measurements. Other studies have also provided similar evidence of connection (Yeung & Berman, 1997; Wright, Gardner, Moynihan & Allen, 2005). This provides a foundation for the study of the variables.

Studies on the relationship between servant leadership and organizational performance are lacking and evidence is limited. More is needed to aid in forming a foundation for great or successful leadership that ultimately improves the bottom line in organizational performance. Based on the existing literature and the two measurements presented, data from two healthcare organizations are explored and compared, in order to examine if the extent of measured servant leadership has a potential link to organizational performance in terms of absenteeism and attrition.

## **Second part**

In this second part, firstly a short description of the method that is used to answer the research question is offered. Secondly, the study design is illustrated and a description of data and the participants is made. Furthermore, the instruments with consideration of validity and reliability are presented. Finally, data analysis and comparison are outlined.

## **2. Methodology**

As a lack of empirical evidence was recognized in the literature of the organizational performance field of servant leadership, this study was designed to show if there are signs of a better organizational performance in the presence of servant leadership. Hence, this study was designed to examine if a difference exists between two organizations that are measured by SLS measure for the presence of servant leadership on one hand and organizational performance, in terms of routine measures of two human resource KPIs, on the other hand. By comparing two organizations that had been measured this way, a potential link of the presence of servant leadership on organizational performance can be observed. Therefore, examining a potential difference in organizational performance, between two organizations in proportion to the presence of servant leadership is interesting and substantial.

### **2.1. Study design**

This present quantitative study is descriptive. Existing data from two quantitative studies on servant leadership was used and analyzed. The existing data is cross-sectional and represents a measure of a situation at one point in time (Cooper & Schindler, 2011). The existing data that was analyzed is from two survey studies that were performed in two hospitals in Iceland. Firstly, a raw data from a study performed in the Emergency department of Landspítali University Hospital (LSH) in January 2013 by Birgisdóttir and Gunnarsdóttir (2013) and secondly, a data, already analyzed by the computer statistic program SPSS, from a study performed in Akureyri Hospital (FSA) in November 2011 by Hulda Rafnsdóttir. The data from these two studies, measured the presence of servant leadership in these two hospitals by the *Servant Leadership Survey* (SLS). The independent variable of this present study was attitudes towards servant leadership behavior of next superior. This existing data was compared to routinely measured hospital data in the very same two settings. The hospital data are the human resource measurements; attrition and absenteeism, that were measured at the same time as the two survey studies took place and this data was obtained and analyzed in

order to observe if there was a link between the independent variable of servant leadership and the two dependent variables of organizational performance.

## **2.2. Population and settings**

Participants in the present study are in total 242 health professionals, from two hospital units. Firstly, the participants in the research conducted in the Emergency department in Fossvogur at LSH were all healthcare workers who were registered employees in January 2013, or total sample. The response rate was 50.3% or 93 answers out of 185. The participants were sent an e-mail with the survey after a thorough presentation of the research. The survey contained more questionnaires than the SLS measure, but only data from the SLS measure was obtained (Gunnarsdóttir & Birgisdóttir, 2013).

Secondly, the participants in the research performed in Akureyri Hospital were a sample of the following registered healthcare workers employed at the hospital in October, 2011; nurses, midwives, nurse assistants and middle managers. The response rate was 59.5% or 149 answers out of 259. The participants received a closed envelope through an in-house mail with presentation letter and a reply envelope. The survey contained more questionnaires than the SLS measure, but only results from the SLS measure were used in this present study. However, in the data analysis, midwives were doing mostly the same work as nurses and were therefore categorized with nurses. Middle managers were only 8.1%, or 12, and their views did not differ significantly from the nurses and were therefore also categorized with them in the data analysis (Hulda Rafnsdóttir, 2011).

The two groups of participants in the two samples of these two studies are similar but not the same. However, the majority of the participants in the LSH study, 74%, or 69 out of 93, were nurses or nurse assistants and in order to make the samples more compatible, only the answers from the nurses and nurse assistants were used. This was done to increase the similarity of the two groups and make them more comparable. Therefore, in this present study, the sample from the Emergency department in LSH is used for comparison and considered as an organizational unit of similar magnitude as the sample from the organization of FSA. According to Ríkisendurskoðun (*The Icelandic National Audit Office*) (2004) efficiency has been measured at FSA, and that has been compared to measured efficiency at LSH. Due to size difference, FSA was not considered quite comparable with LSH but by taking proportionally into account number of employees in the workforce and the amount of financial input from the government, the institution made comparison per output, in e. g.

quantity of service. Therefore, the institution showed that efficiency measurements in those two hospitals are comparable, despite the size difference.

### **2.3. Instruments**

The data that was analyzed for this research had been measured by two separate instruments or instrumental methods. On one hand, an existing data measured by the Servant Leadership Survey (SLS) and on the other hand, a hospital data from routinely measured Key Performance Indicators (KPIs). This chapter describes the instruments and they are evaluated on the basis of scholarly definitions of reliability and validity.

#### **2.3.1. Reliability and Validity**

A measurement is not considered good or fit for use unless it is reliable and validated. Reliability stands for the consistency in the results of measurements. In other words, repeated measurements should give similar results if they are reliable. Furthermore, reliability is about the extent to which a degree of random error is present in the measurements taking place, since reliable measurements contain only a very small amount of this error (Cooper & Schindler, 2011; Noe, Hollenbeck, Gerhart & Wright, 2008). The internal consistency reliability can be important in certain measurements. In those cases it is important to know the extent to which the items rated are internally consistent in order to be reliable. According to Field (2009) the internal consistency reliability measured by *Cronbach's Alpha* is strongly acceptable if Alpha is  $> 0.90$ . However, it is strongly unacceptable if Alpha is  $< 0.70$ . Validity refers to how relevant the measurement is to the concept being measured or in other words, answers the question; does it measure what is meant to be measured? It is often referred to as content validity (Noe et al., 2008). The internal consistency reliability for the measurement as a whole in the research conducted in FSA was measured by *Cronbach's Alpha*. The *Cronbach's Alpha* for the overall measurement of servant leadership was 0,926 and for each sub-factor it was ranging from 0,527-0,888 where empowerment was rated the strongest (Hulda Rafnsdóttir, 2012). The research conducted in LSH provided similar data and that data was run by the computer system Statistical Package for Social Science (SPSS) to find overall *Cronbach's Alpha* and it was 0.877 and for each sub-factor it was ranging from 0.720-0.936 (See Appendix 3).

#### **2.3.2. The Servant Leadership Survey**

The SLS is an eight dimensional measurement that was developed by Dirk van Dierendonck and Inge Nuijten after extensive research on the philosophy and works of Robert K. Greenleaf (1970/2008; 1972/2009), as already presented in chapter 1.1.3. The internal consistency of all

the sub-factors was found to be good and the measurement had a convergent validity with other leadership measures (van Dierendonck & Nuijten, 2010). The measurement is originally developed in the Dutch language but it was soon translated into English, German and Icelandic. The Icelandic translation was pilot tested and found to be valid and reliable (Alda Margrét Hauksdóttir, 2009; Erla Björk Sverrisdóttir, 2010). The thirty questions ask participants to evaluate each statement regarding their immediate supervisor. The evaluation is scored on a six point Likert scale, which is a common ordinal scale (Amalía Björnsdóttir, 2003). In the SLS the scale is with a range from strongly agree to strongly disagree (1-6). Each dimension in the SLS is valued according to the statements or questions relevant to it and furthermore, overall score on servant leadership can be obtained on the scale of 1-6. In this present study the overall score on the presence of servant leadership in both hospitals is compared and the score for each servant leadership dimension for the two study units is observed as well.

### **2.3.3. Key Performance Indicators**

Key performance indicator (KPI) is a measurement of clearly constructed indicator within an organizational unit or a greater context. Each organization, that has a strategy and is effectively practicing it, has often carefully selected measures that form KPIs. The KPIs are measurements that give regularly quantitative information that can be used as a tool to work towards selected key success factors, or goals, of the organization. KPIs are intertwined with Kaplan and Norton's (1992) BSC method and each has been used interchangeably, and successfully, in many businesses and organizational settings (Snjólfur Ólafsson, 2005). The KPIs in this study are a part of the two organizations' BSC methods and are used as indicators, which measure organizational performance that lead up to the more formal scorecard. The two KPIs chosen for this study are human resource measures, or; absenteeism and attrition. These KPIs are routinely measured within both LSH and FSA and are identical, or defined in the same way and measure the same thing in separate organizations.

#### **2.3.3.1. Absenteeism**

According to Arndís Vilhjálmsdóttir, Inga Björg Hjaltadóttir and Ingunn Björk Vilhjálmsdóttir (2012), absenteeism in Iceland is not generally defined and different organizations use different definitions based on different premises, registration etc. Interestingly, LSH is one of the few organizations that stand out in how well they make use of absenteeism as key performance indicator in management. Effective cost management is used regarding absenteeism and LSH uses a model for predicting absenteeism and can therefore

ensure that every shift is fully operated by staff and that quality of service does not decline. According to FSA's scorecard, similar methods apply.

According to the financial manager of LSH Emergency department, the absenteeism is first converted into absenteeism positions, or number of absence hours divided by number of job positions. Then the *absenteeism rate* is calculated as; the number of absence positions divided by total positions (Margrét Westlund personal communication, April 23<sup>rd</sup> 2013). This is measured and calculated in the same way in both FSA and LSH.

### **2.3.3.2. Attrition**

According to the Ríkisendurskoðun (2011) attrition or turnover can be defined as; when an employee is laid off by the organization, resigns himself or quits for other reasons. Attrition or turnover rate can be calculated in several ways and a common method is to calculate the number of employee termination divided by the average number of employees in the workforce at the same time. The average attrition is considered to be 7%-10% and is usually higher in service-based organizations. According to the financial manager of the Emergency department in LSH the *attrition rate* is calculated by; terminations during period divided by  $((\text{workforce in beginning of period} + \text{workforce in the end of period})/2)$ . The attrition rate is measured and calculated in the same way in FSA according to its human resource manager (Þóra Ákadóttir personal communication, May 8<sup>th</sup> 2012).

## **2.4. Data**

The existing data from the two studies that were compared are a part of the same research program, led by the principal investigator Dr. Sigrún Gunnarsdóttir. Both studies had been approved by the management of LSH and FSA, the Icelandic Data Protection Commission and LSH's and FSA's own data protection commissions prior to their execution and data use was permitted by the authors and the principal for the use in this thesis.

Firstly, raw data was obtained from an unpublished research that was performed in LSH in January 2013. This was an online survey and this present study is based on access to the data that measured the presence of servant leadership at LSH Emergency department with the SLS measure in January 2013. The data was run through SPSS computer system and the investigators were contacted for permission and additional details. Secondly, existing data from unpublished masters' thesis that used SLS measure in FSA in November 2011 was examined. This thesis was retrieved from the Icelandic common university thesis database,



www.skemman.is. The author of the thesis Hulda Rafnsdóttir was also contacted for permission and additional details.

## **2.5. Hospital data**

LSH and FSA both use the Balanced Scorecard (BSC) method in their routine performance measurements and evaluations, as a part of their strategic management (Kaplan & Norton, 1992). Accordingly, the organizations' four-dimensional scorecards are published on their websites, exposing their goals and measurements on a regular basis (See Appendices 1 & 2). Although their scorecards are not identical, they do have similar measurements and comprise of several KPIs in each of the four dimensions of the BSC method. The Emergency department in LSH is a bit different in structure than FSA as a whole and therefore, the choice of performance measurements was carefully made in order to reflect identical measures that are not influenced by any differences among the two study units (FSA and LSH Emergency department). However, after some observation, only two identical or comparable KPIs, of the two hospitals (FSA and LSH), were found and compared in this study. These indicators are the human resource measurements; absenteeism and attrition. Human resource measurements have been shown to reflect organizational performance and in this present study, the two measurements represent organizational performance. Thus, the dependent variables of this present study are absenteeism and attrition, representing organizational performance.

### **LSH hospital data**

At LSH, there are routine human resource measurements of the aforementioned KPIs; absenteeism and attrition. Since the published scorecard of LSH only contains annual measurements for the overall organization, the data for the Emergency department for the year 2012, up to January 2013 was requested from the human resource manager of the Emergency department via e-mail. The human resource manager directed the e-mail to the financial manager of the same department, which eventually supplied the data.

### **FSA hospital data**

The study in FSA took place in November 2011 and since the published scorecard of FSA is missing some information on the annual measurements of attrition and absenteeism, data for this point in time was requested from the human resource manager of FSA via e-mail, which supplied the data.

## **2.6. Data analysis and comparison**

A simple description of data by presenting e.g. number, mean, median or standard deviation is considered descriptive statistics. Furthermore, exploratory data analysis, which means

presenting data visually in tables and/or figures, can make the data more readable and has been gaining more respect (Amalía Björnsdóttir, 2003). This present study provides descriptive statistics with exploratory data analysis. This study is descriptive as it aims to answer a question by acquiring organizational data, adding and analyzing existing data, visually presenting it and make use of the tools of statistics and theory to conclude. When organizations run databases of customers, employees and suppliers, valuable and significant data may be available for conducting descriptive studies by the usage of internal information as is the case in this present study (Cooper & Schindler, 2011). For analysis and comparison of the data, the Excel program was used along with the SPSS computer program. From the descriptive statistics, inferential statistics are presented as well.

In the comparison, the outcome of the SLS measure in LSH was compared to the outcome of the SLS measure in FSA. Firstly, all of the eight dimensions were compared along with the standard deviation for each dimension. The overall SLS score and the overall standard deviation were compared and visually presented and observed. Secondly, the human resource measurements; absenteeism and attrition, from LSH and FSA were compared to their organizational goals and visually presented and observed. By observing how far the measurements are from their goals, these two measures reflect organizational performance in this present study. In other words, the distance in percentage from the set goals represents how well the organization at hand is performing. Finally, the overall score of servant leadership in both places is examined with their organizational performance and compared. Hence, a potential link, or lack thereof, between the presence of servant leadership and organizational performance can be observed.

### **Third part**

In the third part, first the results will be presented and the research question: “*Are there signs of a better organizational performance in the presence of servant leadership?*” will be answered. Second, a discussion on the methods and the results will be made, and finally, there will be suggestions and conclusions.

### **3. Results**

In this chapter the results from the research question will be presented. The objective was to compare two organizations and examine if the presence of servant leadership differed and if

so, did the organizations also differ in organizational performance in terms of achieving their goals in two similar human resource measurements.

### **3.1. Servant leadership organizational comparison**

The presence of servant leadership and each of its sub-factors in the Emergency department in LSH was found by calculating the mean of each of the measured eight dimensions of the SLS measurement as in Dierendonck and Nuijten (2010). The servant leadership score for FSA had already been calculated. The results of both studies, for the eight sub-factors and for the overall servant leadership were scored on the range of 1-6. *Cronbach's Alpha*, a coefficient that estimates the internal consistency of measurements or scales, was measured by SPSS for the LSH study as the FSA study already had those measures. The results and number of participants, mean, standard deviation and *Cronbach's Alpha* are compared and shown in table 2. In the LSH study, the highest mean found in forgiveness, while the mean for the FSA study was highest in stewardship where LSH was found to have the lowest mean. The lowest mean of FSA was in courage and authenticity. The overall servant leadership score for LSH was 2.92, or substantially lower than at FSA, where it was 4.30, as shown in figure 2. However, the standard deviation is a lot higher for LSH or 1.29, while it was only 0.62 for FSA. The internal consistency is reliable if  $\text{Alpha} > 0.90$ , but it is not reliable if  $\text{Alpha} < 0.70$  according to Field (2009). Interestingly, all of the eight sub-factors from the LSH study were reliable according to *Cronbach's Alpha* or the lowest was above 0.70 which was 0.72 in authenticity. This differs with the FSA study, where only five sub-factors out of eight were reliable. The reliable factors in the FSA study, were; empowerment, standing back, courage, humility and stewardship.

Table 3. Average overall servant leadership score (mean)

Sub-factors	Number		Mean		Standard deviation		Median		Cronbach's Alpha	
	FSA	LSH	FSA	LSH	FSA	LSH	FSA	LSH	FSA	LSH
Empowerment	149	68	4,49	2,89	0,82	1,24	4,60	3,00	0,888	0,936
Standing back	147	63	4,37	2,76	0,80	1,07	4,33	3,00	0,527	0,826
Accountability	141	66	4,46	2,31	0,92	0,91	4,50	2,00	0,732	0,859
Forgiveness	148	65	4,51	3,82	1,04	1,68	4,42	4,00	0,527	0,913
Courage	133	66	3,99	3,52	0,97	1,27	4,00	4,00	0,737	0,841
Authenticity	146	65	3,99	3,06	0,78	1,25	4,00	3,00	0,555	0,720
Humility	144	60	4,00	2,96	0,91	1,16	4,00	3,00	0,925	0,941
Stewardship	149	65	4,60	2,19	0,81	0,91	4,67	2,00	0,706	0,847
Overall Servant Leadership			4,30	2,92	0,62	1,29	4,40	3,00	0,926	0,877

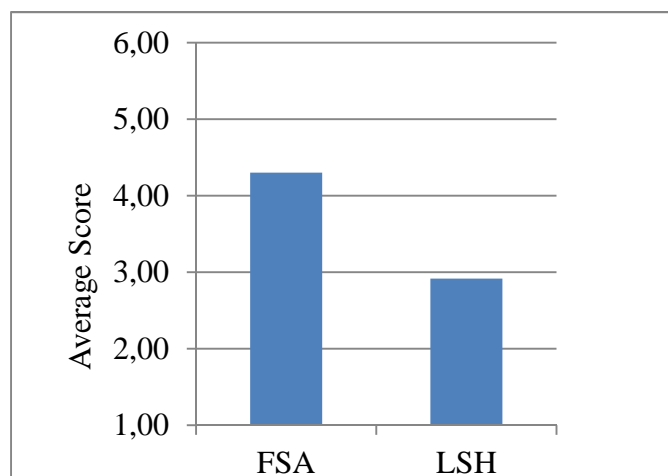


Figure 2 .Comparison of average servant leadership score

### 3.2. Human resource measurement comparison

The hospital data of the two measurements; attrition and absenteeism is calculated and defined in the same manner at FSA and LSH. However, each organization has its own goals or objectives in terms of attrition and absenteeism. The two measurements are compared to

their organizational goals. As before, LSH stands for the Emergency department of LSH in this present study and the numbers are from that particular department.

### 3.2.1. Attrition

The KPI or human resource measurement of attrition or turnover, in LSH and FSA, has defined annual goals in both of the organizations scorecards.

#### FSA

The SLS was measured in FSA in November 2011 and since FSA has only annual goals in attrition, the annual percentage for attrition, for the year 2011 was used. The annual goal for attrition in FSA in 2011 was that attrition would be <7%. The actual attrition in FSA for the year 2011 was 5.4%, which means that FSA not only reached its goals in attrition but outperformed, or did better than its set goal.

#### LSH

The SLS was measured in LSH in January 2013. LSH also has only annual goals in attrition, and since the SLS measure is performed in the first month of the year it was considered sufficient to use the annual goal for the year before, or 2012 as well as the attrition for 2012. The annual goal for attrition in LSH in the year 2012 was that attrition would be 9%. The actual attrition in LSH for the year 2012 was 11.8%, which means that LSH was underperforming or did not reach its set goal in attrition.

In figure 3 performance in the KPI attrition is compared between organizations. Since FSA is reaching its goals, its performance is 100%, while LSH shows only performance of 76%.

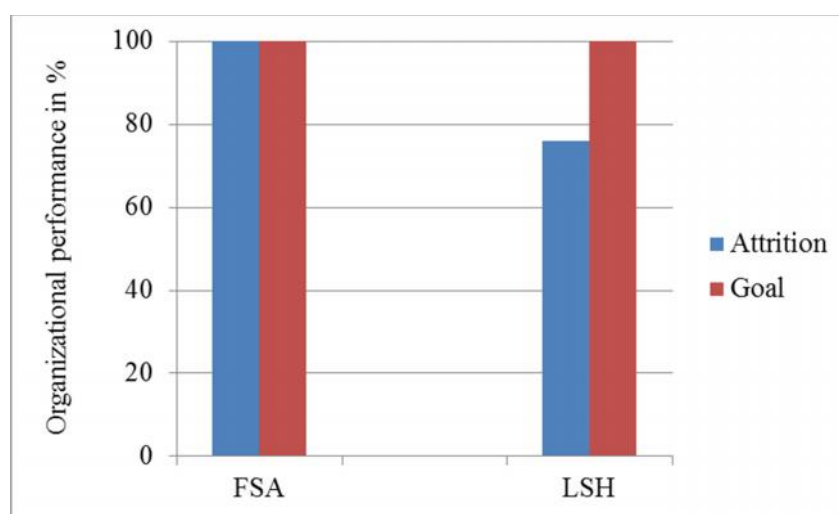


Figure 3. Comparison of organizational performance in terms of attrition

### 3.2.2. Absenteeism

The KPI or human resource measurement of absenteeism, in LSH and FSA, has defined annual goals in both of the organizations scorecards.

#### FSA

The SLS was measured in FSA in November 2011 and since FSA has only annual goals in absenteeism, that was used as a benchmark for absenteeism measured in November 2011. The annual goal for absenteeism in FSA in 2011 was that absenteeism would be <5%. The actual absenteeism in FSA November 2011 was 5.6%, which means that FSA did not reach its goal in absenteeism but underperformed.

#### LSH

The SLS was measured in LSH in January 2013. LSH also has only annual goals in absenteeism, and since the SLS measure is performed in the first month of the year it was considered sufficient to use the annual goal for the year before, or 2012. The annual goal for absenteeism in LSH in the year 2012 was that absenteeism would be <6%. The actual absenteeism in LSH in January 2012 was 8.5%, which means that LSH did not reach its goal and underperformed.

In figure 4, performance in the KPI absenteeism is compared between organizations. FSA is not reaching its goal and its performance is 89%, and LSH shows only performance of 71%.

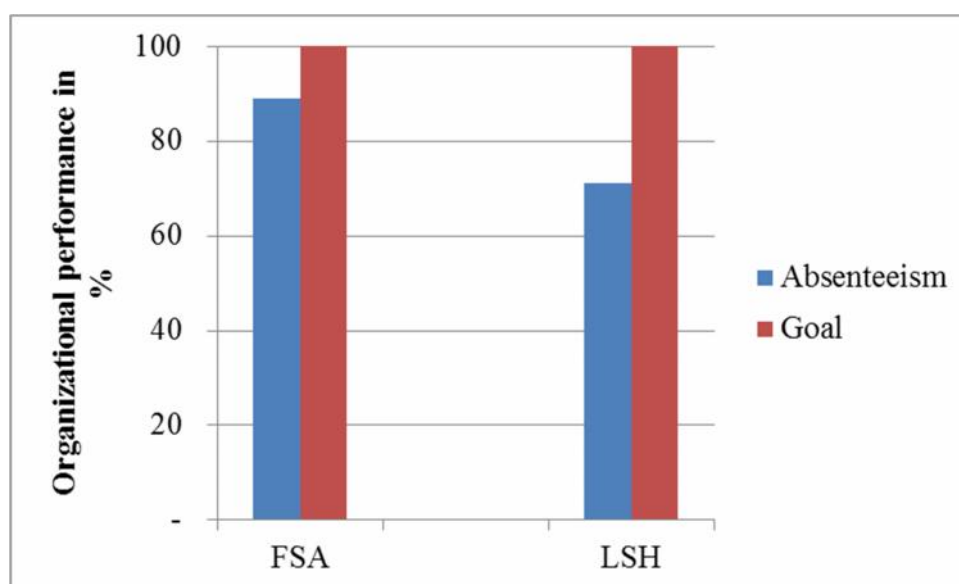


Figure 4. Comparison of organizational performance in terms of absenteeism

Therefore, answering the research question; *are there signs of a better organizational performance in the presence of servant leadership?* The answer can be in the following manner: The results of this study display better organizational performance in terms of the human resource measurements; attrition and absenteeism, where servant leadership behavior is measured higher.

In the following chapter, there will be discussion on the study's findings as well as the strengths and limitations of the study.

#### **4. Discussion**

This present study is not without limitations. First, the reliability of the SLS measurement in the LSH study was measured  $Alpha=0.877$  which is good and the study in FSA had even higher reliability, or  $Alpha=0.926$ , but three sub-factors at FSA were not considered reliable, and those were forgiveness, authenticity and accountability. This means that in the comparison, these sub-factors are not completely comparable. Second, another part in the SLS measurements is also important and that is mean and standard deviation. Mean is not a robust measurement. In other words, it is vulnerable to outliers, which means that if one answer is very different from the others it can cause a bias. In those cases, the mean does not represent the group very well, and the smaller the group the greater the bias (Amalía Björnsdóttir, 2003). The mean in this present study's comparison, displayed two, very unlike standard deviations. In the FSA study it was 0.62 and in LSH study it was 1.29. This means that the answers to the LSH study are more extreme or differ somewhat within, and therefore the mean is not necessarily representing the true mean of the LSH sample. Since the sample is also smaller than at FSA, each answer counts more and thus possibly a greater bias. The difference in the measure of servant leadership between the two could therefore be less, although it would not necessarily become equal or more since the difference between 4.30 and 2.92 is considerable. Measurements in central tendency are meant to give a number that represents the sample. However, the methods used to measure central tendency are based on different premises and are fit for different data. In some cases, such as in the LSH sample where it is evident by the standard deviation that the answers within differ somewhat, it might be that median would be a more fit measure, since it is robust and not as sensitive to outliers (Amalía Björnsdóttir, 2003). If this is taken into account and the median of the LSH sample is compared to the mean of the FSA sample, the difference between the two would likely be

less. Third, only using and having access to only two identical measurements of performance might not provide sufficient information for overall performance. Fourth, bigger sample is needed for comparison to give more accuracy in the real mean of the samples and decrease the standard deviation. At last, the structure of the Emergency department in LSH is slightly different than the organization of FSA as a whole. In the Emergency department, there is more speed, more pressure and no patients stay the night in the department itself. This can mean different perception on the job on which dimensions apply more than others in the unit. There are also several possible reasons for attrition and absenteeism, such as heavy workload due to shortage in staff or cost cutting in the unit. This is displayed in a recently published survey among staff in LSH, where job satisfaction is shown to be decreasing and work load is shown to be increasing (“Föstudagspistill”, 2013; Landspítali, 2013).

The results of this study imply that there are signs of a better organizational performance in the presence of servant leadership. The results of this study are in line with previous studies in that the more the measured presence of servant leadership behavior, the better the organizational performance in terms of human resource measures (Barbuto & Wheeler, 2006; Irving, 2005; Rauch, 2007). However, these are just signs and more research is needed to shed a light on the research question. There are also indications that servant leadership behavior is important, not least for the healthcare organizations in this present study. It is a potential for different organizations to use the SLS measure as a tool in measuring the presence (or absence) of servant leadership and moreover, the measurement possesses the ability to show in which dimension, leaders, managers or organizations as a whole can improve. However, it would not provide information on *how* to improve.

According to a report that was made and published in 2004, FSA needs more measurements on quality and safety and some suggestions on the establishment of the measures were made (Ríkisendurskoðun, 2004). According to Þorgerður Kristinsdóttir, a substitute chief nurse at FSA, the hospital is working hard on establishing more inner quality measurements, similar to those that are already in use in LSH (personal communication, Mars 15<sup>th</sup> 2013). Once these measurements have been established, it opens up the possibility for other studies to use many more KPIs for comparison than were available for this study. Furthermore, this study does not explain or answer the question of *why* servant leadership is related to organizational performance. Therefore, a further research in that area is very important in the contribution to the servant leadership field.



For future studies, it would be interesting to examine the relationship of servant leadership to more identical measures as FSA finishes implementing them, in order to provide a support to this study. With more measures it increases the possibility of using correlation methods and regression to examine this relationship further. It would also be interesting to measure medical doctors only, in both places, in order to examine if they score differently than nurses or nurse assistants.

However, it took quite a while to obtain the information from both LSH and FSA, and by the responses of both managers it is evident that there is a lot of pressure in both of these workplaces, which can be seen in a newly published employee survey (Landspítali, 2013). Since both organizations and especially LSH have such a tremendously valuable database and well defined information, it is very important that access to the information that is not related to the patients is made easier. This could increase studies in every possible field of literature and provide a great source of information for scholars and others to learn from.

If it were on a master's level, this study could be a lot more extensive, and in a perfect world access to all information would be possible and also controlling of all variables. However, this is not the case and this study provides only descriptive statistics on servant leadership and organizational performance.

## **5. Conclusion**

In this paper, firstly, the literature has been covered in the field of servant leadership, the SLS measurement, organizational performance and the key performance indicators (KPIs) that precede the Balanced Scorecard method used in the organizations at hand. Secondly, the data was obtained from two previous studies and routine measured KPIs from the very same organizations that were studied. This data was analyzed in the context of the literature and organizational goals were compared to routine measured KPIs. Thirdly, the results were presented and a discussion on the methods and results was made, conclusion and suggestions. Finally, as found in the literature and in this study, it is evident that an organization in any form will be limited by its leadership and follower practices. The bottom line is that servant leadership's relationship with organizational performance deserves attention in the light of this present study's finding. There are signs of a better organizational performance in the presence of servant leadership and if further explored, it might support this study's finding. Furthermore, it might provide potential knowledge in leadership for organizations to use, and aid in organizational performance or goal obtainment.

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## 7. Appendices

### 7.A. Akureyri Hospital Scorecard

Markmið og mælingar	2010	2011	Markmið 2012	Markmið 2013
Öryggi sjúklinga				
Bráðar endurinnlagnir innan 30 daga frá útskrift (%)	9,7%		<7,5%	<7,5%
Spítalasykingar (%)	3,4%	5,4%	<5%	<5%
Sjúklingar sem fá forvarnar sýklalyf á réttum tíma (%)	-		95%	95%
Byltur (fjöldi)	64	58	<50	<40
Deildir sem ræða gæða- & öryggismál mánaðarlega (%)	-		100%	100%
Þátttaka í endurlífgunarnámskeiðum	-		90%	95%
Skilvirkir verkferlar og vinnulag				
Meðallegutími (dagar)	4,9		<5,5	<5,5
Hlutfall sjúklinga sem útskrifast fyrir kl 12:00 (%)	23,3		25%	30%
Hlutfall sjúklinga sem leggjast inn samdægurs fyrir valaðgerð (%)	-		75%	85%
Bið eftir þjónustu á slysa- og bráðamóttöku (mín)	-		í vinnslu	í vinnslu
Skráning á ofnæmi í Therapy (%)	-		95%	98%
Skil læknabréfa (% innan 7 daga)	-		75%	85%
Samstarf og ánægja starfsfólks				
Hlutfall starfsmanna sem fær starfsmannasamtal (%)	20%		75%	90%
Starfsánægja (skali 1–5; 5= mikil ánægja)	-		4,2	4,3
Ánægja nema (skali 1-5)	-		4,2	4,3

Ánægja með stjórnendur (skali 1-5, stjórnendammat)	-		>4	>4
Veikindahlutfall (%)	4,2%	4,2%	<5%	<5%
Starfsmannavelta (%)	4,6%	5,4%	<7%	<7%
Ráðdeild í rekstri				
Rekstrarafkoma m.v. áætlun (% halli / afgangur)	-0,1%		0%	0%
Launagjöld m.v. áætlun (%)	-0,7%		0%	0%
Önnur gjöld m.v. áætlun (%)	-2,6%		0%	0%
Helstu vörur verðmerktar (% deilda)	-		90%	100%
Aðrar sértekjur (% af veltu)	11,0%		12,0%	13,0%

Updated: August 28th 2012

## 7.B. LSH Scorecard

## Árangursvísar Landspítala

Öruggur spítali	Staðan 2012	Markmið
Spítalasýkingar (fjórar þversniðs vettvangskannanir) <sup>1)</sup> þar af	5,6%	5,0%
sýkingar tengdar æðaleggjum (CVK)	-	-
þvagfærasýkingar	42,7%	-
brýstingssár	-	-
Bíðlistar, fjöldi sjúklinga sem bíða lengur en 3 mán eftir innlögn á LSH (staðan í lok hvers tímabils)	1.820	1.220
Bráðar endurinnlagnir innan 30 daga frá útskrift	12%	11%
Hlutfall endurkomu á bráðamóttöku (< 72 klst) (BM G2)	5%	4%
Hlutfall sjúklinga af bráða deild (BM G2) sem leggjast inn á legudeild innan 4 klst.	15%	25%
Hlutfall starfseininga með virka atvikaskráningu sjúklinga	81%	100%
Heildarfjöldi atvika sjúklinga, þar af	2.815	-
þar af lyfjaatvik	490	-
<b>Góður vinnustaður</b>		
Fjarvistir vegna veikinda starfsmanna (með og án launa)	6,8%	< 6%
Starfsmannavelta	11%	9%
Starfsánægja starfsmanna (meðalskor á skala 1-5) <sup>2)</sup>	4,0	4,3
Fjöldi birtra greina í ritrýndum tímaritum	327	300
Vísindastyrkir (aðlað utan LSH, í millj. króna)	195	250
Fjöldi nemenda alls	1.532	1.330
<b>Skilvirkir verkferlar</b>		
Komur og vitjanir, daglegur meðalfjöldi á dag- og göngudeildir	1.266	1.500
Meðallegutími	7,2	<6,5
Hlutfall legusjúklinga sem útskrifast fyrir kl.12.00	26%	31%
Hlutfall starfseininga sem hafa þróað sýnilega árangursvísa	-	100%
Ánægja sjúklinga „Var komið fram við þig af virðingu?“ (meðalskor á skala 0-10) <sup>3)</sup>	9,5	-
<b>Ábyrgur rekstur<sup>4)</sup></b>		
Rekstraraðkoma	16,4	0,0
Launagjöld, miðað við áætlun	37,3	0,0
Önnur rekstrargjöld, miðað við áætlun	-80,1	0,0
lyfjakostnaður	-11,0	0,0
sérgreind vörukaup	-41,8	0,0
Sértekjur, miðað við áætlun	134,2	0,0

1) Fjöldi sjúklinga með spítalasýkingu/fjölda innliggjandi sjúklinga á þeim deildum sem könnun á algengi er framkvæmd. Um er að ræða þversniðskönnun á einum degi á hverjum árs fjórðungi (febr-maí-ágúst-nóv). Könnun í maí féll niður vegna þátttöku í verkefni á vegum Evrópsku sóttvarnarmiðstöðvarinnar (ECDC) sem var á sama tíma. 2) Spurning úr starfsmannakönnun 2012: „þegar á heildina litið er ég ánægður í starfi“. 3) Spurning úr þjónustukönnun sjúklinga 2012: „Var komið fram við þig af virðingu?“. 4) Upphæðir í milljónum króna án 5-merktra lyfja á dag- og göngudeildum, sem nú eru greidd af sjúkratryggingum Íslands. Gögn um lyfjakostnað voru ekki aðgengileg vegna innleiðingar á nýju apótekskerfi.

### 7.C. Cronbach's Alpha SPSS output

Item Statistics			
	Mean	Std. Deviation	N
Sp1Empr	2,6364	1,10160	44
Sp2Empr	2,6136	1,35055	44
Sp3Empr	3,0227	1,37229	44
Sp4Empr	2,8182	1,24401	44
Sp5Empr	3,0227	1,17114	44
Sp6Empr	2,7955	1,32208	44
Sp7Empr	3,0455	1,31104	44
Sp8Stand	2,8864	1,22410	44
Sp9Stand	2,3409	,91355	44
Sp10Stand	2,9091	1,13748	44
Sp11Accou	2,0227	,69846	44
Sp12Accou	2,3409	1,03302	44
Sp13Accou	2,2955	,97836	44
Sp14Forgiv	4,0000	1,64246	44
Sp15Forgiv	3,7727	1,75026	44
Sp16Forgiv	3,6364	1,79263	44
Sp17Authen	3,1364	1,39085	44
Sp18Authen	2,6591	1,01025	44
Sp19Authen	2,7500	1,25984	44
Sp20Authen	3,6136	1,35055	44
Sp21Hum il	2,7955	1,02480	44
Sp22Hum il	2,9318	1,08687	44
Sp23Hum il	2,9545	1,19989	44
Sp24Hum il	3,3182	1,32547	44
Sp25Hum il	3,0909	1,32627	44
Sp26Stewa	2,1364	,82380	44
Sp27Stewa	2,0227	,76215	44
Sp28Stewa	2,0909	,96009	44
Sp29Courug	3,2273	1,21739	44
Sp30Courug	3,8636	1,30457	44



Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Sp1Empr	84,1136	273,173	,651	,868
Sp2Empr	84,1364	264,632	,720	,865
Sp3Empr	83,7273	264,249	,716	,865
Sp4Empr	83,9318	265,367	,769	,865
Sp5Empr	83,7273	271,645	,650	,868
Sp6Empr	83,9545	266,230	,698	,866
Sp7Empr	83,7045	265,562	,721	,866
Sp8Stand	83,8636	267,051	,739	,866
Sp9Stand	84,4091	280,852	,536	,872
Sp10Stand	83,8409	270,276	,709	,867
Sp11Accou	84,7273	290,296	,307	,876
Sp12Accou	84,4091	283,782	,381	,874
Sp13Accou	84,4545	282,393	,449	,873
Sp14Forgiv	82,7500	332,797	-,624	,903
Sp15Forgiv	82,9773	344,860	-,766	,909
Sp16Forgiv	83,1136	339,964	-,682	,907
Sp17Authen	83,6136	268,754	,601	,868
Sp18Authen	84,0909	287,154	,290	,876
Sp19Authen	84,0000	270,465	,629	,868
Sp20Authen	83,1364	263,097	,757	,864
Sp21Humil	83,9545	274,556	,662	,869
Sp22Humil	83,8182	269,966	,755	,866
Sp23Humil	83,7955	265,004	,810	,864
Sp24Humil	83,4318	264,251	,745	,865
Sp25Humil	83,6591	263,532	,762	,864
Sp26Stewa	84,6136	277,405	,729	,869
Sp27Stewa	84,7273	284,017	,526	,872
Sp28Stewa	84,6591	277,300	,622	,870
Sp29Courug	83,5227	276,069	,508	,871
Sp30Courug	82,8864	287,405	,203	,878

**Reliability Statistics**

Cronbach's Alpha	N of Items
,877	30

**Scale Statistics**

Mean	Variance	Std. Deviation	N of Items
86,7500	298,099	17,26554	30

**Case Processing Summary**

		N	%
Cases	Valid	44	63,8
	Excluded <sup>a</sup>	25	36,2
	Total	69	100,0

a. Listwise deletion based on all variables in the