

## INFLUENCE OF SERVANT LEADERSHIP ON ORGANIZATIONAL PERFORMANCE: EVIDENCE FROM HOSPITALS IN PAKISTAN

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### **Abstract**

*This research investigated the impact of servant leadership on organizational performance of physicians in private hospitals in Punjab, Pakistan. The target population included general physicians working in primary and tertiary care hospitals, including consultants, Chief Physicians, and Resident Medical Officers. Data from 341 physicians were collected using convenience sampling, and statistical analysis was conducted using SPSS version 22. This study identified a positive and significant relationship and impact of servant leadership (emotional healing, altruistic calling, wisdom, organizational stewardship, and persuasive mapping) on organizational performance in private hospitals. These findings have implications for increasing organizational productivity where physicians can enhance their skills and serve more people.*

**Keywords:** *Servant Leadership, Organizational Performance, Physicians, Hospitals, Pakistan*

### **INTRODUCTION**

Leadership remains a mysterious concept despite decades of study. It is challenging to define the diversity of leaders and the nature of leadership interactions. However, in general, a leader is an individual whose behavior or actions influence others. Strong leadership qualities are crucial for the success of a well-established business. Leadership plays a central role in shaping organizational cultures and fostering employee commitment. According to the European Foundation for Quality Management (EFQM), leadership involves developing and facilitating the achievement of the mission and vision, instilling long-term success values, implementing appropriate actions and behaviors, and ensuring the development and implementation of the organization's management system. Quality management is a vital aspect of leadership and organizational culture.

In addition to this, employees are a crucial asset for organizations, representing a significant investment in recruitment, training, benefits, and more. Organizations develop their benefit packages, training programs, performance appraisals, and work systems based on their guiding principles, with the aim of cultivating a loyal workforce. Numerous studies have highlighted the role of quality leadership in improving organizational performance (Pandey & Khare, 2012; Ali & Hussain, 2012; Bryant, 2003; Chughtai, 2016; Contee-Borders, 2002; Dennis & Bocarnea, 2005; Dennis & Winston, 2003; Ding, Lu, Song & Lu, 2012; Drury, 2005; Dubrin, 2015; Greenleaf & Spears, 1998; Hashim, 2013; Laub, 2003; Northouse, 2015; Patterson, 2003).

In today's healthcare landscape, it is widely acknowledged that doctors need to possess both managerial and leadership skills throughout their careers (Shanafelt & Noseworthy, 2017). The servant leadership model is considered the most effective for healthcare providers as it emphasizes key traits such as team strength, trust development, and patient-centered care. Being a servant leader requires healthcare workers to be open to revolutionary changes within the organization, while also fostering strong provider-patient relationships to enhance patient outcomes (Trastek,



Hamilton, & Niles, 2014). The theory of self-determination highlights the importance of autonomy, competence, and empathy in motivating individuals towards positive behavior change. Recognizing the dual role of physicians as both caregivers and leaders is crucial for their success in leadership positions, and the findings of this study can guide decision-makers in selecting and assigning physician leaders (Quinn & Perelli, 2016). Physician attitudes and understanding of organizational dynamics and servant leadership have a significant impact on medical practice and organizational performance. While servant leadership emphasizes serving followers, transformational leadership involves energizing and engaging supporters to achieve goals. Both styles are necessary for continuous progress and learning. Research suggests that service-oriented organizations where employees practice servant leadership tend to align with organizational values and achieve higher performance levels (Koochang et al., 2017). The increasing challenges and demands in the healthcare industry have led to the promotion of physicians to administrative roles based on clinical expertise, but many lack the necessary leadership abilities, resulting in suboptimal leadership performance (Hopkins et al., 2015).

Early discoveries underscore the significance of admirable leadership in healthcare. Future research has the potential to reveal additional tangible benefits. A comparative study was conducted to ascertain the optimal leadership style for physicians, considering various research findings. This study emphasized the leadership gaps in traditional medical training, the importance of the curative mission, and the ethical imperative of enhancing physician-leaders' expertise. To address these issues, programs are emerging to foster the development of physicians as leaders, ultimately leading to improved healthcare organizations (Oostra, 2016).

In the healthcare industry, where reform is accelerating, effective leadership, especially from physicians, is necessary to navigate these changes (Gandolfi & Stone, 2018). Hence the current study is conducted to check the influence of servant leadership on organizational performance in the context of hospitals in Pakistan.

## LITERATURE REVIEW

Leadership is a collaborative practice involving colleagues working independently and in teams to overcome challenges and improve mission-aligned objectives, but leadership styles and approaches can vary (Swensen, Gorringer, Caviness, & Peters, 2016). In the United States, approximately 75% of physicians are actively working in hospitals, healthcare organizations, academic health centers, and large practice groups, which presents new challenges for physician practice organization (Hawkins, 2012). Physicians are required to sacrifice some autonomy and flexibility to meet societal efficiency demands and fulfill responsibilities to organizational leadership (Lin, 2014). There is a need for a deeper understanding of medical practice to effectively lead and manage physician professional advancement, which adds complexity and emphasizes the importance of physician leaders (Hopkins et al., 2015).

Greenleaf's Servant Leadership (1977) laid the foundation for modern leadership theory and practice. According to Greenleaf, selflessness is a key attribute of servant leadership. Leaders who embody this approach are attentive to their followers' needs and demonstrate empathy (Dierendonck, 2011; Northouse, 2004). Servant leadership requires organizations to serve their customers effectively by meeting their needs (Keith, 2010). What sets servant leadership apart from other approaches, as described by Dierendonck (2011), is the leader's role as a 'servant' who attends to the needs of their followers. Owens and Hekman (2012) identified humility, self-sacrifice, unpretentiousness, and a positive approach to organizational behavior as qualities of a servant leader.

Ethics, virtues, and morality are central to servant leadership, prioritizing the interests of followers over self-interest for the benefit of employees (Irving & Longbotham, 2007; Keith, 2010). Servant leadership emphasizes performance and effective communication for the well-being of employees (Choudhary et al., 2013). Unlike transformational leaders who focus on organizational benefit, servant leaders prioritize the welfare of their followers (Bass, 2000). Promoting self-efficacy and providing opportunities for knowledge and growth are important aspects of servant leadership for

successful change (van den Heuvel et al., 2010). Research has explored the mechanisms that link servant leadership to followers' reactions, highlighting the role of servant leaders as curators who empower the potential of their employees that improve organizational performance (Liden et al., 2014; Russell & Stone, 2002; Sendjaya & Sarros, 2002).

### **Servant Leadership in Healthcare Industry**

Servant Leadership presents a paradoxical approach to authority that challenges conventional notions. While leaders are typically seen as influencers, servants are perceived as followers. How can leadership embody both service and influence? How can one exhibit leadership while embodying servant leader traits? Despite its contradictory nature, servant leadership offers a unique perspective. Coined by Robert K. Greenleaf, it aligns naturally with healthcare culture, emphasizing community building, patient-centeredness, and the development of individuals with empathy and awareness. The primary mission of servant leadership is to prioritize the "needs of the patient." It encompasses personal service to society, regardless of one's position. Greenleaf believed that by serving society first, one would be recognized as a leader through their service. Leadership should revolve around serving the people (Gandolfi & Stone, 2018). Healthcare organizations seek leadership styles and structures that foster a culture focused on quality patient care and a positive work environment for healthcare providers. Collaboration among nurses, physicians, and managers has been identified as a vital factor in creating a healthy workplace, according to the American Association of Critical Care Nurses (AACN) researchers. Further literature review revealed that certain skills, such as strong communication, teamwork, effective decision-making, appropriate staffing, recognition, and authentic leadership, contribute to the development of well-being professionals with distinct qualities (Gunnarsdóttir et al., 2018).

Servant Leadership is highly regarded for its positive impact, with three related benefits: (a) It aligns with biblical principles and is effective; (b) It enhances employee satisfaction; and (c) It improves team effectiveness and overall group performance. Servant leadership is defined as the leader prioritizing the well-being of those they lead over their own interests (Gandolfi & Stone, 2018). Healthcare organizations are urged to adopt the servant leadership model due to the inherent servant nature of care. The attributes of servant leadership and its application in healthcare leadership have been extensively studied. It is particularly relevant in today's healthcare environment, given the dynamic workplace, complex leadership challenges, and diverse teamwork dynamics (Hanse et al., 2016). While servant leadership appears to be a valuable leadership style in healthcare organizations, further research is needed to explore how it is perceived by healthcare professionals. Understanding nurses' and doctors' attitudes toward collaboration and servant leadership can significantly impact the future practices of nursing and medicine and contribute to transforming organizational culture (Marmo & Berkman, 2018).

Healthcare organizations strive to serve humanity, promote well-being, and ensure profitability and sustainability in today's competitive environment. This requires efficient allocation of limited resources, contributing to the overall economy. Achieving patient satisfaction, employee satisfaction, and effective organizational performance relies on impactful leadership. Servant leadership has gained significant popularity in modern times. However, the current reality reveals instances of dissatisfaction in patient care due to hierarchical conditions, resulting in decreased quality of care, unmet patient needs, and reduced productivity. Inadequate communication among healthcare providers leads to errors in care delivery, while a lack of collaboration between leaders and subordinates neglects the needs of followers and weakens team and leader relationships (Shanafelt & Noseworthy, 2017).

This research focuses on leadership in hospital settings and explores how managers can effectively contribute to organizational goals. Specifically, it examines the influence of servant leadership style on leadership performance. Investigating the impact of servant leadership traits on healthcare organization performance contributes to the existing knowledge on leadership traits and organizational outcomes. Through a quantitative approach, this research has the potential to inform hospital policies and procedures, thereby fostering societal and national economic growth.

### **Organizational Performance**

Coaching subordinates is a critical responsibility for physician leaders. It is proposed that physician chief operations officers should prioritize mentoring other members of the organization to achieve monetary and service goals. Swensen et al. (2016) emphasize the importance of coaching and developing teams. The role of physician executives in guiding physician clinicians is described as "helping physician executives help physicians help patients." Conflict resolution is a crucial skill for leaders, as it fosters employee cohesion and contributes to the achievement of organizational objectives. Physician executives are required to solve problems and bridge organizational differences among competing factions (Swensen et al., 2016).

Healthcare providers need to possess coaching skills to effectively manage others. One essential skill for physician executives is the ability to employ coaching techniques when leading teams. Sponsored courses are available to train physician executives in coaching physicians and improving organizational performance. For instance, the course "Leadership and management for group practice department chairs" provides training for clinical department directors, leading to enhanced performance. Coaching techniques can be applied to employees, trainees, and patients. The concept of "servanthood" involves creating a work environment that empowers employees, leading to improved performance (Seto & Sarros, 2016). Therefore, healthcare providers should be skilled in coaching others to ensure effective management of individuals and teams. Therefore the hypothesis of current study is;

H1: There is a positive relationship between servant leadership and organizational performance.

### Conceptual Framework



*Figure: Conceptual Model*

### RESEARCH METHODOLOGY

This research examines the impact of servant on organizational performance in hospitals in KP, Pakistan. The target population consists of general physicians from these hospitals, representing the healthcare service sector. A cross-sectional research design utilizing a quantitative approach was employed, and data was collected through a survey using an adapted questionnaire. A total of 400 respondents from Indonesian hospitals (public and private) participated, and 341 responses were used for analysis. The survey primarily targeted physicians, including organization leaders, within the service sector organizations. A preliminary test survey was conducted with 30 physicians to identify the presence of servant leadership traits, followed by the adaptation of a servant leadership questionnaire for the main study (Choudhary, Akhtar, & Arshad, 2013).

This research utilizes non-probability judgment sampling, given the specific nature of the study and its focus on practicing physicians healthcare organizations in KP, Pakistan. The selection criteria prioritize experienced physicians who have been actively serving patients.

A five-point Likert scale was utilized in the study to assess and quantify variables, with a rating range of 1 for strongly disagree and 5 for strongly agree. The assessment of servant leadership

employed a nine-item Likert scale, adapted from a previous study (Choudhary, Akhtar, & Arshad, 2013). Data collection was conducted using a structured and validated questionnaire.

The study included all physicians with an MBBS degree, including consultants (MD) (Associate and Assistant Professors), residents, and house officers.

Physicians from all specialties were included, except for those in histopathology and radiology, who were excluded from the study.

## RESULTS AND ANALYSIS

**Table 1**

Reliability

Variables	Cronbach's Alpha	AVE
Servant Leadership	0.893	0.67
Organizational Performance	0.791	0.69
All Items	0.745	

Note: \*All Coefficient values are significant  $\alpha \geq 0.70$

**Table 2**

Correlation Matrix

Items	Mean	S.D	SL	EL
Servant Leadership	3.2847	0.78059	1	0.602
Organizational Performance	3.4516	0.65922	0.602*	1

Note: \*Correlation values is significant  $p > 0.01$

Table 2 in the study provides descriptive statistics, including the mean, standard deviation, and correlation analysis of all two variables. The table demonstrates the positive and significant relationship between the servant leadership and organizational performance. Specifically, there is a strong relationship between the independent variable, servant leadership, and the dependent variable, organizational performance ( $r = .602$ ). The detailed analysis of each construct and its relationship is provided at the end of the paper.

**Table 3**

Regression Analysis

R	R-Square	Adjusted R- Square	Standard Error of Estimate
0.602	0.451	.440	.42737

a) Predictors: EH, AC, W, OS, PM

odel	Sum of Squares	df	Mean Square	F	Sig
Regression	48.309	1	48.309	173.696	.000
Residual	85.105	306	.278		
Total	133.414	307			

a) Predictors: EH, AC, W, OS, PM

Multiple regression analysis and analysis of variance (ANOVA) were conducted to test the hypotheses and analyze the relationships between variables in the study. These methods are effective for predicting unknown values of variables based on known values of two or more variables. The results of the multiple regression analysis and ANOVA are presented in Table 3.

The model summary is crucial in regression analysis as it assesses how well the overall model fits the population and determines if the independent variables can predict the dependent variable. Multiple regression analysis was employed to examine the relationship between the dependent and

independent variables. The results indicate a strong relationship, with an R value of 0.602. Another important measure is R-Square, which represents the total variation between the dependent and independent variables and typically ranges from 0 to 1. In this study, the R-Square value is 0.451, explaining 45% of the variance in employees' loyalty. A smaller R-Square value suggests a poor fit of the model to the data. The adjusted R-Square provides a more robust expression of model fit in the population. The standard error quantifies the estimated fluctuation of R from one sample to another.

The model summary demonstrates that the selected variables, representing dimensions of servant leadership, significantly impact organizational performance, indicating a strong fit of the model to the population. The results of the analysis of variance (ANOVA) in Table 3 reveal that the linear relationship between emotional healing, altruistic calling, wisdom, organizational stewardship, and persuasive mapping with organizational performance is statistically significant, with an F-value of 173.69 at a significance level of  $p < .000$ . The F-value is well above the suggested threshold of 5, further confirming the model's statistical significance and fit for this study.

**Table 4**  
Regression Coefficient

	<u>Un-standardized coefficients</u>		<u>Standardized coefficients</u>	T	Sig
	Beta	Std. Error	Beta		
Emotional Healing	0.321	0.025	0.419	5.187	0.000
Altruistic Calling	0.310	0.048	0.401	4.625	0.000
Wisdom	0.228	0.025	0.342	5.008	0.000
Org. Stewardship	0.211	0.051	0.331	5.078	0.000
Persuasive Mapping	0.141	0.041	0.267	4.005	0.001

a) Predictors: EH, AC, W, OS, PM

Table 4 displays the coefficients of the variables, with all coefficients found to be significant at the 0.05 level. Beta values indicate the extent of variation in the dependent variable explained by variations in the independent variable. The T value is crucial for accepting or rejecting the hypotheses of the study. A T value should exceed 2 at a 0.05 significance level. The tabulated value of T is 1.96 at a 5% significance level. In this study, all T values exceed 2, indicating that all hypotheses are accepted. This signifies a significant relationship between the independent and dependent variables, with all factors significant at the 0.05 level.

## DISCUSSION

This study emphasizes the significant role of leadership in organizations and provides managers with an opportunity to enhance their relationships with employees and improve organizational performance. Healthcare organizations face various challenges, including rising costs, decreased nursing care, and increased medical errors. Job insecurity and lack of supervisor support lead to higher turnover rates, affecting the quality of patient care (Oostra, 2016). Servant leadership has the potential to address these issues and positively impact both the number of people served and the organization's profitability.

General physicians in government and private hospitals possess servant leadership qualities. They prioritize the betterment of societal health and are driven by a sense of service rather than personal gain. They contribute to the professional development of their subordinates and exhibit a sense of ownership towards their profession, supervisors, patients, hospitals, community, and country. This commitment fosters greater patient satisfaction and cultivates loyalty among subordinates. By implementing coaching models and training junior physicians, more servant leaders can be nurtured, further contributing to the betterment of the community.

Emotional healing is a significant precursor that directly influences organizational performance



(McCann et al., 2014). The emotional healing behavior exhibited by servant leaders helps employees recover from distress and trauma, fostering a sense of commitment, loyalty, and reduced turnover. This study aligns with previous research by Barbuto & Wheeler (2008) and Liden et al. (2008), highlighting the criticality of this ability for educational institutions to attract qualified faculty and enhance organizational performance.

Altruism, as stated by Patterson (2003), is another important factor directly impacting organizational performance. The findings of this study regarding altruistic calling are consistent with previous research by Rimes (2011), Carter (2012), McCann et al. (2014), and Vondey (2010). The altruistic calling behavior of servant leadership fulfills employees' needs for empathy, leading to a higher level of organizational performance.

Organizational stewardship refers to an organization's responsibility to society and the community in providing better services (McCann et al., 2014). The results of this study on organizational stewardship align with previous studies by Van (2011), Luu (2016), Russell & Stone (2002), Greenleaf & Spears (1998), Luab (2002), Barbuto & Wheeler (2006), Hashim, Khattak & Kee (2017), and Northouse (2015). This leadership behavior enhances organizational performance and contributes to the hospital competitive advantage. It motivates employees toward goal attainment and fosters rational thinking that lead to improve organizational performance. These findings are consistent with previous studies by Van (2011), Northouse (2015), and Sendjaya, Sarros & Santora (2008).

## CONCLUSION

This research specifically examined the issue of organizational performance in hospital in KP, Pakistan. Five hypotheses were developed concerning the variables of emotional healing, altruistic calling, wisdom, organizational stewardship, and persuasive mapping. The data provided support for all the hypotheses of the study, with H1 ( $\beta=0.419$ ,  $\text{sig}=0.000$ ). These findings indicate the factors influencing organizational performance in hospitals in KP, Pakistan.

### Future Research

Future research could explore the inclusion of patients as collaborative contributors in examining healthcare provider cooperation. Surveys involving hospital patients could be conducted to evaluate whether physicians are delivering the promised quality of service. Additionally, comparative studies comparing different leadership styles would provide valuable insights. An interesting approach for future research would involve training leaders to enhance their leadership skills and then measuring the organization's performance after the training, providing a more comprehensive understanding of areas for improvement. Since the role of a servant leader is to develop more servant leaders, training models should be designed to foster the development of additional servant leaders and enhance the skills of existing leaders, facilitating collaboration and goal achievement throughout the organization.

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