



SPECIAL SECTION ON POWER AND MONEY

INFORMAL AUTHORITY AND THE ENDURING APPEAL OF SERVANT LEADERS

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In the 19th century, Master and Servant Acts were passed to regulate relations between employers and employees. In 1823, an important Act of Parliament in the United Kingdom aimed to regulate servants, laborers, and workers, and provided sanctions of up to three months imprisonment for misdemeanor. With the preponderance of English common law across the British Empire, the act shaped industrial relations and employment in Australia, Canada, New Zealand, and South Africa. In time, bent as they were on disciplining employees and repressing trade unions, Master and Servant Acts came to be regarded as heavily biased towards employers and were repealed. Today, “master and servant” is deemed an archaic, generic legal phrase. And yet, hierarchical relationships still lie at the heart of working relations: master–servant relationships are not just a feature of employment; rather, they define it.

On one side are employers with managers as their agents, who unlike servants, can act on the employer's behalf; on the other are employees, the subordinates of anointed, well-paid, agents. The whole time, money and its resultant power stoke the fire of commerce. The fact that personnel engagement correlates closely with individual, collective, and corporate performance needs no confirmation. Since remunerated work occupies so much of our lives, how might better appreciation of the pitfalls of money and power break the bonds of servitude to inspire more convivial approaches that truly modernize the workplace?

I. ON MONEY, POWER, AND SERVITUDE

For most of us, money is an insidious and permanent feature of life. We scarcely notice how subtly, yet intensely, it controls us. In large regions of the globalizing world, money is no longer just a means of exchange, but the end of exchange. It exercises arcane influence on purposeful activity, attitude to work, and personal development—the highest level of which Abraham Maslow termed self-actualization. In its increasingly worldwide incarnation, money has altered man's ideas of moral standards and values. It makes us both master and servant; we can have but little power over money if we do not understand its power over us.

None of this is new. More than 2,300 years ago, Aristotle established the fundamental difference between economics, namely, the exchange or trade of scarce resources to achieve desired ends, and chrematistics, the art of getting rich. He cautioned that the accumulation of money *per se* is an unnatural activity that dehumanizes those who practice it. But, with its newfound, near-universal value, money now drives all kinds of activity, even work directed against man: it turns what ought not be into objects of buying and selling and, in this sense, brings chaos to society. Society must use reason to understand the proper place and role of money in social life and learn to control this elemental force and the torrents of power that spring from it.

II. THE AGE OF KNOWLEDGE

Assumptions about people working in organizations are less and less tenable: forged by the experience of the Industrial Revolution, the worldview persists that they are subordinate employees retained around the clock. Another is that these people rely on their organization for livelihood and career. One hundred years ago, in the United States and Europe, the largest single group of workers labored in agriculture. However, sixty years later, it consisted of technical, professional, and managerial people. Today, it is made up of knowledge workers. These are people who are employed because of their knowledge of a subject matter rather than their ability to perform manual labor, who may practice at an organization but might not be its employees. And, if they are in full-time employment, fewer and fewer are subordinates.

Observers such as Charles Handy have made out that working habits are shifting from lifetime employment in a single organization to portfolio work. Knowledge workers produce and distribute ideas and information rather than goods or services. They are individuals with different aspirations from the hierarchy-conscious personnel of the past; they are also mobile and they do leave. Hiring talented people is difficult; keeping them is more difficult still.

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So, to plug the drain of human capital in a competitive knowledge economy, knowledge workers should be treated as an asset rather than as a cost. Preferably, they should be managed as though they were partners, or at least volunteers. Knowledge workers require knowledge managers, not bosses. These new-era managers need to set and enforce on themselves exacting standards for their performance of those functions that determine ability to perform. Time and again, traditional managers exercise no leadership at all but only position power. Many reach the top by being tough and self-affirmative or by being the kind of person that others feel safe in following or promoting. Yet managing knowledge workers requires that managers themselves act as good followers and team players as well as leaders and technologists.

Since the process of impelling the performance of knowledge workers is mainly developmental, they need also to hone skills in appraising, coaching, mentoring, and providing feedback. One measure of their effectiveness will be the quality of the relationships they create. The knowledge economy is pruning status, power, and upward mobility from the managerial role. From now on, managers will be asked to reply convincingly to a simple question: Why, where informal authority is the cutting edge of the game, should a knowledge worker want to be managed by you?

III. THE ADVENT OF INFORMAL AUTHORITY

Formal authority—the power to direct—is the defining characteristic of societal and organizational hierarchy. Charting a chain of command, one eventually locates somebody, or some group, who administers an organization’s collective decision rights, and enjoys the perquisites ascribed to the function. With position power comes a set of resources with which to manage the holding environment of the organization and marshal attention. Yet, if formal authority resides at the top in most types of organizations to this day, it is located there as part of an exchange against overt expectations in a specific context. Therefore, it can be taken away. Commonly, it is also lent on to lower-level managers according to the relevance and importance of their positions, with which special rights and privileges are in turn associated. Paradoxically, in all cases, managers can be made responsible for getting things done but are not given the requisite authority—certainly not over their own bosses or even peers.

Nowadays, formal authority cuts less and less ice: in networked, pluralistic organizations that have no choice but to rapidly devise adaptive and technical solutions, the power of formal authority is eroding as its utility becomes less evident. As a result, many managers often feel they have traded their former freedom for an illusion. At the same time, since many organizations are discarding command-and-control hierarchies in favor of flatter management structures, and essential expertise and decision-making ability is ever more widely dispersed in organizations, it is necessary to excel at persuasion to move people in the right direction and get work done through others. Therefore, all things considered,

formal authority is best understood as the potential for power, the total amount of which 21st century organizations should aim to expand by leveraging mutual influence among personnel.

Having a positive leadership effect does not depend on formal authority; indeed, some of the finest leadership comes from people who avoid that. In opposition to formal authority, which relies on conformity without acceptance, the power of informal authority to stimulate attitudes and behaviors rests on admiration, credibility, respect, and trust, which altogether conduce conformity coupled with acceptance. More and more, notions of distributed leadership and management by persuasion entreat: when working with knowledgeable workers, managers cannot possibly have direct authority over how their subordinates perform; they can at best coax them to do their utmost. Managers can deliver more by not clutching the reins and, instead, entice others to hold them as the situation warrants. To wit, there might be six ways to distribute leadership: formal, pragmatic, strategic, incremental, opportunistic, and cultural.

That being said, the categories are neither fixed nor mutually exclusive: each, alone or in combination with others, may be appropriate at a given time depending on conditions. To note further, three quintessential elements distinguish distributed leadership from other theories and practices of leadership: first, it highlights leadership as an emergent property of a group or network of interacting individuals; second, it admits openness in the boundaries of leadership; third, it implies that multiple types of expertise are distributed across the many, not the few. Fundamentally, however, it is the first of the three characteristics, expressly, emergence, that exemplifies distributed leadership. By distributing leadership, organizations can become sophisticated and versatile, listening to and utilizing the expertise of many to deploy synergies.

IV. THE ENDURING APPEAL OF SERVANT LEADERS

Leadership remains a complex and contested subject. But there is no doubt that the consequences of modernity throw up unprecedented challenges that beg sophisticated understanding of its nature in organizations. Early models of leadership were frequently Western and borrowed from the military. They examined the settings in which leaders emerge, and then searched for psychological traits. The definite, often heroic endowments they identified typically embraced vision, ideological orientation, charisma, physical vitality and stamina, courage and resolution, intelligence and action-oriented judgment, decisiveness, self-confidence, assertiveness, a need for achievement, eagerness to accept responsibility, task competence, capacity to motivate people, understanding of followers and their needs, skill in dealing with people, trustworthiness, and adaptability. Not surprisingly, few men or women qualify: inordinate expectations beget commensurate disappointment.

The archetypal qualities desired from heroic leaders—Winston Churchill is a personal favorite—are undoubtedly opportune in dire straits, moments of crisis when the actions of an individual are pivotal. However, old paradigm notions of situational, contingency, transactional, and even transformational leadership—all of which smack of command and control more or less overtly—cannot serve the miscellany of normal organizations that need leadership in the workplace, not the field of battle. For sure, all over the world, ordinary people work with remarkable success in demanding circumstances yet do not advertise superhuman characteristics in their leadership styles.

In a 1970 essay titled *The Servant as Leader*, Greenleaf explained: "The servant leader is servant first ... It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead. That person is sharply different from one who is leader first, perhaps because of the need to assuage an unusual power drive or to acquire material possessions ... The leader-first and the servant-first are two extreme types. Between them there are shadings and blends that are part of the infinite variety of human nature. This is no pie in the sky: the proof of the pudding is in the eating and the test of a servant leader is one of pragmatism based on visible outcomes." **Greenleaf continued:** "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? And, what is the effect on the least privileged in society; will he benefit, or, at least, will he not be further deprived?"

These days, therefore, leadership is more and more defined as the means of influence by which a person enlists the help of others to accomplish tasks of common interest. Mark, for instance, servant leadership, the philosophy and practice of which were coined and defined by Robert Greenleaf in the 1970s. The general concept is ancient, with roots in China (Lao Tzu) and India (Chanakya).

Servant leadership begins with the natural feeling that one wants to serve—to serve first; then, conscious choice brings one to aspire to lead. Servant leadership seems to touch an innate need and, for that reason, probably harks back to the beginning of time. It is about moving people to a higher level of individual and communal self-awareness by leading people at a higher level. Its principal tenet is that it is the duty of a leader to serve followers, his or her key role being to develop, enable, and support team members so they might deliver their best. From this perspective, in a world of organizations, servant leaders are considered humble stewards of corporate resources and capabilities.

Importantly, neither Greenleaf's definition of a servant leader nor its best test requires one to hold a formal leadership position. What matters is what we do in our little corner of the world and why we are doing it. Indeed, servant leaders turn leadership into a territory, a field of endeavor in which people can operate, each leveraging individual abilities and capacities, to serve the mission of the organization and the people who make the organization happen. The objective, to repeat, is to enhance the growth of individuals in organizations and promote teamwork and personal involvement.

Clearly, servant leadership does not pose as an explanatory or quick-fix theory: it cannot be readily instilled in an organization. But it is a long-term, transformational take on life and work—in short a way of being—that has the potential to generate positive change in the office: when followers see evidence that their leaders truly abide by the ideals of servant leadership, they are more likely to become servants themselves. The travails of money, power, and attendant servitude will be tempered. Ulysses S. Grant, a heroic leader whose wretched duty it was to serve as military commander in the American Civil War, sagely held that "It is men who wait to be selected, and not those who seek, from whom we may expect the most efficient service."

The views expressed in this article are those of the author and do not necessarily reflect the views and policies of the Asian Development Bank, or its Board of Governors or the governments they represent.



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