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## The Successful Implementation of Servant Leadership at a Factory in the USA

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**Abstract:** This is a case study on leadership, a topic which has been much debated in the literature, as solutions for many diverse situations are still lacking and seem to escape us. The case describes how an entrepreneurial wood veneer factory operates, in the USA, with images included of a number of operations. The manager-owner took us on a guided tour from raw material (logs) to finished product (veneer wood). Waste is minimized at the factory in a very stream-lined operation which has a minimal amount of managers in place. Each worker is responsible for his or her job, done to perfection, as one task rolls on to the next, without stopping. The attitude of the innovative servant-type leadership in place is that “win-win” situations are better for all, and there is enough profit to go around. Servant-leadership-type leaders exist to serve employees and exercise minimal management control. At this firm there are no self-serving managers. Rather, mature and great working relationships are developed. Being greedy would mean that unions would have to be brought in. At this firm that was not necessary, by request of the employees themselves. Hispanic workers are very good and are cherished at this firm, in the heart of the USA. As leadership is dependent on culture, the discussion also includes references to cultural aspects relevant to management. The story is thus of a positive firm with positive leadership and subordinates. We conclude that employees who have emigrated from poorer countries in search of a better lifestyle may indeed make excellent workers, despite what some political leaders have announced in the media. We have found evidence that Spanish-speaking individuals do not only work well under autocratic leadership, as portrayed by the literature. Our study is thus revealing of a new cultural-type involving workers working outside their home countries. Under different leaders, in different countries and environments, certain workers are prepared to go the “extra mile” and behave in a completely different way as to what is expected from them in their home countries. This is surprising and may have important implications for multinational firms worldwide.

**Key words:** cooperation, collaboration, leadership, win-win, wood veneer, production

### 1. Introduction

The finished product at the wood veneer factory analysed herein is used to make floors, furniture and doors, among others. One might think that furniture, for example, is made of solid wood. However, this is not the case. Slim slices of wood veneer will go on the outside and be filled up to make finished products, such as chairs and tables. We feel that this information is important as wood is very much cherished (for many purposes), however many people are not aware of the process followed in order to get wood-based products to market.

The case is about leadership, the discussion of which is far from resolved, though there are certain practices which are recognized as being more appropriate in certain situations and geographies. For example, in an emergency, or in a crisis, if there is no time to waste, if time is of essence, then a more autocratic leadership style is seen to be best. On the other hand, if there is more time and if the participants in the decision making process, and those affected by the decision, are highly qualified, and there is time for discussion, then a more democratic approach will lead to the best results. Furthermore, certain countries are seen to have a particular culture which will favour more autocratic versus more democratic leadership styles, depending on the case in

hand. For example, the USA and other Anglo-Saxon countries are naturally more democratic environments than, for example, Hispanic countries, in general (Hofstede, 2001; Hofstede et al., 2010).

This study shows how the firm analysed uses a servant leadership style, with minimal management control being exercised. Employees are fully responsible for their tasks and do not require what has been termed “micro-management”, whereby production line supervisors are very close to each operation, interfering constantly to optimize production output. This form of micro-management might be acceptable in a paternalistic country such as Portugal where there is a large power distance index (PDI = 63 – see Hofstede, 2001, for a discussion of this) registered between leaders and managers and their subordinate employees. Employees who are micro-managed are seen to lack the capacity to perform work tasks by themselves, which may actually become a self-fulfilling prophecy over time as employees become more and more dependent on their managers for decision-making. In contrast, servant leadership seeks to make employees independent and able to decide and navigate corporations by themselves. It is argued that, for example, in Portuguese speaking countries, that such a leadership style is not effective and is not desirable.

The article, in the following section, provides some background notes on leadership; which is then followed by a description of the methodology used in the study; after which the case itself is presented and discussed; finally, the contribution of the article is set forth, as are suggestions for future research.

## **2. Background - Some notes on leadership**

Perhaps due to a greater democratization in society which is also, in turn, due to the advent and evolution of information and communication technologies (ICT), and online social networks in particular, “the subject of authoritarianism and how it influences leadership and leadership processes has been neglected in recent decades.” (Harms et al., 2018, p.105). Portugal, a high power distance country, has seen many changes including in higher education, whereby lecturers now share their personal cell phone numbers with their students, who they have perhaps befriended on Facebook and / or on Instagram and WhatsApp – in what is no longer a distant and estranged working relationship. “However, recent global events make it clear that a better understanding of authoritarianism is needed and that leadership researchers would benefit from a renewed interest in studying why followers embrace autocratic leaders.” (Harms et al., 2018, p.105). Though a number of Portuguese university professors are now closer to their students, this does not mean that they are respected more than they were in the past. Harms et al. (2018, p.105) actually state that: “Specifically, we will begin by addressing a fundamental question that has driven research for over 70 years: “Why do free people willingly choose leaders who will restrict their liberty?””.

Our study, in fact, is a little different, if not the opposite. We have chosen to do research on a firm where the leader is not autocratic and who rather defends, as indeed works alongside, his employees – making their jobs easier, instead of more difficult. In addition, these same people who have chosen to follow their leader’s judgement, and management philosophy, when at home, in their Hispanic countries, have inevitably done the opposite – that is, they have chosen autocratic leaders in government and choose also to follow autocratic leaders in firms – one may just imagine the kind of chaos that might occur if leaders were not authoritarian in Mexico or in Guatemala – where participative and democratic leaders are seen to be weak (Irving, 2010).

“The emergence of the democratic-leadership is one of the most humane styles of leadership. Democratic leadership positioned people as the most important factor in the leadership exercised by the orientation and emphasis on relationships with members of the organization.” (Lestari et al., 2018, abstract). Why is this form of leadership not more popular, and indeed not more successful, given its emphasis on the treating of human beings as being central to the success of organizations? Financial needs, of emigrants, and being outside one’s own environment and comfort zone,, without a “safety net” to fall back on, may make people more cooperative and indeed more hardworking. However, the evidence gathered on the case study herein is quite clear – the employees at the firm acted responsibly and productively, even in the absence of constant supervision by an autocratic leader – which would have been the case had they been at home, in their home countries.

## **3. Methodology**

In order to get to know the firm better, the authors were taken on a factory tour, by the owner-manager. The whole interaction lasted for one whole working day. During the company visit the authors were accompanied by a main (international) customer of the firm. The owner-manager of the firm took great care in explaining the whole manufacturing and transformation process to his visitors. A lot of organizational pride could be noted as

we took the tour and as we realised that the firm had come a long way in its history (it was founded in the 19<sup>th</sup> century). Observation – “seeing, hearing or sensing data relevant to the research” (Remenyi, 2014, p.123) played a major role in the writing of this case study.

During the visit a number of photos were taken (some of which are shown herein). Despite no restrictions having been imposed, as concerned the photography, and as concerned, for that matter, the material learned and observed – the firm studied herein remains anonymous and no mentioning of anything which might otherwise help single them out is present in the text.

A description of how the work flows fluidly at the factory is essential to the essence of the story, as in so doing the simplicity of the operation, free of major bottlenecks, becomes evident.

#### **4. Discussion and presentation of the case**

After a tour of a factory in the USA (in late March, 2018, for a couple of hours), we must say that the whole complexity of the operation of preparing wood veneer (for floors, furniture, doors, among others) was astounding. The rules are clearly laid down, at the firm, and the value chain must not be broken. This is how this German-owned firm is managed (it has had German ownership since the 1960s).

We started off by seeing logs of wood outside, in storage, in the car park. Nice big, long and wide logs. Of different varieties (image 1). The next step involved taking the bark off the logs (images 2 and 3).



Image 1 - Logs of wood outside - in storage



Images 2 and 3 - Taking the bark off the logs

Then the logs were soaked in water, of increasing temperature (the water increases in temperature 5°C, per hour, automatically). If soaked straight into hot water the logs would split, making them useless; thus the care of soaking logs initially in cold water and then making the water gradually heat up – so that they would become soft enough to cut. The smell of heated wood was very peculiar (images 4, 5 and 6).



Images 4 and 5 - Logs soaked in water



Image 6 - Logs soaked in water

Then the logs went to one of two places, to be cut. If they were big enough they would be cut vertically. Sliced into wafer thin pieces of wood. If the log was smaller, it would be cut in a circular fashion, around its perimeter. To make the slices longer and larger (images 7 and 8).



Images 7 and 8 – Logs ready for cutting

After being sliced into thin pieces of wood veneer [*folhado de madeira*] (image 9), the wood would then go into a drying machine (image 10).



Images 9 and 10 – Wood veneer and a drying machine

After being dried, the wood would be cut (finished). Unattractive edges would be cut off. Places in the wood from which branches had grown out would also be singled out (with white chalk) for elimination (images 11-13). Customers will often aid in deciding which parts of the finished wood veneer they want to buy.



Images 11 and 12 – Wood veneer ready for finishing (ready for cutting unattractive pieces off)



Image 13 – Wood veneer ready for finishing (ready for cutting unattractive pieces off)

After tying the finished wood together, the wood would go to be classified (image 14). Depending on the type of wood (white oak, red oak, walnut, etc.) the classification could involve from 30 to 100 different levels (of quality). The length of the wood is also classified. White oak sorting is a nightmare and goes up to 100 different classifications. An important employee (very senior in the operation and trusted by management) would do the wood classification – a task that machines were definitely not able to perform. The objective is that the wood classification be always the same, so as to avoid customer complaints.

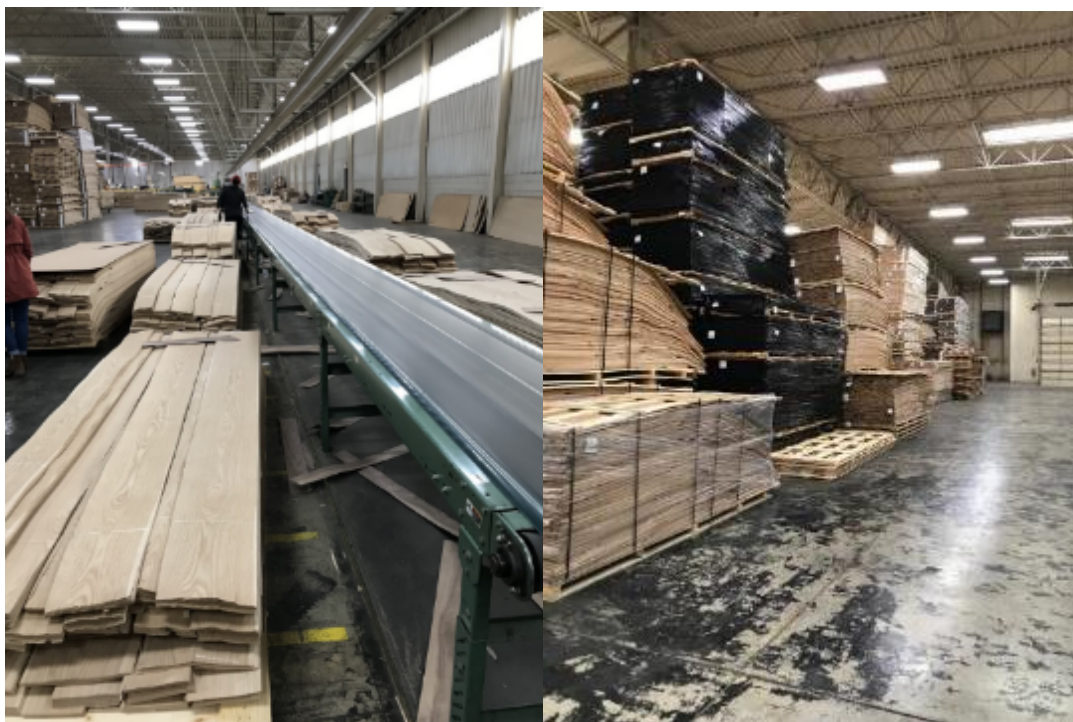


Image 14 (on the left) – Wood classified for customers

Image 15 (on the right) - Wood veneer in storage – to later be shipped off to customers

The wood veneer would then go into storage, to later be shipped off to customers (images 15 and 16).



Image 16 - Wood veneer in storage – to later be shipped off to customers

Of note is that a highly paid employee (image 17) will sharpen the knives that cut the wood. Each knife costs around 3 thousand dollars and lasts up to 3 months. The knives are then replaced. A sharpened knife will cut into paper just by laying the paper on top of it and by gently bringing the paper down. This job is thus quite dangerous and requires extra care. The sharpening of the knives may be done using a Japanese (high quality grade) stone, for example (image 18).



Image 17 (on the left) – The division which sharpens the knives

Image 18 (on the right) - The sharpening of the knives may be done using a Japanese (high quality grade) stone

The factory, very well laid out, with the material going from one step to another, further and further into the heart of the factory, employed mainly South American (Hispanic) workers. Workers from Guatemala, the

Honduras, El Salvador, Mexico, among others. These people are very good workers as they work out of necessity and in order to upkeep their families. Most of the workers are women. This may be a problem when heavier-duty tasks need to be done. Instead of one man doing the task, two women would be required. Other than in these cases, women are tremendous workers. They work fast and keep costs down as being mothers and raising families they are well aware of the cost of living. They also do not miss work. Men, on the other hand, mainly work to not default on their child support payments. If, in the USA, they default such family support payments they will go to jail.

The only manager in the factory is the owner (or son of the owner, who is close to retirement). He will spend his time in production, solving problems as they appear. He will not stay “hidden” in his office but will “manage by walking around”, as the literature likes to call it. “Management-by-walking-around (MBWA) is a widely adopted technique in hospitals that involves senior managers directly observing frontline work” (Tucker and Singer, 2015, p.253). At the factory an objective was to actively solve easy problems as they arose, which leads to improved performance (Tucker and Singer, 2015). With managers at a minimum in the factory, certain setbacks of MBWA were also not to be felt – such as making situations more complicated, rather than simplifying them (Tucker and Singer, 2015). The owner-manager is also responsible for buying the wood. There is no place in the factory for numerous “pure” managers who just oversee operations and add no value; except for the owner-manager himself, who will manage the 140 people in the factory.

Absenteeism is a problem and being at around 8% this means that additional workers need to be employed (around 10% extra staff) (please see Oliveira, 2005, for a discussion of how absenteeism should be at, or below, 2%). North Americans do not make the best factory workers and tend to be unreliable. North Americans, at this level, work to make some money; then perhaps they will stop for a day or two; only to return to work when they are again lacking money for their daily necessities.

The reason for having a supplier in the USA (with high salaries in comparison to most countries) to make wood veneer is that certain geographies have certain types of wood, which may then be shipped all around the world (to Europe, Brazil, Africa, among many others), to customers who want, for example, white oak.

Of note is that this firm does not deal with unions. Unions did come round at one stage, and there would be a lot of shouting – mainly at management – as the unions treated the firm very badly. However, the employees did not like that, they did not feel comfortable with this situation. Therefore, it was jointly and collectively decided (employees and management) and agreed to not have unions at the firm.

The owner-manager wanted to go from eight hour days to nine hour work days. However, this was turned down by the employees, mainly the women, as they had to go and tend to their families after eight hours of work. An agreement was arrived at though – and that was to work for five hours on a Saturday. Therefore, management was pleased to get the equivalent of 5 x 9 hours per week. Every week.

This is a case of servant leadership in action. Leaders exist to serve the employees and to make them better at what they do, aiding their operations. There are no self-serving managers who expect things to be done while they are being served. Rather, mature and great working relationships are developed. Hispanic workers are very good and are cherished at this wood veneer firm, in the heart of the USA.

At this servant leadership firm employees “look to their organizational leaders for vision and direction” (Blanchard, 2018, p.9), much as with traditional leadership. Furthermore, the purpose of servant leaders is “to help your people become eagles rather than ducks and soar above the crowd – accomplishing goals, solving problems, and living according to the vision” (Blanchard, 2018, p.11). Therefore, servant leaders are, in a first instance, responsible (for creating an image of the path to be followed, onwards towards the future; for showing the firm where they want to go, and the results that are intended to be achieved) and then, in a second instance, responsive (gearing the team towards superior implementation – and, in the meantime, turning the traditional hierarchical pyramid upside down). As a consequence of the above, firm collaborators are first responsive (to the visionary senior leadership) and then responsible for what they do (capable of implementation, aided by a responsive senior leadership team).

## 5. Contribution

We discuss an entrepreneurial company which has implemented the controversial and [still] novel “servant leadership” style. The stage is unique, in the USA, involving a German firm with mainly Hispanic employees. Intuitively, one may be led to think that an autocratic leadership style would be best – as Hispanic countries register a high power distance culture – Colombia scored 67, Ecuador 78, Guatemala 96, Mexico 81, Panama 95, and Salvador 66, for example, for Power Distance (Hofstede, 2001; Hofstede et al., 2010) – and thus would seemingly respond badly to a leadership style where the leader exists to serve his or her employees (servant leadership). The case study reveals, however, that the opposite is true. The firm’s Hispanic employees come to work and do not waste time or energy with “internal political games” and with unions and do not constantly need to be told what to do – which might have favoured them in the short-term but certainly would have damaged the prospects of the company in the long-term. We thus tell the story of a positive firm with positive leadership and collaborators.

We also suggest that certain employees who emigrate from certain poorer countries and seeking an improved life style abroad may make excellent employees, contrary to what some political leaders have announced on the media and as regards immigrant workers. This is a case of senior leadership accomplishing the perfect match with its workforce – despite what the literature says about Spanish-speaking individuals and them preferring and working well only under autocratic leadership. “We highlight Anderson’s (2006) exploration of barriers that impede the effective implementation of servant leadership in Latin America [...] Anderson identified ten primary barriers and three central strategies for overcoming these servant leadership barriers” (Irving, 2010, p.123).

Our study is thus revealing of a new cultural-type by workers working outside their home countries – which goes contrary to what the literature says about them. Under different leaders, in different countries and environments, certain workers are prepared to go the “extra mile” and behave in a completely different way as to what is expected from them in their home countries. This is surprising and may have important implications for multinational firms worldwide.

## 6. Future research

It would be interesting to research how Portuguese emigrants perceive their environments when they emigrate to work in other countries. Portuguese emigrants have been noted to work very hard, in extreme conditions and often under considerable personal hardship, when abroad and when working for foreign bosses. Portuguese workers are renowned for their dedication to work, for avoiding conflict, and for being innovative and for blending in with the locals – when working in another country. It would be interesting to study their mindsets in these situations and why, at home, in Portugal, with such a capable workforce, Portugal has gone bankrupt three times, in its modern democratic history (since 1974), and is incapable of supplying jobs to its qualified youth population who are even encouraged to emigrate by successive governments in power – in order to find more worthy tasks in the workforce when abroad.

Just like the Hispanic workers focused on in this case study – who often also come from impoverished backgrounds and countries, and who emigrate to the USA to become highly cherished and highly valued employees – the Portuguese seem to “go into a higher gear” when abroad.

This is a phenomenon which needs to be researched further so that lessons may be learned and applied in their home countries and when aiming for greater economic development.

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