

The Role of Servant Leadership for Economic Development

Rachmadita Grandiz L, Fira Nurafini, Ririn Tri Ratnasari
Department of Economics, Airlangga University, Surabaya, Indonesia

Key words: Leadership, Servant Leader, Economic Development, Islamic Economics

Abstract: Economic development is the goal of every country. Economic development is not just about the increase in production of goods and services from year to year, but more than that. Economic development measures all changes that occur in terms of economy, education, technology, health, infrastructure, as well as prosperity or the welfare of society. Economic development model of Ibn Khaldun explained that economic development will not be achieved without the role of government as a leader. Servant Leadership is a leadership model that prioritizes service to other parties, either to employees (members) of the company, customers, or to the community. Using descriptive qualitative methods and data source from previous theories and research, this study intends to discuss the role of servant leadership to the economic development of a country. This study found that leadership with servant leadership model is very capable to encourage the achievement of economic development. This is because the leader with servant leadership model will be more concerned with the interests of subordinates or the community compared to their own interests so the welfare of society and economic development will be achieved properly.

1 INTRODUCTION

Economic development is the goal of every country. In Islam, the issue of economic development is also very concerned, but still puts it on the issue of greater development, namely the development of mankind. Like the main function of Islam is to guide people on the right path and the right direction. All aspects related to economic development must coalesce with the development of the human race as a whole. It is also comprehensive and contains spiritual, moral and material elements. Development is a goal-oriented and value-oriented activity. Material, moral, economic, spiritual and fiscal aspects can not be separated. The happiness to be achieved is not only material happiness and prosperity in the world, but also in the afterlife (Naf'an, 2014).

A 14th century Arab historian, Ibn Khaldun, makes a model of economic development that can improve the welfare of society. According to him, an economic development will not be realized without the role of government or leaders. According to Fiedler as quoted in Setiawati (2000: 7) argued that the leader is a person in charge of directing and coordinating activities that exist in group tasks. A leader is someone who because of his or her

personal prowess with or without official appointment can influence the group he leads to direct the cooperative effort towards the achievement of a particular goal.

In Islam, this leadership style has long existed even before western theory emerged. When viewed in terms of characteristics, this style of leadership can be seen in the history of the Prophet Muhammad where it is written that the Prophet is a very humble, earthy, and not crazy. When the food was only enough for one guest, the Prophet even pretended to accompany guests to have meal. The three shirts are torn, then the Prophet even sews them himself. When the Prophet traveled and went home too late and did not want to disturb his sleeping wife, the Prophet chose to sleep on the porch. In addition, there is also Umar, a famous friend firmly very careful as a leader. Lamps that use state oil alone are turned off when going to discuss issues unrelated to the state. Umar also wanted to go down to the villages to listen to the complaints of the people, and that carrying his own sack of wheat to his people when it was needed. Ali recorded in history is also very *tawadlu'*. As the people glorified as they approached and said good-bye to a visit, Ali refused.

Looking at the characteristics of servant leadership and also the importance of leaders for

economic development of a country, therefore this paper intends to discuss more about the role of leadership with servant leadership style to economic development.

2 CONCEPT REVIEW

2.1 Servant Leadership

Servant leadership is a type or model of leadership developed to overcome leadership crises experienced by an organization. Servant leaders have a tendency to prioritize the needs and aspirations of those who lead on him. Servant Leadership has the responsibility to serve the interests of followers in order for employees to be more prosperous, whereas followers have full commitment in working to achieve organizational goals and success leaders.

Servant leadership can be applied to all professions, organizations, institutions, corporations (businesses) and governments because their services are universal. Servant leadership assesses human quality and looks at the individual development of the organization's members. (Russel, 2002). Hale and fields (2007, p.397) describes servant leadership as *"An understanding and application of leadership that puts the merit better beyond the interests of the leader himself, emphasizes the behavior of leaders who focus on developing followers and reinforces the goodness of leaders"*.

2.2 Characteristics of Servant Leadership

There are 10 characteristics of a servant leadership (Spears, 2004: 3). Characteristics of servant leadership can occur in individuals naturally, and may change with learning and practice. The following ten characteristics have a significant contribution to the application of servant leadership, including: 1) listening ability, 2) empathy, 3) healing/restore ability, 4) awareness, 5) convincing others's ability, 6) conceptual ability, 7) foresight ability, 8) stewardship, 9) committed to the growth of people, and 10) building community.

2.3 Servant Leadership in Islamic View

Servant leadership is a leadership style of a leader who focuses on subordinates. Islam has taught about the behavior of doing good to others. In this case

could include also good behavior of a leader against his subordinates. In the Qur'an many verses advocate to do good to others as in the words of Allah SWT in Surah An-Nisa (4): 36. This verse describes the command to do good to the parents, kinsman relatives, children orphans, poor people, near and distant neighbors, peers, ibn sabil and even slave girls because God does not like those who are arrogant. When associated with the concept of leadership, then a leader should apply it well to his subordinates.

Some of the key servant leaders of Prophet Muhammad according to Humphreys (2005) and Durbin (2012) can be explained as follows:

1. Service before self
Servant leader is not interested in acquiring power, status or wealth.
2. Creating Trust
The Prophet Muhammad is known as *alamin* which means is trustworthy. He is a person who never cheats or steals from others and always speaks right every time.
3. Focus on what is worth achieving
The Prophet Muhammad also indicated that he should convey the message to all Arabia as soon as possible, first he silently performs the spell until it is possible to go public.
4. Helping
Prophet Muhammad's goodness and wisdom are endless. He always helps the poor and the needy.

2.4 Economic Development Model by Ibn Khaldun

Development in the works of Ibn Khaldun is known as *umran al-'alam* which means prospering the world. Before the term *umran al-'alam* is discussed, as explained by Yahaya (2011) that Ibn Khaldun first discusses history, community cooperation (*al ijtima al insani*) and then world prosperity (*umran al-'alam*) is formed. These three terms are related to each other in a society that is driven by the spirit of brotherhood (*asabiyya*) to give birth to the state (*daulah*) and prosperity (*umran*).

Furthermore, Ibn Khaldun's development theory (in *muqaddimah*) which is an interpretation of the *hikamiyyah* sentence, is manifested in a multi-discipline model that has a dynamic character. It is said to be multidisciplinary because Ibn Khaldun's analysis connects all important socio-economic and political variables: government or political authority (G), beliefs and rules of conduct or sharia (S), society (N), wealth or resource reserves (W) g) and

justice (j) (Chapra, 2008). This whole variable cannot stand alone even in Ibn Khaldun's theory is not known the term *ceteris paribus* because basically between one variable with other variables affect each other. As for the model form of Ibn Khaldun's thinking which will be explained in detail in the next discussion can be seen through picture below:



Figure 1: The theory model of Ibn Khaldun's development (Chapra, 2008).

1) Society (N)

According to Rosenthal (1967: 19), man is central to Ibn Khaldun's analysis because the rise and fall of civilization depend heavily on the welfare or suffering of society. Human dependence on the rise and fall of civilization not only within the scope of economic variables but also the human role in morals, psychology, institutions, politics, social and demography (Chapra, 2008). Chapra also emphasized that this is the reason why all the messengers of Allah's Messenger (including Abraham, Moses, Isa and Muhammad saw) are present in this world that is to reform human beings and the institutions that influence their behavior.

2) Development (g) and Justice (j)

If human beings are central to Ibn Khaldun's analysis, then development and justice become very important relations in the chain of causation and the collapse of a state. Mohammad (2010) explains that national economic growth can be achieved when the people get the prize in the form of additional wealth (through productivity). So that development becomes very important because without any real progress in the welfare of society, then people will not be motivated to exert their best ability. Furthermore, according to Ibn Khaldun in Chapra (2008) if development does not exist then it will cause scholars / scientists, artists, labor and capital that should flow into the country to encourage development to experience obstacles or even stalled. So it is probable that this could lead to the decline or collapse of a country. It is important to note that development in Ibn Khaldun's theory is not only in the realm of the economy but all aspects of

human development (as in his models, G, S, N, W, j and g) in which each variable is enriched by each other to contribute to the real well-being or the happiness of the community.

This development will never be possible without the existence of justice (j). Justice, as development, by Ibn Khaldun is not understood in a narrow context, but rather in a more comprehensive context which includes justice for all mankind (Chapra, 2008).

Justice in this comprehensive context can not be realized without creating a caring society through brotherhood, and social equality, security of life, property security, respect for others, honesty in the fulfillment of social, economic obligations and politics, rewards or punishments consistent with deeds, and the prevention of cruelty, from injustice to every human being in all its forms. As Dasuki (2006) explains that Islam emphasizes justice is not only rooted in the social system but also must resonate through all levels of social life, in all relationships and affairs of the family to the state. Therefore, both development (g) and justice (j) are equally important factors and they are so closely interrelated that they are parallel and simultaneous in Ibn Khaldun's previous model.

3) Sharia (S) and Government (G)

Sharia (S) refers to values and institutions or rules to make society (N) fulfill its obligations and prevent social harm to ensure the upholding of justice (j), development (g) and the achievement of a well-being for all. They may be formal or informal, written or unwritten. Every society must have a set of rules based on their own value system. The main basis of development-related regulations in Muslim societies is Sharia (S). But Shariah is unlikely to play a meaningful role except with a fair and impartial implementation. So it becomes the obligation of the government (G) and also the society (N) to ensure the implementation of these fair and impartial rules.

4) Wealth (W)

The wealth (W) intended here is the provision of necessary resources to ensure fairness (j) and development (g), effectiveness of the government's role performance (G) and the achievement of a well-being for society (N).

3 FINDINGS AND DISCUSSION

The model of economic development according to Ibn Khaldun explains that the economic development of a country is influenced by several factors namely government (leader), sharia, human (society), development and justice, and wealth. These six factors influence each other in realizing economic development. According to Ibn Khaldun, this economic development will not be realized without the creation of justice, where the government (leader) is responsible for creating community justice with a good implementation of sharia.

In terms of leadership, Ibn Khaldun in Roshental (1967: 383) also explained that good leadership is the meek. So if the leader is cruel and abusive in punishing then the public will be scared, depressed and seek refuge by lying and cheating. This can turn into an inherent characteristic of society so that their perceptions and characters are damaged which impact on the possible conspiracy of leader assassination. This shows the importance of the right leadership style to achieve the economic development of a country.

Servant Leadership is a leadership style that focuses on service to subordinates. In addition, leaders with leadership style is more concerned with the interests of subordinates / members / community compared with their own interests. They will focus more on the development, growth and prosperity of their members.

Some empirical studies discuss the impact of servant leadership on the attitudes and performance of subordinates (Ehrhart, 2004; Liden et al, 2008; Neubert et al, 2008). The belief in the leader shows the effect of how subordinates react to the encouragement given by the leader (Ng and Chua, 2006). Servant leadership itself is a view of how to serve others that impact on the trust and attitude of subordinates to the leader.

With an interest in subordinates, a servant leader directs his subordinates to reach their potential abilities and goals (Greenleaf, 1997, Lord et al, 1990). In addition, Servant leaders also emphasize high quality relationships with their subordinates and as a result can satisfy the needs and increase their trust (Page and Wong, 2000). He creates opportunities for his subordinates to share problems, which can build strong trust in their leaders (Whitener et al, 1998). When a subordinate feel that they want to show and develop success, a servant leader will entertain and encourage them. This

encouragement will increase the satisfaction of subordinates.

Servant leadership focuses on developing subordinates. In return, subordinates retaliate by believing in their leader. For example, in the field of work, a servant leader will encourage his subordinates to plan for their future opportunities, generously sharing and building trust with subordinates. When their subordinates feel that they receive the benefits of servant leaders, they are motivated to believe in their leader (Whitener et al, 1998). Similarly, in the government, leaders with leadership style will be very concerned with the interests of society, development, growth and welfare of the community so that ultimately can create public confidence in the leader. Furthermore, as described in Ibn Khaldun's development model, a good relationship between the leader (government) and the (human) community will be able to create just economic development. In addition, as a leader who is also a role model for members or subordinates or in this case is the community, then the high caring values can be emulated by the community so as to create a good social life and care for each other.

4 CONCLUSIONS

Economic development is the goal of every country. Economic development is not just about the increase in production of goods and services but more than that. Economic development measures all changes that occur in terms of economy, education, technology, health, infrastructure, as well as prosperity or the welfare of society. The model of economic development according to Ibn Khaldun explained that the economic development of a country is influenced by several factors namely the government (leader), sharia, human (society), development and justice, and wealth. These six factors influence each other in realizing economic development. According to Ibn Khaldun, this economic development will not be realized without the creation of justice, where the government as a leader is responsible for creating community justice with a good implementation of sharia. Simply, if the leader is good, the community justice can be easily achieved and then the economic development can be realized. Leadership style with servant leadership model is very capable to encourage the achievement of economic development. This is because the leader with servant leadership model will be more concerned with the interests of subordinates or the

community compared with their own interests so that the welfare of society and economic development will be realized properly. In addition, for leaders with this leadership servant model, leaders are not an opportunity to act in self-interest, but rather to fulfill the interests of the people

REFERENCES

- Barbuto, John E Jr dan Daniel W Wheeler. 2006. *Scale Development and Construct Clarification of Servant Leadership*. Group dan Organization Management; 31, 3; ABI/INFORM Global pg. 300.
- Chapra, M. Umer. 2008. Ibn Khaldun's Theory of Development: Does It Help Explain The Low Performance Present-Day Muslim World?. *The Journal of Socio-Economics*, Vol. 37, h.836-863.
- Dasuki, Asyraf Wadji. 2006. Ibn Khaldun's Concept of Social Solidarity and Its Implication to Group-Based Lending Scheme, *4th International Islamic Banking and Finance Conference*, Kuala Lumpur: Monash University.
- Mohammad, Tahir Sabit Haji Mohammad. 2010. Principles of Sustainable Development in Ibn Khaldun's Economic Thought. *Malaysian Journal of Real Estate*, Vol. 5 No. 1, h. 1-18
- Naf'an. 2014. *Ekonomi Makro: Tinjauan Ekonomi Syariah*. Yogyakarta: Graha Ilmu.
- Rosenthal, Frank. 1967. *Ibn Khaldun: The Muqaddimah, An Introduction to History*, Book One. London: Routledge and Kegan Paul.
- Shihab, M. Quraish. 2002. *Tafsir Al-Mishbah. Pesan, Kesan, dan Keserasian Al-Quran*. Jakarta: Lentera Hati.
- Spears, L.C. 2004. *On Character Servant Leadership: Ten Characteristics of Effective Caring Leader, Concept, and Connections Journal: 33-36*.
- Sukirno, S. 2006. *Makroekonomi Teori Pengantar*. Jakarta: Rajawali Pers.
- Yahaya, Mahayudin. 2011. Umaran Al 'Alam from the Perspective of Ibn Khaldun: A Paradigm Change. *International Journal of West Asian Studies*, Vol. 3 No. 1, h.1-27.