

UNDERSTANDING THE PSYCHOLOGY OF STEWARDSHIP WITHIN LEADERSHIP

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Plan for Today

- Background: A Macro Perspective
 - Agency vs. Stewardship
- What is Stewardship?
- Psychological Underpinnings
 - Barriers
 - Facilitators
- Key Determinants
- Disentangling the role of context
 - Missing Elements: Psychological Ownership and Organizational Identification

The Power of Leaders Today

- **Power.** Global-scale competitive pressures, the need for survival, technological advances drive an unprecedented power to shape the future.
- **Trade-Offs.** Leaders in business and society make tradeoffs between the short and long-term interests of their organizations and communities.
- **Responsibility.** Understanding the psychology of stewardship within leadership is the first step in ensuring the long-term welfare of business and society.

Exercising Power: Agency vs. Stewardship

- The leader as an agent
 - Main driver: Control (Eisenhardt, 1985)
 - Characteristics: Individualistic, opportunistic, self-serving (Eisenhardt 1989; Jensen & Mekling, 1976)
- The leader as a steward
 - Main driver: Relationship-Centered Collaboration (Haskins, Liedtka, & Rosenblum, 1998)
 - Characteristics: Collectivistic, pro-organizational, and trustworthy (Davis, Schoorman, & Donaldson, 1997)

Defining Stewardship

- *The attitudes and behaviors that place the long-term best interests of a group ahead of personal goals that serve an individual's self-interests (Davis, et al., 1997; Hernandez, 2008a).*
- Key components:
 - (1) A consideration of the trade-offs between short- and long-term objectives; and
 - (2) Taking personal responsibility in accounting for one's influence on stakeholders within and outside the organization.
- Similar to OCB's: Other-focused
- Different from OCB's: Involves power sharing and intergenerational accountability

Psychological Considerations: Barriers to Stewardship

- **Psychological distance:** An individual's sense of disconnect with others, or lack of identification with a collective entity
 - Intergenerational implications are both temporally and personally removed
 - Less psychological distance creates a sense of “immediacy” that promotes more intergenerational beneficence (Wade-Benzoni, 1996; Wade-Benzoni, Sondak, & Galinsky, 2005)
- **Intergenerational Reciprocity:** Reciprocating the good and bad left by past generations to future generations
 - Our behavior influences not only the next generation, but how the next generation will treat subsequent generations (Wade-Benzoni, 2002)

Psychological Considerations: Facilitators of Stewardship

■ Counterintuitive Effect of Power

- Individuals in a position of power do not necessarily act out of self-interest; instead, they may act out of an intuitive sense of right and wrong (Lerner, 2001; 2003).
- Social responsibility norm emerges when confronted with completely powerless others (Wade-Benzoni, Hernandez, Medvec, & Messick, 2008; Suleiman, 1996).

■ Intergenerational Identification

- Aligning self-construal with group identity (Hernandez, Chen, & Wade-Benzoni, 2007) in order to vicariously experience the benefits and burdens left to future generations (Wade-Benzoni, 2003)

■ Legacies

- Mortality salience is an especially strong motivating force (e.g. TMT, Greenberg, Pyszczynski, & Solomon, 1986)
- Leaving burdens to future generations is viewed as more morally problematic than neglecting to leave them benefits (Wade-Benzoni, Sondak, Galinsky, Tost, Hernandez, & Larrick, 2008)

My Focus Today

How do leaders fight against these barriers and utilize the factors that facilitate stewardship in order to foster a sense of responsibility in followers toward future generations?

- Key Determinants of Stewardship
- Missing Elements: Psychological Ownership and Organizational Identification

Stewardship: Extrapolating themes from the literature

- **A steward is a role model**
 - Ethical example
 - Entrusted to balance the long-term best interests of the organization *and* its stakeholders ahead of self-interest
- **A steward is a motivator**
 - Encourages a deep organizational commitment
 - Motivates individuals to work for the greater good
- **A steward is a caretaker**
 - Manages resources of others
 - Protects organization and the community(s) in which it resides
 - Accepts personal responsibility and fosters same feelings in others

Key Antecedents: Leadership Behaviors

■ **Belief in the leader** – Relational Support

- Leader displays trustworthy behaviors (concern, respect, fairness) that form the basis for the social contract (Clarkson, 1995; Donaldson & Dunfee, 1999)

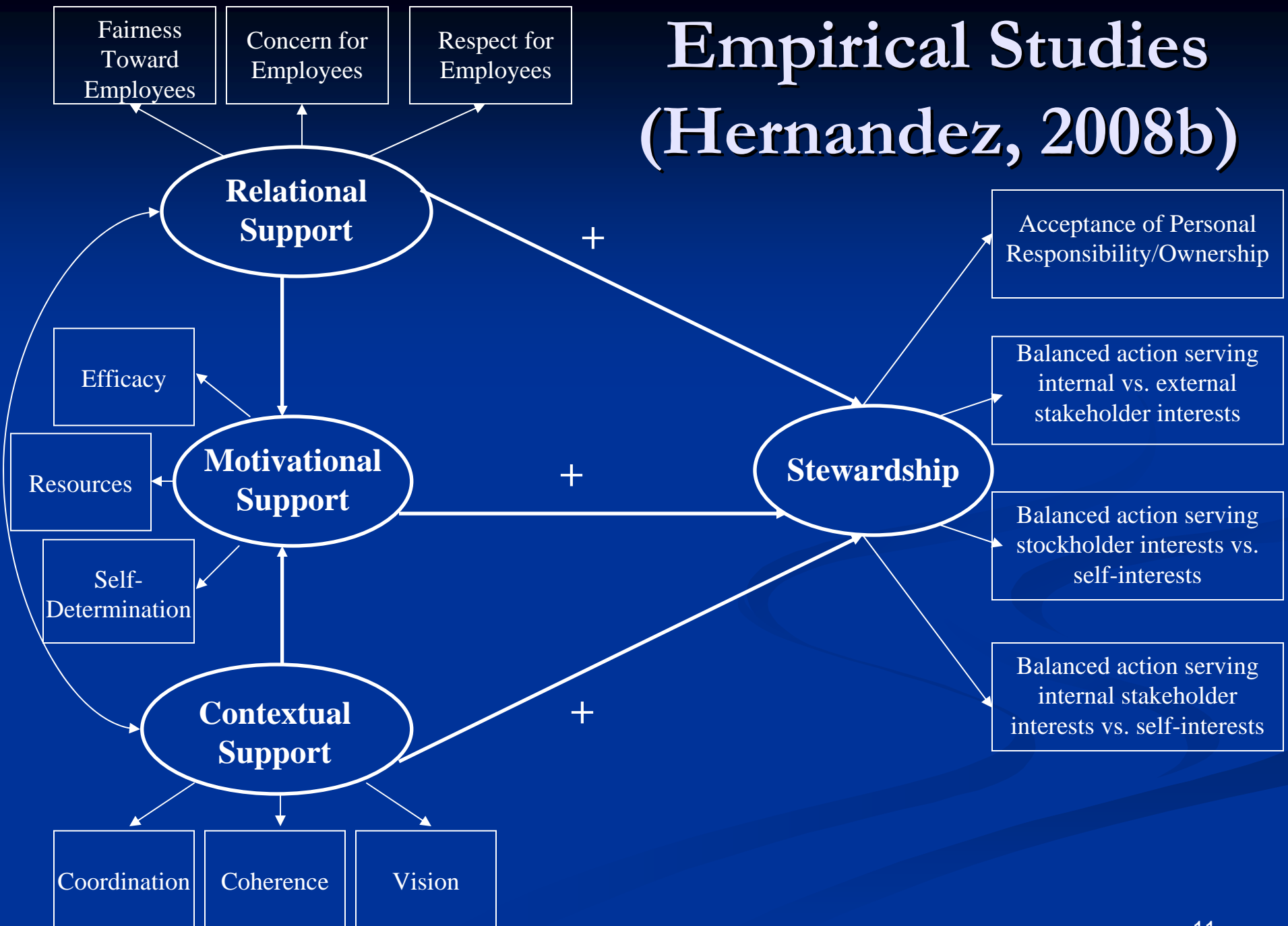
■ **Belief in themselves** (the follower) – Motivational Support

- Leader creates intrinsic task motivation, self-efficacy, and self-determination in followers in order to facilitate independent action (Davis et al., 1997; Lawler, 1992; Sundaramurthy & Lewis, 2003)

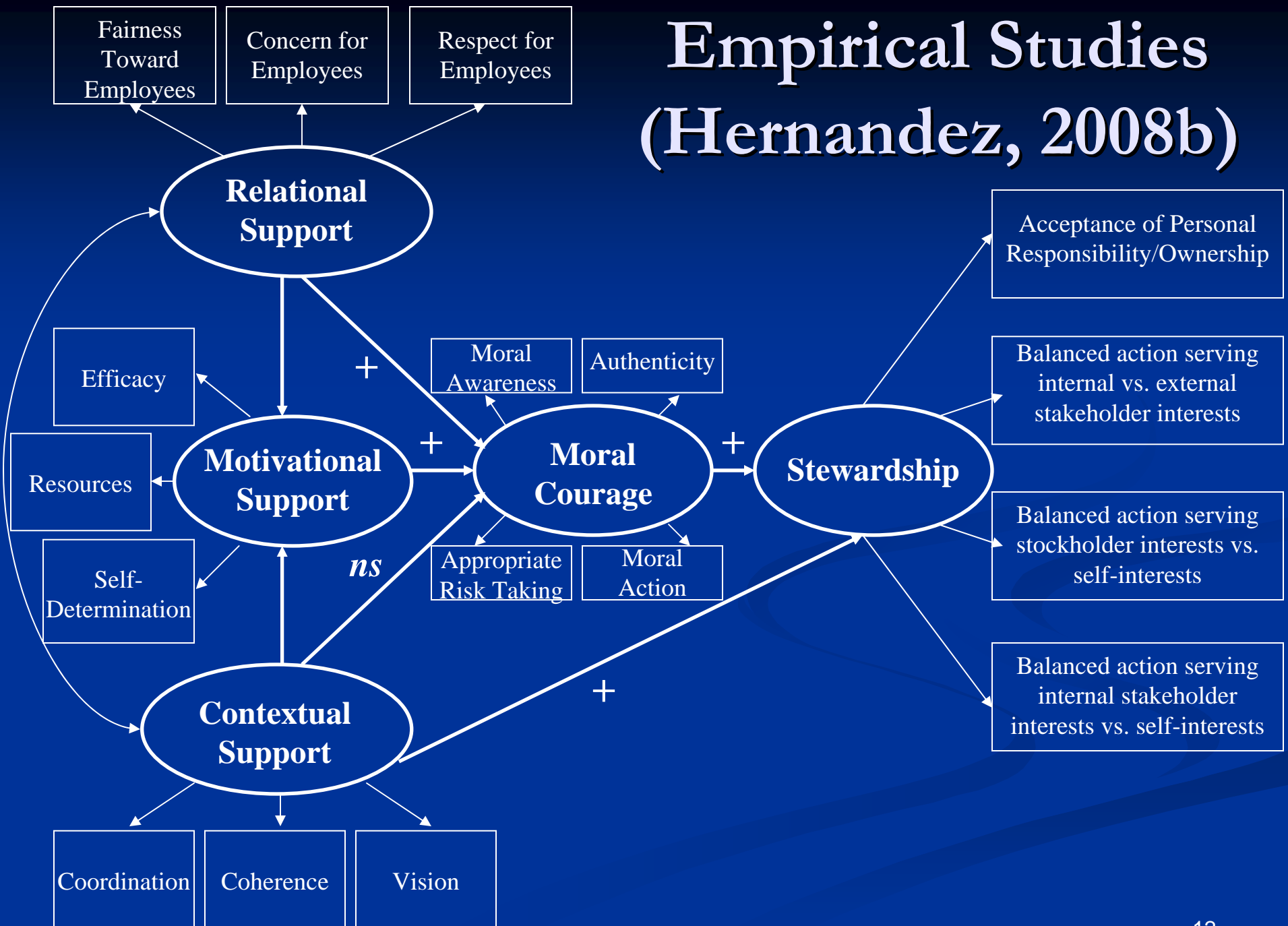
■ **Belief in the system** – Contextual Support

- Leader provides clear and consistent role expectations in the service of the organizational mission (Caldwell, Bischoff, & Karri, 2002; Donaldson & Davis, 1997)

Empirical Studies (Hernandez, 2008b)



Empirical Studies (Hernandez, 2008b)



Disentangling the Role of Context

- *Moral social loafing?* Contextual support may diffuse or make less necessary a followers' sense of personal obligation when addressing moral dilemmas within the organization.

Missing Elements:

- Psychological Ownership
 - A state of mind in which an individual feels as though the target of ownership or a piece of it is “theirs;” that which is psychologically owned becomes part of the owner’s identity (Pierce, Kostova, & Dirks, 2002; Van de Walle, Van Dyne, & Kostova, 1995)
- Organizational Identification
 - A process of internal and external persuasion by which the interests of an individual merge with the interests of an organization, resulting in the creation of identifications based on those interests (Cheney, 1983).

Disentangling the Role of Context

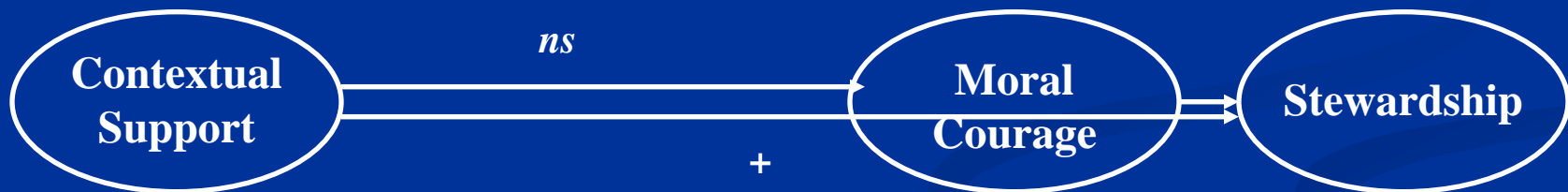
- Mechanism: Perspective-Taking

Active consideration of the viewpoints of others:

- Increases self-other merging (Davis, Conklin, Smith, & Luce, 1996),
- Increases social cooperation and tightness of social bonds (Galinsky, Ku, & Wang, 2005),
- Increases empathic concern and altruistic behavior (Batson, Early, & Salvarani, 2006; Oswald, 1996), and
- Improves inter-group relations (Galinsky & Ku, 2004)

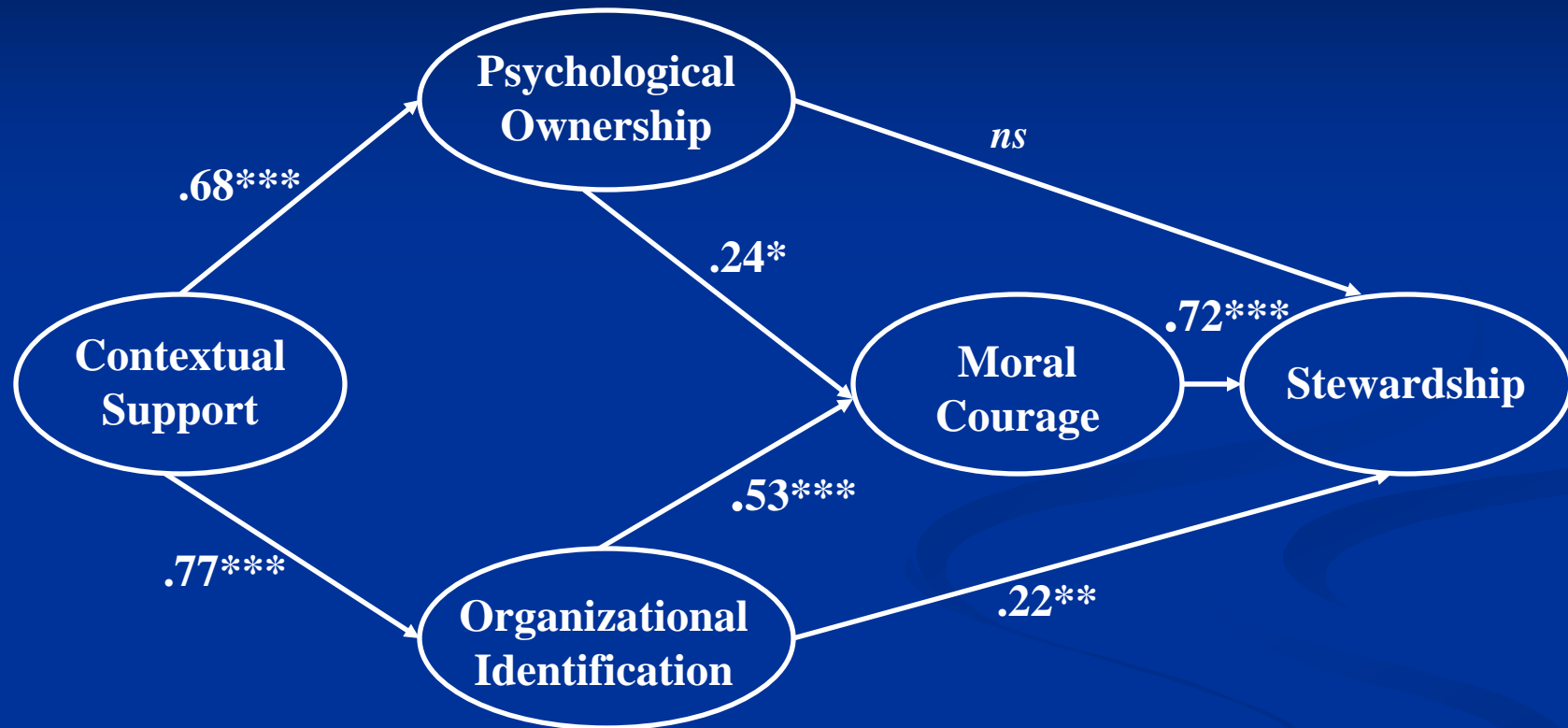
Preliminary Findings

- Test: Field study, regional financial organization
 - N = 100 working executives
 - SEM Analyses



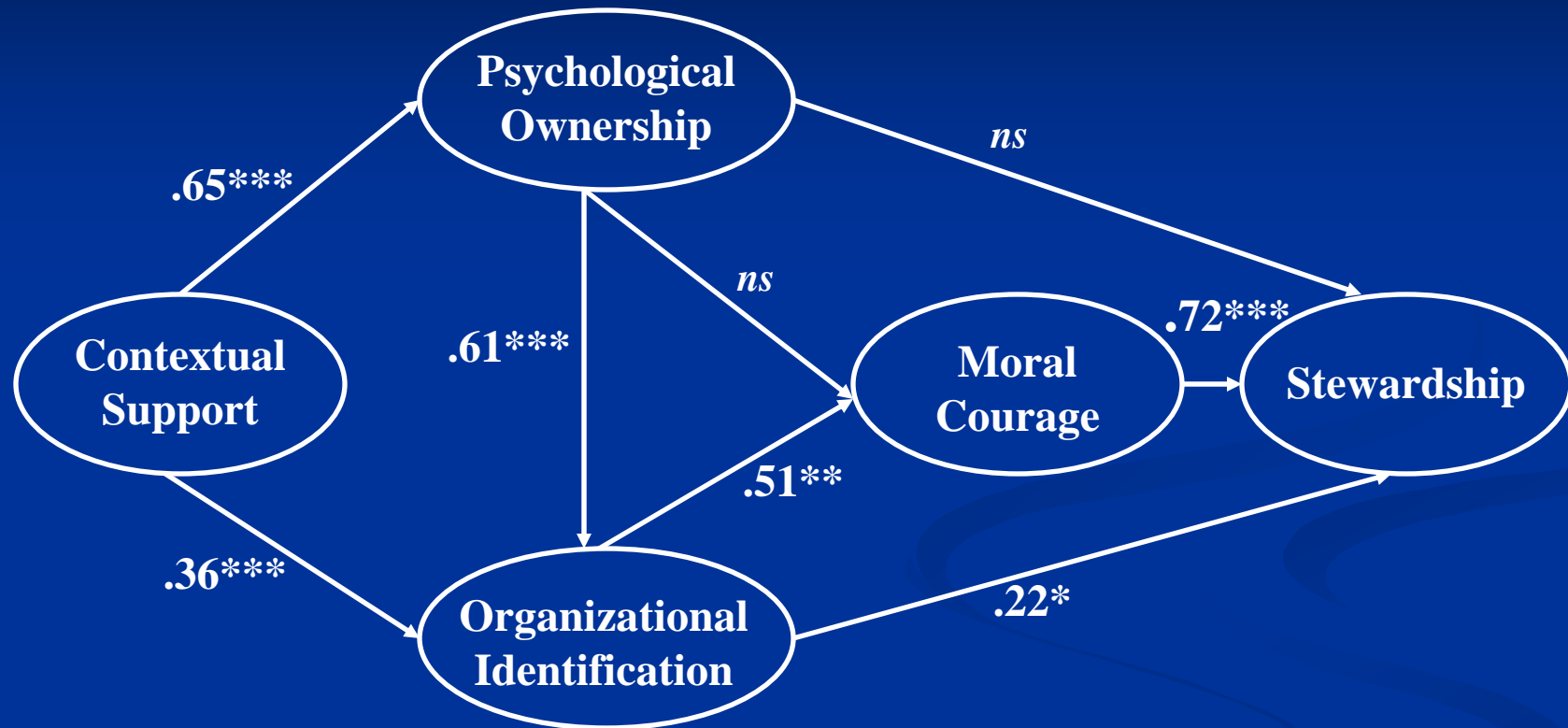
- Goal: Explore possible intermediary variables between Contextual Support and Moral Courage
 - Psychological Ownership
 - Organizational Identification

Preliminary Findings



- Model Fit: CFI = .69, NFI = .70

Preliminary Findings



- Model Fit: CFI = .85, NFI = .85

Implications

- Reduce psychological distance by increasing psychological ownership
 - Leaders need to not only provide focus and clarity but create a sense of pride and belonging to the greater institutional environment
- Increase positive intergenerational reciprocity by increasing intergenerational identification
 - Leaders need to create a sense of shared purpose by making the organizational purpose personally meaningful
- Affinity – a sense of connection – influences feelings of responsibility

Looking Ahead

- Analyses of field study data are underway
 - Finalizing data collection in two other organizations
- Continue exploring the role of organizational identification and psychological ownership
- Examine if shared values, “fit”, or work orientations facilitate moral courage and stewardship behaviors
- Beginning to link organizational performance metrics to stewardship