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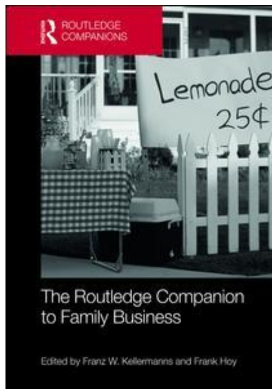

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Franz W. Kellermanns, Frank Hoy

Finding Benevolence in Family Firms

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Matthias Waldkirch, Mattias Nordqvist
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20

FINDING BENEVOLENCE IN FAMILY FIRMS

The Case of Stewardship Theory

Matthias Waldkirch and Mattias Nordqvist

Introduction

The view of organizations as "purely rational and calculated systems" (Frost et al. 2006, 843) has a long history, underpinned by a 'model of man' that depicts actors as inherently self-interested, aiming to maximize their economic gain (Donaldson and Davis 1991). Many theories of organizations irrespective of their origin have built upon this simplified view of human action, seeing it as "the pursuit of self-interest by rational, more or less atomized individuals" (Granovetter 1985, 482). As Ghoshal argued, the view of business studies as science has resulted in the "the denial of any moral or ethical considerations in our theories," which in turn has negatively informed management practice (2005, 77). However, there is a recent contra-trend acknowledging the plurality of human behavior and motivation going beyond self-serving behavior. For instance, the rich literature on corporate social responsibility (CSR) has tried to capture and explain responsibility in the context of corporate environments. The concept is thus differentiated from "business fulfillment of core profit-making responsibility and from the social responsibilities of government" (Matten and Moon 2008, 405). Also the growing body of research on social entrepreneurship captures business activity which is not primarily directed towards financial outcomes, but to "pursue opportunities to catalyze social change and address social needs" (Mair and Martí 2006, 37).

A group of firms that is often depicted to represent such non-economically driven behavior is, at least to a certain amount, family firms. The research in the field of family firms paints a comparatively bright picture of such organizations. Miller and Le Breton-Miller (2005) find that family firms are more caring towards their employees, and also Cabrera-Suárez and colleagues argue that the family firm has a strong predisposition to develop "strong ties with nonfamily stakeholders" (2014, 1). Family firms are found to pollute less (Berrone et al. 2010) and are less likely to let their employees go in times of financial crisis (Block 2010; Stavrou, Kassinis, and Filotheou 2007). In general, current research shows that family firms follow non-financial goals (Chrisman et al. 2012; Zellweger et al. 2013) and are not only interested in the pure pursuit of higher profits. In this sense, family firms go beyond what Kochan described as "maximizing shareholder value without regard for the effects of their actions on other stakeholders" (2002, 139).

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Such arguments are commonly brought up when comparing family to non-family firms and aiming to describe what is special about family influence. Trying to capture such 'good side' of the family firm has been theoretically complicated, though. A theory that has been increasingly used in the pursuit to capture this benevolent side of family firms has been stewardship theory (Davis, Schoorman, and Donaldson 1997). Oftentimes seen as "reflecting an ongoing sense of obligation or duty to others" (Hernandez 2012, 174), stewardship theory has been applied in the field of family firms, as it is seen to have "a natural application to family businesses" (Blumentritt, Keyt, and Astrachan 2007, 323). Firstly, in our chapter we will introduce different depictions of models of man in organizational theory, using agency and stewardship theory as the point of comparison. Then, we try to show how stewardship theory has been used in family business research, especially in regards to locating the 'good side' of family firms. We highlight how the use of stewardship theory has partially gone beyond its boundaries, and how such use of the theory could potentially turn the idea of stewardship in organizations inside out. We show two issues that hinder basic stewardship theory from locating and grasping the 'good side' of organizations and propose ways to integrate moral behavior into stewardship theory. We believe that such critical discussion about stewardship theory is important since an increasing number of articles make us of it.

The Underlying Models of Man in Organizational Theory

The classic model of man underlying in organizational research is the view of a self-interested and opportunistic actor who will strive for personal economic gain. McGregor (1960) captured the view in his so-called 'Theory X,' according to which management is responsible for organizing the elements of an organization, including people, in order to reach economic ends. The organizational members need to be controlled and directed to fulfill the goals of the company. Without such direction, people would remain "passive—even resistant—to organizational needs" (McGregor 1957, 166). The model of man is depicting human actors as indolent, lacking ambition, gullible and fundamentally self-centered. The view does not at all account for any action going beyond self-serving behavior and draws a sad picture of human actors. The model is close to the *homo oeconomicus* that has dominated economic and organizational research for a long time (Granovetter 1985; Thaler 2000), assuming a purely rational agent.

A theory that has made ample use of such model of man has been agency theory (Jensen and Meckling 1976), which looks at the problem of contracting between a principal and an agent in an organization, arguing that there is a goal conflict between principal and agent (Eisenhardt 1989). Agency Theory builds upon Theory X, depicting principals and agents as "self-interested actor[s] rationally maximizing their own personal economic gain" (Donaldson and Davis 1991, 51). At the heart of agency theory stands the assumption of actors as individual utility maximizers (Jensen and Meckling 1976), which is why actors will choose actions that will heighten their personal utility. The main focus and unit of analysis of agency theory hence is the contract between principal and agent in the company. Owners become principals "when they contract with executives" managing their firm (Davis, Schoorman, and Donaldson 1997, 22). Even though such distinction of principal-owner and agent-manager has become the norm of many theories, it only has been introduced by, amongst others, Berle and Means (1932) who proclaimed the distinction and separation between ownership and management. Before, it was the family businesses that provided the "backbone" (Bird et al. 2002, 337) of economies for hundreds of years. The distinction and reframing of ownership and management were the starting point of agency research since the goals for owners and managers were seen to be diverging, which is why agents would take advantage of their principals to increase their own utility.

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Agency theory has been hugely influential in organizational research and was the starting point for much research for instance on top-management teams, remuneration, or governance structures. Researchers using agency theory, unfortunately, adopted its underlying model of man, casting a one-sided picture of interaction in organizations. As Davis and colleagues remark, agency theory and its model of man had become a "self-fulfilling prophecy regarding the nature of relationships" (1997, 32). If we see people as self-serving and inherently self-centered, then we will behave accordingly and design our companies in a way that will encourage such behavior. These structures, however, will not leave much room for benevolence, and most certainly do not account for it.

It was Granovetter in 1985 who saw that such view of human and economic action raised the problem of social embeddedness and the "neglect of social structure" (Granovetter 1985, 506). He argued that by leaving out social factors, we do not see action embedded in social life and hence only contend economic action as 'rational.' Seeing action, however, "closely embedded in networks of interpersonal relations" (1985, 504) opens up the venue for new rationalities. More and more authors argued that there are other models of man that explain behavior and that choosing these for organizational research would "drive […] the development of management philosophies and management systems" (Davis, Schoorman, and Donaldson 1997, 32). Even though agency theory certainly explains many actions taken by individuals, Davis and Associates correctly argued that its boundaries and limits are "determined by its model of man" of self-serving behavior (1997, 24). Also, Doucouliagos calls for a stronger focus on the relations between the agent's behavior, the institution and the group, claiming that "[i]ndividual, atomistic and self-interested decision making cannot capture the institutional and norm-based nature of the firm" (Doucouliagos 1994, 881).

Another model of man is depicted by McGregor (1960) in his so-called Theory Y. The theory is meant to display the opposite of the self-serving model of man and has laid the foundation of a stronger view on the human side of organizations. People are not seen to be inherently self-serving but only have become so due to their organizational experiences. The motivation for pro-organizational behavior and the readiness to assume responsibility are supposed to be all present in people; it is only up to the management to foster these behavioral patterns. Hence, management needs to arrange organizational conditions in a way so that people can "achieve their own goals best by directing their own efforts toward organizational objectives" (McGregor 1957, 169). The model sees actors as being able to transcend their own self-serving behavior, moving towards self-actualizing and self-fulfillment; in this sense, it is close to Maslow's (1970) famous depiction of the hierarchy of needs and his model of people as self-actualizing.

Stewardship Theory

Maybe the most important organizational theory building on Theory Y is stewardship theory (Davis, Schoorman, and Donaldson 1997; Donaldson and Davis 1991), which in opposite to agency theory presumes that "stewards are motivated to act in the best interest of their principals" (Davis, Schoorman, and Donaldson 1997, 24). Stewardship theory assumes a model whose behavior is ordered in a way "such that pro-organizational, collectivistic behaviors have higher utility than individualistic, self-serving behaviors" (Davis, Schoorman, and Donaldson 1997, 24). The main entrance of Stewardship Theory into the mainstream canon of organizational theory has been the article by Davis, Schoorman and Donaldson (1997) who were able to differentiate stewardship from agency theory (Eisenhardt 1989; Jensen and Meckling 1976) and to elaborate the psychological and situational assumptions and mechanisms inherent in stewardship theory.

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It was the paper in 1997 that has proven to start the research stream on stewardship, arguing its implication for the whole of organization research.

Stewardship assumes a convergence in the goals between principal and agent since the collective behavior and orientation of the agent will generally benefit principals such as company owners. The orientation works as well intraorganizationally, where for instance middle managers will profit from the steward-like behavior of their subordinates since they will foster the common goal. The best interest of the group is mostly seen as a "viable, successful enterprise" (Davis, Schoorman, and Donaldson 1997, 25). Since the steward in the organization will work towards organizational ends, the person can and should be trusted and accordingly given more freedom to act pro-organizationally. As such, stewardship theory especially differs from agency theory, which assumes that the agents cannot be trusted and accordingly need to be controlled (Eisenhardt 1989). According to Davis and colleagues (1997), control can even be counterproductive since it may lower the motivation of the steward. Since the principal does not have to control the steward, also the monitoring costs are lowered. Donaldson and Davis (1991) in their study on the positive effect of stewardship in boards and CEOs show that stewardship leads to higher corporate performance. They point out it would ultimately lead to the question why not all companies are structured according to stewardship theory. Davis et al.'s answer seems to be very much grounded in game theory since they argue that if either principal or agent defect from their steward stance, the other party will lose out in the relationship. Especially in case the principal enters the relationship as a steward while the agent acts self-interested, the organizational outcome can be dramatic. From a game theory argument, the principal might, therefore, choose the strategy that would make huge losses unlikely, hence, an agency stance.

Not long ago, one of the authors had a conversation with a fellow researcher about agency and stewardship theory, and the colleague mentioned that he did not 'believe' in stewardship theory, even though he was well aware that agency theory did not cover all aspects of human interaction. Looking at the organizational reality we can see both types of behavior (e.g. Chrisman et al. 2007). Already Donaldson argued, reflecting on the underlying model, that to explain behavior, "some more complex and contingent admixture of the two" approaches would be necessary (1990, 372). In explaining or accounting for benevolent behavior, however, Stewardship theory at first glance seems more prone due to its assumption of the collectivistic orientation of actors.

The Inaugural use of Stewardship Theory

Even before its inaugural article in 1997, stewardship theory had been introduced earlier in the research discussion (Donaldson and Davis 1989; Donaldson 1990), focusing mostly on upper echelons (Donaldson and Davis 1991). By putting the focus on issues in the area of top management, boards, and governance mechanisms, stewardship theory, in the beginning focused on competing with agency theory in its natural setting, questioning the underlying assumptions made by agency theory.

Frankforter, Berman and Jones (2000) for instance investigate the relationship between the adoption of 'shark repellents,' mechanisms that are put in place to fend off hostile takeovers, and several mechanisms that were supposed to align interests between members of the board of directors and the shareholders. These mechanisms were constructed using an agency perspective, but the authors found that only one of the variables they used had an influence on the relationship. Given the "mixed support for an agency theory interpretation of board behavior" (2000, 340), the authors conclude that there had been other factors influencing board decision and hence propose the further use of stewardship theory and agent morality. Much of the

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stewardship literature furthermore was concerned with differentiating stewardship from agency theory (Hernandez 2012) and seeing which one applies more to organizational studies. Tosi, Brownlee, Silva and Katz (2003) look at the actual decision-making process, using a laboratory experimental setting to see whether the participants make different decisions depending on the control – agency or stewardship – they are under. The authors find that decision-makers under agency control will more likely take profit-maximizing decisions.

Sundaramurthy and Lewis (2003) investigated such tensions between agency and stewardship theory also in regards to corporate governance. However, in opposite to pointing out the opposites of both theories, they try to embrace the paradox by arguing for both the value of agency monitoring as well as stewardship-empowerment. They show reinforcing cycles of collaboration and control, which in themselves are both likely to become pathological and lead to firm failure. The authors promote the need for both control approaches helping to "curb human limitations" as well as collaborative approaches tapping into "individuals' aspirations" (Sundaramurthy and Lewis 2003, 407). Such an integrative framework going beyond "either/or thinking" (Sundaramurthy and Lewis 2003, 411) is very much in line with the stewardship argumentation, arguing that in order to explain behavior we need "some more complex and contingent admixture of the two" approaches (Donaldson 1990, 372).

In these articles, stewardship theory sticks close to its origins, being depicted as basically a collective approach with little regards to what McGregor described as a self-realizing actor. Little is being said about the moral of the actors as being good or responsible as a steward. Even though Frankforter et al. talk about 'morality,' it is only considered as a dilemma of choice in acting in favor of the peers or the decision-maker's actual role. Morality as in "moral standards and norms" (Trinkaus and Giacalone 2005, 238) is not regarded, which Trinkaus and Giacolone criticize especially in the case of Enron.

Stewardship Theory and Family Businesses

Stewardship theory has a short, but impactful history in the field of family business. It is argued to have a "natural application to family businesses" (Blumentritt, Keyt, and Astrachan 2007, 323) and has been widely used and regarded. Taking a look at stewardship in different organizations, Corbetta and Salvato argue that it may "differ between family and non-family firms" (2004, 356), with family businesses rather relying on trust and intra-familial altruism. Family businesses follow family goals, both financial and non-financial in nature (Tagiuri and Davis 1996), an argument that relates back to Granovetter's (1985) point of the rationality of action not being located only in economic reasoning. Hall explains this by arguing that family business is "not irrational but multi-rational" (2002, 43). Also, Corbetta and Salvato (2004) point out that self-actualizing behavior in family firms is not irrational, but that the complex rationality of family firms cannot be captured sufficiently by the self-interested rationality underlying agency theory. Recently, Madison, Holt, Kellermanns and Ranft follow a similar argumentation by combining both agency and stewardship in their review of family business articles, arguing that both theories offer "mutually enabling explanations of the family firm" (2015, 2). Relying on a thorough review of the literature, they show how managers, both family, and non-family, act as stewards as well as agents.

Chrisman, Chua, Kellermanns and Chang (2007) investigate whether family managers in the business behave like agents or stewards. Looking at small family-owned businesses, they find that also family managers are monitored and paid with incentive compensation, and that such agency control results in better performance. Their results are more supportive of the "presence of agency relationships than stewardship relationships" (Chrisman et al. 2007, 1036). Also, Miller

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and Le Breton-Miller (2006) use stewardship and agency theory in their work on family governance and firm performance as a lens from which to see possible advantages and disadvantages of family businesses on the levels of ownership, family leadership, the involvement of family members and planned/actual participation of future generations. Miller and Le-Breton Miller argue that the assumptions of stewards as being collectively oriented and intrinsically motivated would be "especially prevalent among family businesses" (2006, 74) because of the emotional connection between family and business. Looking through both lenses, the authors draw out several propositions about family business behavior, concluding that family businesses are a heterogeneous group that does best when exploiting "lower agency costs and elicit attitudes of stewardship among leaders and majority owners" "(Miller and Le Breton-Miller 2006, 85). Stewardship is seen as an attitude that is apparent in family businesses and becomes entangled with emotional attachment.

In their paper on the perception of benevolence in the design of agency contracts, Cruz, Gómez-Mejía and Becerra utilize trust literature, thereby positioning themselves in a "middle ground where agency theory and others-oriented theories [such as stewardship] can meet" (2010, 71). They see benevolence as the "extent to which a trustee is believed to want to do good to the trustor" (2010, 70), and utilize it as the opposite of agent opportunism. Yet, through such depiction benevolence stays a one-dimensional construct, especially since it is paired with agency assumptions and its underlying model of man. In another article, Miller, Le Breton-Miller and Scholnick (2008) look at two distinctive perspectives on the nature of family businesses, stewardship and stagnation, developing and comparing them through an empirical study of small businesses, either family- or non-family owned. Looking again at the "significant socio-emotional attachments," the authors argue that family managers might "exhibit especially marked levels of stewardship" (Miller, Le Breton-Miller, and Scholnick 2008, 52) and develop three common forms of stewardship in family-owned businesses. The first is stewardship over the continuity of the business, which can take many different forms such as for instance an increased attention to boosting or keeping a positive reputation of the business (Deephouse and Jaskiewicz 2013) in order to enhance the robustness of the business. This is closely linked to the creation of transgenerational wealth – "a continuous stream of wealth that spans generations" (Habbershon and Pistrui 2002, 223) – in order to keep the family and provide for the next generations. The second form of stewardship is community, i.e. stewardship over employees, that can result for instance in heightened efforts for employee training (Reid and Harris 2002) or the creation of a "flexible, inclusive culture" (Miller, Le Breton-Miller, and Scholnick 2008, 55). The last form of stewardship is connection, i.e. stewardship over customer relationships, which could take place for instance through a more personal contact between the family business and its customers. These three forms of stewardship are accordingly compared to a perspective of stagnation in family businesses, and the authors' initial assumption that stewardship will be more prevailing is confirmed.

The two articles by Miller, Le Breton-Miller and Scholnick (2006; 2008) combine the classic stewardship perspective with a more emotionally-driven family component. The component is apparent in the relationship between the family and the business as well as in the relationship among the family members. Nevertheless, the emotional component seems to not encompass the circle of business. When talking about stewardship with employees, they find an inclusive culture, but their arguments are very much focused on the goals of the business and the family. A stewardship relation hence seems to be only built to "keep the firm healthy and improve prospects for its future" (Miller, Le Breton-Miller, and Scholnick 2008, 55). Such view of stewardship stays true to its roots, but interestingly negates the notion of altruism and caring just introduced by taking into consideration family as a variable (Dyer 2003).

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Also, Zahra (2003) sees family altruism as a reason why family businesses act as stewards in the international expansion of their businesses. According to the author, this is due to the "desire to build an enduring legacy" for the family's offspring (Zahra 2003, 496). Furthermore, Eddleston and Kellermanns (2007) take a special look at family relationships and conflicts, trying to explain why some family firms are flourishing while other face dire problems. By looking through a lens of stewardship, the authors propose that a participatory strategy process may have a positive influence on a firm's performance and that altruistic family relationships can solve and lower intrafamily conflicts. The authors' stewardship perspective is focused on family members and their stances towards altruism or participative strategy. The integration of altruism into the stewardship perspective is intriguing but needs further clarification. Hernandez in her article on the psychology of stewardship (2012) is correct in pointing out that altruism is theoretically and conceptually different from the stewardship perspective. Stewardship behavior is directed towards the collective well-being, but altruism is directed at increasing the goal of another person "without regard for [one's] own welfare" (Hernandez 2012, 175). Such altruistic behavior, however, is not automatically in line with the collective well-being, and in some cases it can even undermine the collective good (Batson et al. 1995). Hence, altruism is not captured in stewardship behavior itself. But as for instance Corbetta and Salvato (2004) outline, it can be an antecedent for stewardship relationships in the organization.

Already Davis and colleagues argued that the assumption about the model "drives the development of management philosophies and management systems" (1997, 32). For family businesses, Corbetta and Salvato (2004) outline four factors, including altruism among the family members, that would influence the model and accordingly would lead to the prevalence of agency or stewardship relationships in the family firm. The family and their values and behaviors influence the prevalence of stewardship in a business. While the article by Corbetta and Salvato (2004) rather looks at how passive attributes influence possible stewardship behavior, Blumentritt et al. (2007) talk about how family firms can create an environment prone to 'stewardship' relationships, including appropriate governance mechanisms. Family businesses seem to be able to actively shape the conditions for organizational behavior, unwillingly or not. Since stewardship in organizations would only be an outcome of several factors or decisions, it is worth contemplating whether the concept is appropriate in describing family businesses. It also raises the question about the unit of analysis in stewardship theory since its origin in the organization would thus lie in the family itself.

The Problem of Tracing Benevolence in Stewardship Theory

Not surprisingly, stewardship theory has become entangled with emotional constructs and meaning. Since stewardship theory is the most common theory about organizational behavior building upon the self-realizing model, it seems only logical to try to capture 'good' behavior with the theory. The use of stewardship theory in family business research has followed a "call for research that considers the positive aspects and advantages the family can contribute to family firms" (Eddleston and Kellermanns 2007, 549). For instance, emotional attachment and benevolent behavior, which are not accounted for in agency theory and its underlying model of man, can be explained by attributing stewardship to the company or owner family. The problem of accounting for such behavior and action is being solved by including it in an overall frame of 'stewardship,' talking for instance about a "culture of stewardship" (Zahra et al. 2008). Yet, when looking at what is meant by such use of stewardship, it becomes apparent that there are several uses of the concept of stewards that depart from the original idea. We believe that such ambiguity of the concept of stewardship can sometimes lead to misconceptions about the idea

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behind stewardship theory. First of all, the term 'stewardship' has a strong religious connotation. Referring to the belief that the world has been god's gift, and that we as humans are responsible for taking care of it (see for instance Calvin's writings), stewardship in this sense carries a strong moral component, which is lacking from the theory of stewardship by Davis et al.

In another article, Poza and Messer (2001) for instance use the term 'steward' to talk about the role of the CEO's spouse in family businesses. According to the authors, the spouse's role is that of a "steward of the family legacy, facilitator of communications, and touchstone of emotional intelligence in family relations" (2001, 25). Tilba and McNulty (2013) also talk about stewardship looking at engaged and disengaged ownership in the UK. Their notion of stewardship is however influenced by the UK Stewardship Code (Financial Reporting Council 2012) for institutional investors which for instance talks about the need to strongly monitor the investee companies and engage with them in such matters as strategy or capital structure. Such a use of stewardship is more related to what organizational researchers would see as agency controls (Eisenhardt 1989) and is distinct from the stewardship term coined by Davis and colleagues (1997).

The Missing Ethical Dimension of Stewardship Theory

Yet another idea of stewardship has been introduced by Caldwell, Hayes, Karri and Bernal (2008) who talk about ethical stewards regarding leadership behavior that generates high levels of commitment from followers. The authors thereby define ethical stewardship as the "honoring of duties owed to employees, stakeholders, and society in the pursuit of long-term wealth creation" (2008, 153). This idea of stewardship is linked closely to the concept introduced by Davis and colleagues (1997), yet it adds an ethical dimension that is missing in the original framework. While Davis and associates argued that stewards "work toward organization's goals" (1997, 30), Caldwell and colleagues also include other parties into this framework. In an earlier paper, Caldwell and Karri (2005) compared the assumption of stewardship to agency and stakeholder theory, extending Davis et al.'s perspective of stewardship (1997) with Block's model of stewardship as 'service over self-interest' (Block 1993). Caldwell and Karri add an ethical dimension that takes into consideration the steward's "commitment to society based virtues and rights" (Caldwell and Karri 2005, 254), something that has been absent to stewardship theory before.

Such an absence of a 'moral compass' in the actions and behaviors of the steward is surprising, since already the original stewardship theory is, at first sight, closely related towards ethical behavior due its collective perspective. But as Frankforter and colleagues rightly observed, 'other regarding' is linked to moral obligations and thus inherently different than the goal congruence proposed by Davis et al.'s Stewardship Theory (1997). Continuing such line of thought, what would happen in case organizational goals, values or the general culture are inherently pathologic? Would stewardship behavior then involve the adherence to such pathologic and socially detrimental goals? Should organizational members that behave according to such pathologic norms and values of the organization be called 'stewards'? Since stewards are supposed to help achieve organizational goals, these goals are at the same time the 'roof' for benevolent behavior that has to keep inside the borders of these goals. The conflict was properly outlined by Hernandez (2012) who argued that altruistic behavior and organizational goals do not always go together.

Corbetta and Salvato's (2004) argument that the underlying model of the family ultimately shapes the organizational relationships to either agency- or stewardship-based offers an interesting starting point for situating benevolent behavior. Taking a closer look at the family and its

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values might yield insights into the benevolent behavior in companies. Since the family values will be present in the organization, benevolent and compassionate values might influence the behavior of organizational actors. Davis and colleagues argue about the "value commitment" (1997, 30) of stewards is closely related to organizational identification. By adopting the benevolent values of the family, the organizational actors will supposedly act according to them. In this case, however, the source of benevolence would lie in the family and be only spread through the adoption of stewardship behavior.

Moreover, in the case of family businesses, the absence of a moral level in the stewardship theory could be mitigated by strong family values. In general, however, Caldwell and colleagues (2008) are right by adding a moral component to the theory of stewardship. Also, Frankforter and associates (2000) explicitly mentioned stewardship and agent morality as two distinct approaches. The "moral commitment" (Hernandez 2012, 173) of the steward is related only to the organization and its goals. In this way, stewardship is more related to a psychological contract (Rousseau 1989) ignoring the all-encompassing moral of behavior and action. Such "lack of meaningful vocal […] stewardship" resulting from a "temporary lapse in social morality" has been criticized by Trinkaus and Giacalone (2005, 237). Looking at Carroll's (1991) pyramid of corporate social responsibility, the moral of this kind of stewardship would only care about the economic and legal implications. However, without such a 'moral compass' of behavior, benevolence and compassion in organizations are not sufficiently regarded, since such behavior might be accounted for as just unnecessary costs. In order for stewardship theory to include benevolence, it would thus need some kind of extension, enriching it with a 'moral compass' for the stewards.

Capturing Benevolence in the Utility Function

Stewardship theory is inherently a theory based on utility-maximization. In opposite to agency theory, individuals fulfill their personal goals not by defecting behavior and self-interest, but through collective behavior: "utility gained from pro-organizational behavior is higher than the utility that can be gained through individualistic, self-serving behavior" (Davis, Schoorman, and Donaldson 1997, 25). In the classic stewardship sense, individuals will work "toward[s] organizational, collective ends" (Davis, Schoorman, and Donaldson 1997, 25) which mostly are represented through performance and organizational well-being. Looking for benevolence, we have thus to look at the utility function. Personal utility maximization through acting in a collective way would need to encompass a moral 'other-regarding' part (Frankforter, Berman, and Jones 2000). In this regard, the avenue of non-financial goals is interesting as it goes beyond purely economic reasoning. The utility of family firms can be best described through their two-folded goals related to family and business, encompassing both financial and non-financial elements (Hirigoyen and Labaki 2012; Tagiuri and Davis 1996; Chrisman, Memili, and Misra 2014).

Family utility is both directed toward the company and accordingly financial output as well as to the protection of their socioemotional wealth, the "non-financial aspects of the firm that meet the family's affective needs" (Gómez-Mejía et al. 2007, 106). Inherent in this socioemotional wealth perspective is the concern about the family, including intrafamilial altruism as proposed already by other authors (Corbetta and Salvato 2004; Eddleston and Kellermanns 2007), and the wish to preserve this "emotional endowment" (Gómez-Mejía et al. 2011, 654). In an intrafamilial perspective, stewardship might be used to explain and motivate benevolent and altruistic behavior. Paradoxically on an organizational level such intrafamilial benevolence could lead to an agency situation with the owner family trying to work only for their own benefit, putting socioemotional wealth over business goals for instance.

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In overall, we are skeptical concerning the use of stewardship in terms of capturing benevolent behavior. Even though its model of man has in a way been 'marketed' as contrary from the rational, self-interested model of man underlying agency theory, its core regarding utility maximization still remains troublesome. Looking for instance at an extreme case of benevolence, the exit of the owner family from a business, DeTienne and Chirico (2013) propose several ways that family businesses exit their business. One of them is explicitly called "stewardship-based exit strategy" which displays the family displaying care for the "firm continuity and care of the firm, the family, and the employees" (DeTienne and Chirico 2013, 4). Looking only at goals and utility-maximization such as stewardship does, such behavior cannot be sufficiently explained. Therefore, in a way stewardship is in danger to become another "self-fulfilling prophecy regarding the nature of relationships" (Davis, Schoorman, and Donaldson 1997, 32), only that this time we believe to have captured all human behavior through the combination of agency and stewardship. Already Chrisman, Chua and Sharma (2005) were critical towards stewardship, arguing that little is known about the basis of stewardship wherefore we "do not really know whether stewardship requires selflessness, self-control, or altruism" (2005, 567).

We believe that too much has been attributed to stewardship theory concerning a positive view on businesses and behavior, which is why we might run into problem using and advocating stewardship as a theory of benevolence and compassion.

Conclusion

Stewardship Theory has rightly earned its merits. However, as we have shown in this chapter, stewardship has its boundaries and is not particularly prone to explain and capture benevolent behavior in organizations due to its utilitarian core and disregard for interpersonal benevolence. More work is needed in situating benevolence both in the goals of the principals as well as in the overall utility function in order to be able to capture benevolence in stewardship theory. Accordingly, stewardship theory in its current state is not well suited to capture moral behavior in organizations, and it certainly cannot explain the benevolent character that is oftentimes attributed to family firms. By relying on stewardship to explain and understand moral behavior, we run into danger to either miss or misinterpret what we are actually looking for. Therefore, we would encourage researchers interested in the 'good' side of firms to dive into theories of psychology and sociology, which are more prone to capture such behavior as they move beyond utility-centred argumentation. Doing so could help expand our understanding of behavior in organizations by moving beyond descriptions of both agency and stewardship theory.

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