

STEWARDSHIP: THEORETICAL DEVELOPMENT
AND EMPIRICAL TEST OF ITS DETERMINANTS

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Dissertation submitted in partial fulfillment of
the requirements for the degree of Doctor
of Philosophy in the Fuqua School of
Business in the Graduate School
of Duke University

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ABSTRACT

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Abstract

The long-term success and survival of corporations depends on the stewardship of its organizational actors. With a special focus on leadership, this dissertation explores the various relational and motivational factors that affect stewardship behaviors in organizations. The central goals of this research are to theoretically develop the construct of stewardship, explore a set of possible antecedents, and empirically test these determinants to generate a descriptive behavioral science model of stewardship in organizations. I conceptualize stewardship as an outcome of leadership behaviors that place the long-term best interests of the stockholders and other stakeholders ahead of a leader's self-interest. Building upon the themes presented in the stewardship literature, such as identification and intrinsic motivation, and drawing from other research streams to include factors such as interpersonal and institutional trust and moral courage, I put forth a behavioral leadership model of stewardship. Within this model, I argue that issues of psychological ownership and power in the organizational context are central to stewardship concerns. Additionally, I present two empirical tests of the stewardship framework; the first is a field survey study, designed to explore the naturally occurring relationships between relevant constructs in the organization, and the second is a controlled experiment, designed to refine the test of these relationships. Together, the results from these studies suggest that motivational support and moral courage are

central antecedents of stewardship. Specifically, relational and motivational support directly influence moral courage; relational support also influences moral courage indirectly through its joint effect with contextual support on motivational support. Counter to predictions, contextual support is found to have a direct negative influence on moral courage. The argument is made that contextually supportive leadership behaviors that foster a sense of belonging and organizational identification in followers may be responsible for a type of moral social loafing. The implications of this phenomenon are discussed. I conclude by discussing the implications of this research at the individual, organizational, and societal level, putting forth future avenues of study for stewardship research.

Contents

Abstract	iv
List of Tables.....	viii
List of Figures	ix
Acknowledgements	10
1. Introduction	12
2. Stewardship: Theoretical Development and Empirical Tests.....	19
2.1 Defining Stewardship	21
2.2 Power in the Organization: The Importance of Ownership.....	25
2.3 Model Overview	27
2.4 Theoretical Framework and Hypotheses	32
2.4.1 Relational Support.....	32
2.4.2 Contextual Support.....	35
2.4.3 Motivational Support.....	37
2.4.4 Moral Courage.....	40
2.5 Overview of Empirical Studies.....	45
2.5.1 Study 1	45
2.5.1.1 Methods.....	45
2.5.1.2 Results.....	53

2.5.1.3 Study 1 Discussion.....	59
2.5.2 Study 2	60
2.5.2.1 Methods.....	60
2.5.2.2 Results.....	64
2.5.2.3 Study 2 Discussion.....	67
2.6 General Discussion	68
3. Conclusion: Implications and Avenues for Future Research	72
3.1 Individual-level Implications.....	72
3.1.1 Psychological Ownership.....	72
3.1.2 The Role of Values and Work Orientation in Stewardship.....	73
3.2 Organizational- and Societal-level Implications	78
3.2.1 Enabling Forces of and Potential Barriers to Stewardship	78
3.3 Conclusion	81
References	83
Appendix A: Study 1: Survey Questions by Sub-scale and Composite Variable	94
Appendix B: Study 2: Experimental Materials by Condition	97
Appendix C: Study 1: Survey Questions by Sub-scale and Composite Variable	111
Biography	113

List of Tables

Table 1: Study 1 Means, Standard Deviations, Reliabilities and Zero-Order Correlations for Study Variables	53
Table 2: Fit Indices	59
Table 3: Study 2 Means, Standard Deviations, Reliabilities and Zero-Order Correlations for Study Variables	65
Table 4: Mediation Analyses on Stewardship.....	66

List of Figures

Figure 1: Proposed Model of Stewardship	28
Figure 2: Study1: Representation of the Fully Recursive Structural and Measurement Model	50
Figure 3: Standardized Structural Coefficients for Model 2.	55
Figure 4: Standardized Structural Coefficients for Model 3.	56
Figure 5: Standardized Structural Coefficients for Model 4.	58

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1. Introduction

The day has passed when business was a private matter- if it even really was. In a business society, every act of business has social consequences and may arouse public interest. Every time business hires, builds, sells, or buys, it is acting for the... people as well as for itself, and it must be prepared to accept full responsibility.

General Robert Wood Johnson, founder of Johnson and Johnson

A profound rift between social responsibility and organizational practices has become increasingly apparent in recent years. The emergence of numerous scandals in both corporate and political arenas has propelled the issue of organizational responsibility, particularly the responsibilities leaders have to their different stakeholders, to the forefront of public attention. For example, decisions to inflate corporate earnings reports by engaging in questionable accounting practices ultimately led to the demise of some of the world's largest corporations, causing thousands of jobs to be lost along with millions of dollars in personal savings and investments. These scandals have illustrated the tremendous social power of organizations and the widespread misuse of that power to serve the ambitions of individual leaders. An examination of the determinants of socially responsible leadership is imperative in order to address how leaders can properly utilize an organization's social power.

The question of whether a leader should use an organization's social power to serve the specific interests of stockholders, or the broader concerns of all stakeholders, has been widely debated in the field of organizational ethics. While some theorists hold

that a leader's responsibility is to conduct business in accordance with the desires of the owners, or stockholders, "which generally will be to make as much money as possible" (Friedman, 1970), other scholars argue that stakeholder groups should not be used as "a means to some end", rendering it the leader's responsibility to balance organizational demands with stakeholders' interests (Freeman, 1984). This implies that leaders are ethically responsible for upholding the moral obligations that apply to all members of the community. However, some scholars reason that the goal of ethical leadership cannot be to evenly balance the interests of stockholders and other stakeholders, as the dilemmas posed by divided loyalties could potentially push decision-making toward paralysis. Instead, they argue that the goal of ethical leadership is to integrate an exclusive fiduciary relationship with stockholders with a non-fiduciary, but still moral relationship with other stakeholders. In a conflict, neither stockholders' interests nor a mere adjudication of stakeholders' interests can be pursued, instead a leader is to pursue stockholders' interests while also understanding she is bound by communal and universal moral norms in their relation to other stakeholders (Goodpaster, 1991).

The traditional view of ethical leadership within the organization includes a sense of stewardship that entails giving consideration to the rights and needs of employees, as well as taking actions and making decisions that serve the interests of the stockholders over the personal interests of the leader (e.g., Gottlieb & Sanzgiri, 1996; Trevino, Brown, & Pincus- Hartman, 2003). Stewardship is conceptualized as an

outcome of leadership behaviors that encourage a deep commitment to the best interests of the organization and an individual motivation to work for the benefit of the organizational cause. The focus of this analysis is on understanding what causes the surpassing of individual ambitions in order to take personal responsibility in serving the institutional interests of stakeholders. Prominently lacking from this notion of stewardship is a consideration of other stakeholders outside the organization, such as the customers, community, and industry players. The traditional model of stewardship is thus narrowly construed around the interests of organizational stakeholders, overlooking the enormous social influence leadership behaviors can have on other stakeholders. A consideration of the morally significant non-fiduciary obligations of leaders to those whose wellbeing is affected by their actions is required in order to move toward a more comprehensive understanding of stewardship.

To this end, more recent conceptualizations have begun to expand the role of stewardship to encompass the effect of leadership decisions on other stakeholders beyond the organization (Caldwell, Bischoff, & Karri, 2002). Notably, the fiduciary obligations to stockholders are posited to go beyond short-term profit and be subject to moral criteria in their execution (Gini, 1997). In this revised model, stewardship involves the commitment of leaders to secure the welfare of all stakeholders (Donaldson & Preston, 1995) by modeling behaviors that place the long-term best interests of the

organization *and* its stakeholders ahead of their self-interest (Davis, Schoorman, & Donaldson, 1997).

While the study of stewardship offers an enormous amount of potential for understanding socially responsible behavior in the workplace, the literature on the topic is in its infancy. Stewardship is a morally important outcome of leadership, yet its mechanism, components, and behavioral determinants in organizations have remained largely unexplored. For example, the underlying mechanism that determines how leaders model and, in turn, engender stewardship in their followers is unclear. Some scholars have asserted that this mechanism is a social contract (Donaldson & Dunfee, 1999) built on a foundation of trust; however, how this trust is created and functions in stewardship outcomes is uncertain. Additionally, leadership behaviors that promote a sense of efficacy and identification with the company have been broadly identified as important elements in fostering stewardship in followers; however, the function of other potentially relevant components, such as moral courage, have not been studied. Thus, a more concrete understanding of the leadership determinants of stewardship is needed.

Moreover, this dissertation posits that when leaders assume and instill in their followers a sense of personal responsibility for organizational actions, they are able to engender stewardship behavior. Yet research on business ethics, stewardship, and leadership has remained ambiguous regarding the specific leadership behaviors that create a sense of accountability in followers. Clearer insight of these and other

challenges involved in creating stewardship behaviors is necessary in order to understand how socially responsible leadership can be advanced in the workplace.

Although a great deal of research has been conducted in the areas of leadership and business ethics, the development of such a model has progressed rather slowly. Organizational researchers have failed to empirically investigate the particular leadership behaviors that engender stewardship. In fact, stewardship outcomes have only been studied through a handful of direct and indirect tests (Fox & Hamilton, 1994; Lee & O'Neill, 2003) and most insights from these studies have been pertinent primarily to corporate governance research (Lane, Cannella, & Lubatkin, 1998), which focuses on organizational-level implications, rather than organizational behavior research, which takes into account the psychological foundation of individual action within corporations. Thus, a coherent, empirically testable theoretical framework of stewardship is needed in order to systematically address personal and social responsibility in organizational leadership behaviors.

The proposed research begins to address this gap in the field of organizational behavior, and in particular, leadership. This dissertation is based on the premise that stewardship is a dynamic process; in order for leaders to foster stewardship in their followers, it is hypothesized that they themselves embody and promote a deep sense of personal responsibility for the long-term wellbeing of the organization and society. The development of an empirically testable theoretical framework that refines the leadership

mechanisms and antecedents of stewardship outcomes in followers aims to address the challenges outlined above.

I begin this dissertation by developing the construct of stewardship. I posit that the welfare of present and future generations of organizational actors is secured through a cycle of socially responsible leadership, where leaders serve the interests of stakeholders inside and outside the organization. The development of a theoretical framework on stewardship considers how organizational leaders can produce relational support, motivational support, and contextual support, in order to foster moral courage and stewardship in their followers. Empirical tests of this framework suggest that motivational support and moral courage are central antecedents of stewardship. Additionally, the results suggest that leadership behaviors that promote a sense of belonging and identification with the organization through contextual support may actually diffuse or make less necessary a followers' sense of personal obligation when addressing moral dilemmas within the organization.

In the conclusion of this dissertation, I put forth the implications of the findings, as well as avenues for future research. I begin by identifying areas of research that will further explicate the psychology of stewardship. I outline how an employee's level of identification with company and its values may have differing effects on promoting stewardship behaviors. In particular, I discuss the potentially significant roles of value and work orientations, and employee identification with the company in creating

stewardship. Value orientation refers to the relative focus an individual places on intrinsic aspirations (i.e. meaningful relationships, personal growth, and community contributions) versus extrinsic aspirations (i.e. wealth, fame, and image). Work orientations describe how people frame their work in relation to the rest of life and distinguish between three subjectively distinct ways people experience work: as a Job, a Career, or a Calling. These work orientations guide people's reasons for working, encompassing beliefs about the role of work in life (Baumeister, 1991). I propose that individuals who have intrinsic aspirations and perceive their work as a Calling may be more likely to act as organizational stewards than individuals who have extrinsic aspirations and perceive their work as a Job or Career. Further study on this subject is warranted. Finally, I examine the organizational and societal implications of the current research and propose other potentially fruitful areas of study that could broaden our current understanding of stewardship.

2. Stewardship: Theoretical Development and Empirical Tests

Historically, stewardship was a means to protect a kingdom while those rightfully in charge were away or more often, to govern for the sake of an underage king. The underage king for us is the next generation. We choose service over self-interest most powerfully when we build the capacity of the next generation to govern themselves (Block, 1993, p.xx).

Decisions made by organizational actors often have lasting effects on future generations. In evaluating alternatives, present generations must take into account the tradeoff between current gains and sacrifices and the potential for future benefits and burdens. The role of leaders is critical as the consequences of such intergenerational decisions, positive and negative, are enduring throughout multiple generations of managers, stakeholders, and corporations.

In the intergenerational context, a generation is defined as an actor or group that occupies a role that may be an office, status, or a set of responsibilities; the time period in that role is limited in the sense that one generation cannot occupy that role indefinitely (Wade-Benzoni, 2002). This brings to the forefront the issue of transition from one generation to another. How will future generations of leaders treat their followers? Will they reciprocate the treatment (good or bad) they received or will they treat their followers as they would have liked to have been treated?

Although individuals may think about how they would like to have been treated by the previous generation, intergenerational research suggests that they are more likely to respond to how they were actually treated by the previous generation (Wade-

Benzoni, 2002). This phenomenon is called intergenerational reciprocity, which occurs in situations where people cannot directly reciprocate good or evil left to them by previous generations so instead, they “reciprocate” by behaving similarly to the next generation (Wade-Benzoni, 1999; 2002). This reciprocity is based on the moral argument that some obligations to future generations have their source in the good received from past generations (Becker, 1986); people cannot reciprocate directly to the people who have benefited them, instead they pass on the benefits by reciprocating as a matter of retrospective obligation for the good they received from past generations (Wade-Benzoni, 2002).

The notion of intergeneration reciprocity is critical in promoting a cycle of socially responsible leadership. For example, in the medical profession, Coleman (1998) describes the role of “legacy leaders,” who are those individuals who live as if they were stewards of a legacy: the culture, mission, and founding spirit of the organization. Being a steward implies that the ultimate “purpose of one’s work is others and not self...that leaders do what they do for something larger than themselves... that their life’s work may be the ability to lead but the final goal of this talent is other directed” (Senge, 1990, 345-352). These leaders demonstrate a responsibility to future generations to place the long-term best interests of others ahead of their self-interests. In doing so, they instill stewardship in their followers, an effect that is likely to be reciprocated as these followers become the future generation of leaders.

A central argument of this research is that stewardship is needed for social entities, businesses and communities alike, to survive over time. It has been shown that the greatest long-term benefits for all stakeholders are more likely to be achieved if leaders behave as stewards serving the organization and its stakeholders (Donaldson & Preston, 1995) and in turn, that organizations are best served long-term when they demonstrate a commitment to the needs of all stakeholders (Pfeffer, 1998). For example, corporations that manage beyond their stockholders' concerns have been shown to out-perform the market by a factor of 70 (Collins & Porras, 1995). Accordingly, it is imperative for organizational actors to create a positive cycle of leadership; one in which they serve rather than control, one in which stewardship is valued and thus, personal responsibility is coupled with concern for not only the interests of stockholders, but also other stakeholders, as there is reason to believe that the alternative, a cycle of formal control and self-interest, is likely to lead to the demise of the corporation.

2.1 Defining Stewardship

Although a great deal of research has been conducted on the topic of leadership, the development of a coherent, empirically testable theoretical framework that systematically addresses social responsibility concerns within the context of organizational leadership behaviors has progressed rather slowly (for comprehensive critique see Ciulla, 2004). Promising steps toward this end have come out of the popular press, most prominently through servant leadership (Greenleaf, 1977; Sergiovanni, 1992)

and stewardship (Block, 1993), and out of the industry through programs such as global leadership, which emphasizes the need for corporations to balance global and local needs, as well as operate cross-functionally, cross-divisionally, and cross-culturally around the world (e.g., Marquardt & Berger, 2000; Marquardt, 2003). However, academic theory has remained limited to a few general paradigms of ethical leadership (e.g., Bass & Steidlmeier, 1999; Burns, 1978; Trevino, Brown, & Pincus-Hartman, 2003), and one more specific theory of stewardship (Davis, Shoorman, & Donaldson, 1997; Donaldson & Davis, 1991), which broadly argues that the function of a leader is to model behaviors that place the long-term best interests of the organization and its stakeholders ahead of their self-interest.

The theory on stewardship has remained limited in its predictive ability. Authors have not explicitly outlined the specific behaviors needed to engender stewardship and have studied stewardship outcomes only through a handful of direct and indirect tests (Fox & Hamilton, 1994; Lee & O'Neill, 2003). Most insights from these studies have been pertinent primarily to corporate governance research (Lane, Cannella, & Lubatkin, 1998), which focuses on organizational-level implications, rather than organizational behavior research, which takes into account the psychological foundation of individual action within corporations. Accordingly, the need to develop a cohesive, theoretically grounded, empirically testable paradigm of stewardship within the field of

organizational behavior, and in particular, the study of leadership, is clear. The first step toward this end is to define stewardship.

From its broad assertion as a governance system (Davis et al., 1997), to its more targeted application to leadership (Caldwell, Bischoff, & Karri, 2002), the concept of stewardship in the literature has been traditionally grounded in a principal-agent dichotomy: A steward of the organization is one who demonstrates a commitment to the best interests of the organization, as opposed to an agent, whose interests may conflict with the organization and its principals (Hill & Jones, 1992). The focus of this conceptualization is on giving consideration to the rights and needs of employees, as well as taking actions and making decisions that serve the interests of the stockholders over the personal interests of the organizational actor (e.g., Gottlieb & Sanzgiri, 1996; Trevino et al., 2003). A recent development of this definition is the inclusion of other stakeholders' interests beyond stockholder benefit: A steward is one who rises above the level of an agent and is committed to the welfare of all stakeholders (Donaldson & Preston, 1995). In this way, the notion of stewardship has evolved to encompass a deep commitment to uphold the fiduciary obligations to institutional interests, as well as a non-fiduciary, but still moral obligation to other stakeholders affected by organizational actions.

It is important to note that the fiduciary obligations to stockholders are posited to go beyond short-term profit and be subject to moral criteria in their execution (Gini,

1997). As it applies to leadership, stewardship involves the commitment of leaders to secure the welfare of all stakeholders (Donaldson & Preston, 1995) by modeling behaviors that place the long-term best interests of the organization *and* its stakeholders ahead of their self-interest (Davis et al., 1997) and the interests of any single group.

A commitment to stakeholder interests brings to the forefront the issue of personal responsibility, and in particular, balanced action. Within the business ethics context, balanced action may entail a consideration of both fiduciary institutional obligations and the morally significant non-fiduciary obligations of leaders to those whose welfare is affected by their actions. Accordingly, stewardship behavior involves a commitment by the leader to consider the interplay between the organizational systems, structures, and relationships, which determine the impact and repercussions of their actions. "This capacity to see the contextual fit of choices and their consequences... the systems and relationships that interplay, and an historical insight that connects the past to the future... is fundamental in [the leader's] ability to make calls that contribute to the best interests of others (Caldwell et al., 2002, p. 157)."

Building on the literature, *stewardship* is defined by the current research as 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. It exists to the extent that leaders take personal responsibility for organizational actions and wield organizational power in the service of broader stakeholder welfare. The issue of balance is a key part of taking

personal responsibility; in working toward communal welfare, leaders aim to balance their obligations to stakeholders inside and outside the organization while upholding a broader commitment to societal and universal moral norms. This dissertation asserts that stewardship cannot be created through formal rules but can be facilitated through organizational structures that help leaders create relational, motivational, and contextual support for their followers, which in turn, encourages followers to act morally courageous in service of the organization or cause. Fundamentally, because of the iterative cycle of intergenerational decisions, and thus, the dynamic process of creating stewardship outcomes, it is assumed that stewardship behavior is created through social exchanges between leader and follower(s) that extend across generations.

2.2 Power in the Organization: The Importance of Ownership

A central part of this definition is the issue of personal responsibility, or ownership; stewardship can only exist if there is personal accountability for organizational actions. This is an especially important issue considering the power leaders have to utilize the immense social influence of organizations in modern society.

The issue of power has been discussed systematically in the stewardship literature through its comparison of agency theory and stewardship theory (e.g., Davis et al, 1997; Donaldson & Davis, 1991; Fox & Hamilton, 1994). The focus of this ongoing analysis is on the source or use of power by those in the organization. Scholars have noted that one source of power found in organizations is institutional power vested in

the holder by virtue of position within the organization (Gibson, Ivancevich, & Donnelly, 1991). In principal–agent relations, control is likely to be maintained through use of institutional power to establish the desired levels of coercion, hierarchical control, and influence over rewards. In principal–steward relationships, personal power is more likely to be used (Davis et al., 1997). Personal power utilizes influence derived from perceived expertise or affective relationships where individuals identify with each other.

The institutional-personal power dichotomy is further elaborated upon through the idea of ownership. Ownership “represents a source of power that can be used to either support or oppose management depending on how it is concentrated and used” (Salancik & Pfeffer, 1980, p. 655). Agency theorists have long argued that differences in ownership structure are crucial to understanding the resolution and the outcomes of principal-agent problems in modern corporations (e.g., Jensen & Meckling, 1976).

Stewardship theorists offer a contrasting perspective, where ownership is psychological. Psychological ownership is a state of mind in which an individual feels as though the target of ownership or a piece of it is ‘theirs’. The core of psychological ownership is a feeling of being psychologically tied to an object (Pierce, Kostova, & Dirks, 2002). That which is psychologically owned becomes part of the owner’s identity. Its presence is manifest in the meaning and emotion of phrases such as “my job” or “my organization” (Van de Walle, Van Dyne, & Kostova, 1995). Different from ownership grounded in institutional power, a sense of psychological ownership may be developed

even when there is no financial or legal status as an owner (Pierce et al., 2002). The benefits of psychological ownership have been shown to include productivity, quality, turnover, attitudes, and positive relations (Van de Walle et al., 1995) while the result of increased levels of management ownership through institutional power sources have been shown to decrease the levels of R&D (Jensen, 1989) and, in turn, decrease the long-run value of a firm (David, Hitt, & Gimeno, 2001). Consequently, creating personal power in followers rather than perpetuating institutional control may be the more effective leadership strategy for the long-term wellbeing and success of the organization.

2.3 Model Overview

The aim of presenting a descriptive behavioral science model of stewardship is to investigate the predictors of stewardship behaviors. In the model presented here, relational support, contextual support, and motivational support are identified as three factors that influence stewardship through a mediating factor, moral courage (see Figure 1).

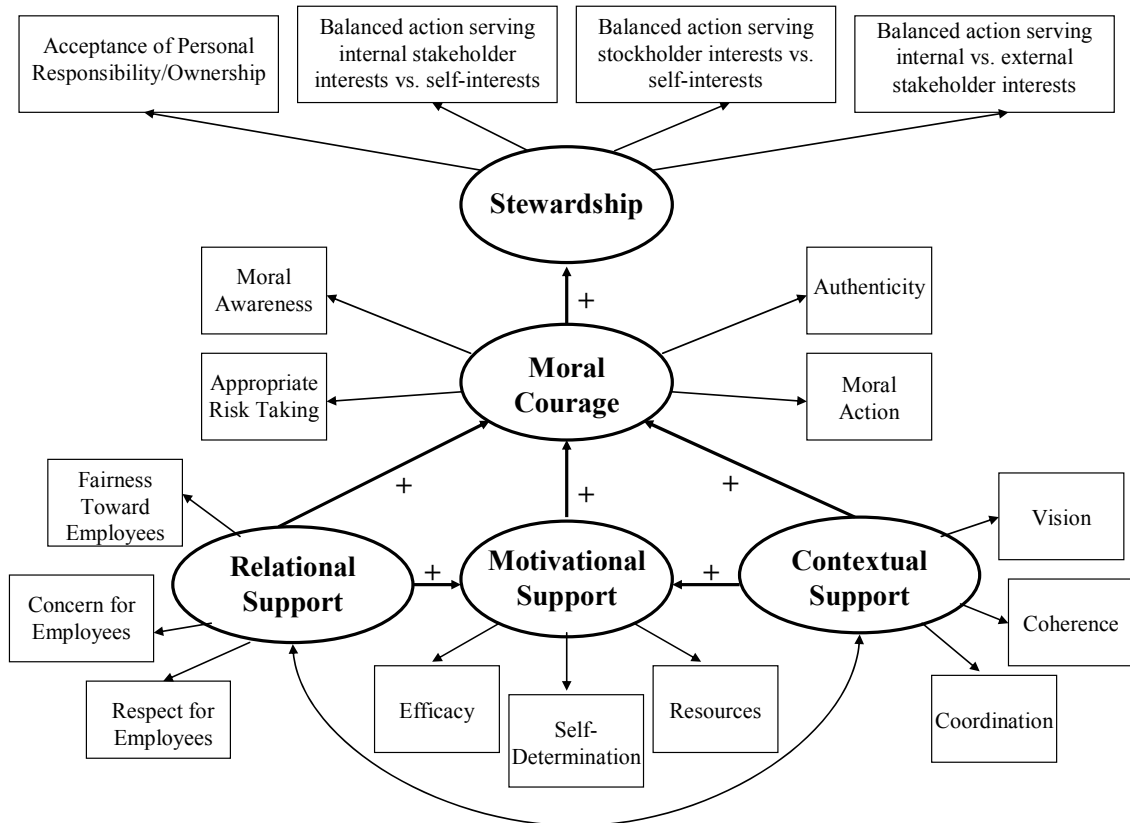


Figure 1: Proposed Model of Stewardship

Two basic relationships form the foundational components for stewardship behaviors: The interpersonal relationship between the leader and follower, and the institutional relationship between the leader and the followers embedded within the organizational network. These relationships involve a social contract that scholars have posited to be the underlying mechanism of stewardship (Donaldson & Dunfee, 1999). The social contract implies that at both the interpersonal and institutional levels, the leader will take personal responsibility to serve the interests and needs of followers. In

the interpersonal relationship, the leader will model relational behaviors that form the basis for interpersonal trust between leader and follower. In the institutional relationship, the leader will communicate a sense of contextual support to the broader follower base, which forms the basis for follower trust in the institution.

First, as it relates to the interpersonal relationship between the leader and follower, the social contract implies that the follower has something at risk and the leader honors the obligation to avoid exposing the follower to undue harm or loss (Clarkson, 1995). By showing concern, respect, and fairness for the follower's needs and interests, the leader creates relational support. In so doing, a mutual trust is built between leader and follower as the leader acknowledges that each follower "has a right not to be treated as a means to some end" (Freeman, 1984).

Second, as it relates to the institutional relationship between the leader and the followers embedded within the organizational network, the social contract implies that the leader will pursue the interests of many followers, based upon a morally established duty owed and a fiduciary obligation (Gibson, 2000). In this role, the leader understands the individual needs and motivations of followers within the organizational context (Caldwell et al., 2002). By communicating the broader organizational mission to followers, facilitating coordination, and creating a sense of coherence, leaders convey clarity regarding the organizational context to their followers thereby creating contextual support.

Relational and contextual support jointly facilitate motivational support, the third predictor of stewardship outcomes. By fostering self-determination and efficacy, as well as providing the resources necessary to accomplish tasks, leaders generate intrinsic motivation in their followers. The social contract allows leaders to leverage both interpersonal and institutional relationships to create a motivational foundation of followers that builds their confidence in their effectiveness. In this way, mutual trust between leader and follower, together with follower trust in the institution jointly bolster a leader's capacity to internally motivate followers toward action in service of the organizational cause.

Moral courage is posited to mediate the effect of relational, contextual, and motivational support on stewardship outcomes. Morally courageous behavior is risky action in service of upholding individual moral principles and standards. The motivation to make the choice regarding whether to take this risk is directly facilitated by an individual motivation and capacity to make independent decisions and take action. Moreover, morally courageous behavior is grounded in personal values and thus, as it is defined, implies a personal responsibility to take into account those values within a broader social context when considering risky behavior. Leaders create morally courageous behaviors by strengthening moral awareness in followers, encouraging moral action, as well as appropriate risk taking by informing followers of the risks

involved both personally and professionally, and drawing out authentic behavior from followers.

Finally, the outcome of the above discussed factors through moral courage is stewardship behavior. Stewardship implies taking personal responsibility for organizational actions that affect the welfare of stakeholders inside and outside the corporation. Leaders model stewardship by demonstrating a personal responsibility for organizational actions, by taking into account a concern for balancing their self-interest with internal stakeholder interests, balancing their self-interest with stockholder interests, and balancing the interests of stakeholders inside and outside the organization when making decisions. By facilitating behaviors that uphold personal moral principles, moral courage directly influences stewardship behaviors that serve organizational interests while maintaining a commitment to broader societal and universal moral norms.

In the sections that follow, the antecedents of stewardship are discussed in further detail within the context of the stewardship framework. Additionally, hypotheses regarding the specific relationships between the components – relational support, contextual support, motivational support, and moral courage - to stewardship are proposed.

2.4 Theoretical Framework and Hypotheses

2.4.1 Relational Support

As outlined above, the interpersonal relationship builds a foundation of mutual trust between leader and follower through relational leadership behaviors, which display concern, respect, and fairness for the follower. Relational support is based on Sitkin, Lind, and Long's (2005) construct of "Relational Leadership". These leadership behaviors demonstrate a positive relationship between the leader and the follower, allowing the leader to build a reputation for trustworthiness.

Trust fundamentally involves a willingness to be vulnerable under conditions of uncertainty (Rousseau, Sitkin, Burt, & Camerer, 1998) and interdependence (Sheppard & Sherman, 1998); it is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behavior of another (e.g., Mayer, Davis & Schoorman, 1995; Whitener, Brodt, Korsgaard & Werner, 1998). In essence, trustworthy leaders are those who are seen as having the constituents' best interests at heart (Kouzes & Posner, 1993). Crucially, trust is not merely an attitude held by the leader or the follower toward another; rather it exists in the parties' relationship (Ross & LaCroix, 1996).

Trust within the leader-follower interpersonal relationship develops over time. It is rooted in the follower's reliability and dependability judgments of the leader that are derived through repeated interactions with the follower. The basis for this ongoing

phenomenon is grounded in people's need to belong to a group. The implication is that people tend to look beyond an isolated outcome to search for evidence suggesting whether, over time, they will benefit from group membership (Lind, Kanfer, & Earley, 1990; Tyler, 1989). The trust shared in interpersonal interactions between leader and follower serve a critical role in shaping the follower's perception of group membership. Thus, the model of trust basic to stewardship pushes beyond ephemeral self-interest to long-term identity and group value concerns.

A dynamic perspective of trust is posited in the stewardship model where ongoing experiences can escalate interdependence, attachments based on reciprocated interpersonal care and concern (McAllister, 1995), as well as potentially strengthen negative beliefs (Fox, 1974; Lewicki, McAllister & Bies, 1998; Sitkin & Roth, 1993; Sitkin & Stickel, 1996). Violations to this trust may profoundly damage a follower's fundamental belief in the reciprocal nature of the exchange relationship between themselves and a leader that was at one point based on the promises made or implied in their interactions (Rousseau, 1995; Morrison & Robinson, 1997). The consequences of violating this "psychological contract" (e.g., Rousseau, 1995; 2001) can lead to feelings of injustice, deception or betrayal among followers (Morrison & Robinson, 1997) and subsequently develop into deleterious effects on follower's trust in the leader (Robinson & Rousseau, 1994), performance (Robinson & Wolfe-Morrison, 1996), and behavior (Nicholson & Johns, 1985).

Recent theoretical development and empirical tests on the relationship between leadership and trust lend further support to the notion that the interpersonal relationship is an essential part of effective leadership (Sitkin, Hernandez, & Long, 2007). In particular, trust within the interpersonal relationship has been identified as a critical aspect of a high-commitment or involvement-oriented management philosophy, which characterizes stewardship outcomes (Davis et al., 1997). Because of the relational behaviors exhibited by a leader within this management philosophy, the resultant leader-follower relationship is a highly participative one; it involves open communication, which demonstrates a leader's care and respect for the follower, and leads to the establishment of trust (Walton, 1980; 1985).

Although no specific hypotheses on the relationship between trust and stewardship have been proposed or tested in the literatures relevant to stewardship, the above cited work lends general support to the prediction that relational support will have a positive influence on the development of stewardship behaviors within the proposed stewardship framework.

Hypothesis 1: Relational support (e.g., leadership behaviors that generate trust in the leader by demonstrating concern, respect, and fairness for followers) will directly and positively influence stewardship.

2.4.2 Contextual Support

The institutional relationship is created through contextual support. Leaders create contextual support for followers by promoting a clear vision, and creating a sense of coherence and coordination between structures of governance, policies, and procedures. Contextual support is based on Sitkin et al.'s (2005) construct of "Contextual Leadership". Within their broader framework of leadership, they develop the notion of contextual leadership, which involves leadership behaviors that shape organizational contexts as well as relationships. In fostering coherence and coordination, the contextual leader simplifies the context, which in turn, provides focus for their followers. This leadership behavior creates a sense of pride and belonging to the greater institutional environment.

The two sub-categories identified by Sitkin et al. (2005) are coherence and coordination. Actions that give the work coherence by building a shared understanding of the goals and issues are likely to decrease the likelihood of misunderstanding and thus, will remove some powerful threats to trust (Sitkin, 1995). Similarly, rules, procedures, and practices that assist coordination delineate accountability (Tetlock, 1998) and thus, facilitate hand-offs and joint work efforts which necessitate trust (Sitkin, 1995). Together these two sets of context-creating actions have a favorable impact on the development of trust in the leader.

In the current model, I add as a necessary component to contextual support: a communication of the broader mission. A “belief in and acceptance of the goals of the organization” is a critical factor in building follower commitment to the organization (Schoorman & Mayer, 1992). This commitment reinforces the followers’ feelings of community within the institutional environment. Stewardship theorists (Donaldson & Davis, 1997) support this notion, asserting the leader’s role in creating stewardship outcomes is to provide clear and consistent role expectations in the service of the organizational mission.

The type of trust created through contextual support is “institutional” trust, which is based on characteristics of the social context that facilitate or enforce trust (Rousseau et al., 1998). Institution-based trust facilitates calculative and relational aspects of trust through institutional factors (i.e. legal forms, social networks, and societal norms regarding conflict management and cooperation) whose interactions create a context for interpersonal and interorganizational trust (Rousseau et al., 1998; Sitkin, 1995). Walking a fine line between control and a form of trust support (Shapiro, 1987), institutional trust moves away from the rational self-interested perspective toward the view that trust entails a sense of community with a common fate (Sabel, 1993). Moreover, trust in the trustor is generalized to the broader group (i.e. the firm or society) and acts as a key factor in building long-term commitment to that group (Tyler, 1989).

In line with the espoused framework, contextual support is posited to have a positive influence on the development of stewardship behaviors. Accordingly, the following prediction is made:

Hypothesis 2: Contextual support (e.g., leadership behaviors that generate trust in the institution by providing coordination, coherence, and vision to followers) will directly and positively influence stewardship.

2.4.3 Motivational Support

Motivational support generates an internal and active, rather than external and passive, orientation to an individual's work role. It creates an intrinsic task motivation that reflects followers' confidence in their effectiveness (Thomas & Velthouse, 1990). Leaders who create and nurture motivational support in followers do so by helping followers gain self-efficacy specific to work; that is, the follower's belief in their capability to perform work activities with skill (Gist, 1987; Bandura, 1989). These leaders also instill self-determination, which creates in followers a sense of choice in initiating and regulating their own actions (Deci, Connell, & Ryan, 1989) and reflects autonomy over the initiation and continuation of work behavior and processes (e.g., making decisions about work methods, pace, and effort) (Bell & Staw, 1989). By fostering efficacy and self-determination, as well as providing the resources necessary to accomplish tasks, leaders create motivational support for followers (Sitkin et al., 2005).

Self-efficacy is an important concept to motivational support; it influences individual choices, goals, emotional reactions, coping, and persistence (Gist & Mitchell, 1992). Defined as the belief in one's capabilities to initiate and successfully perform specified tasks at designated levels, expend greater effort, and persevere in the face of adversity, self-efficacy can change as a result of learning, experience, and feedback (Bandura, 1974; 1986). In this way, behavior, cognition, and the environment all influence each other in a dynamic fashion (Bandura 1977; 1986). Motivational support is conceptualized here as enabling or enhancing personal efficacy.

Socially responsible leadership draws from a strong foundation of partnership, rather than control to foster both the belief in the ability and the desire to accomplish the task at hand (e.g., Lawler, 1992; Sundaramurthy & Lewis, 2003). The literature supports the notion that leaders leverage both interpersonal and institutional relationships to motivate their followers. This motivational support facilitates independent action in service of the organizational cause.

As it relates to the interpersonal relationship, stewardship theorists (Davis et al., 1997) have asserted a direct link from constructs conceptualized in the current research as relational support, which characterizes a high-commitment or involvement-oriented management philosophy, to motivational support. An involvement-oriented approach relies heavily on interpersonal trust between leader and follower enabling the self-control and self-management of the follower (Lawler, 1986, 1992).

Hypothesis 3a: Relational support will directly and positively influence motivational support.

With regard to the institutional relationship, contextual support enables followers to appreciate the rationales for managerial and organizational decisions, making them better informed to make effective decisions within the organizational context. In support of this notion, Davis and Donaldson (1991) assert that clarity regarding the organizational context facilitates the leader's ability to enable and motivate others to formulate and implement plans.

Hypothesis 3b: Contextual support will directly and positively influence motivational support.

An important part of stewardship is created by the "self actualizing" person (Maslow, 1970; McGregor, 1960), who has an internal, natural drive to become the best possible person they can be and whose motivational scheme is based on intrinsic and intangible rewards (Davis et al., 1997). Specifically, the literature supports the notion that "self-efficacy, self-determination and feelings of purpose," which characterize intrinsic motivation, drive stewardship outcomes (Davis et al., 1997). Leaders instill intrinsic motivation in followers by designing work and organizational processes that provide meaningfulness and responsibility for outcomes (Hackman & Oldham, 1976). In doing so, they enable and motivate followers to take personal responsibility for their actions. Consistent with the literature, leadership behaviors that create motivational

support by fostering follower efficacy and self-determination are hypothesized to positively influence stewardship behaviors.

Hypothesis 4: Motivational support will directly and positively influence stewardship.

2.4.4 Moral Courage

Courage has been defined as “the disposition to voluntarily act, perhaps fearfully, in a dangerous circumstance, where the relevant risks are reasonably appraised, in an effort to obtain or preserve some perceived good for oneself or others” (Shelp, 1984; p. 354). The following four conditions are identified in this definition: (1) Free choice is involved in taking the action; (2) some sort of risk is present in the situation; (3) the risk has been adequately appraised; and (4) the action serves worthy aims (Worline, Wrzesniewski, & Rafaeli, 2002). Within the organizational context, courage means “daring to challenge the conventional models of working behaviors (Dubin, 1982, p. 378)”. This organizational conceptualization of courage places an emphasis on undertaking potentially risky action within the context of everyday work activities in which people are engaged (Walton, 1986).

Ethicists have theorized that *moral* courage arises from dilemmas questioning one’s moral sense, or moral values, which impels an individual to act on such a mental challenge sustaining the risk of harm to an individual’s emotional wellbeing, self-esteem, and personal and professional reputation (Kidder & Bracy, 2001; Kidder, 2005).

Accordingly, the term moral implies a consideration of an individual's personal values; something that is moral is not simply a consideration of a good or bad choice, instead it is used as a normative term used to describe an action that is right and proper according to an individual's moral standards.

Moral courage is defined in the current research as risky action in service of upholding individual moral principles and standards. Building on Shelp's (1984) definition of courage, I assert the following five conditions for moral courage: (1) The situation prompts a consideration of one's individual values; (2) free choice is involved in taking action in response to the situation; (3) personal and/or professional risk is associated with taking action; (4) the risk has been adequately appraised; and (5) the action is in line with the individual's moral standards. Accordingly, moral courage involves a personal responsibility to take into account one's personal values within a broader social context when considering risky behavior. Leaders generate morally courageous behavior by fostering relational, contextual, and motivational support in followers. Moral courage in followers is exhibited to the extent that they demonstrate a moral awareness, propensity toward moral action, appropriately take risk by knowing what is at risk both personally and professionally, and authentically communicate their values through their actions.

Past work in the organizational behavior literature has theorized about courage, but not moral courage in particular. Moral courage has only been discussed in broad

terms within the business ethics area and to date, has not been operationalized or empirically tested. Accordingly, its underlying mechanisms are unclear. In order to shed light on such processes and develop subsequent hypotheses within the proposed model of stewardship, I draw from the work on courage in the organizational behavior literature. The construct of courage has significant overlap with but has been developed theoretically to a greater extent than the construct of moral courage and thus, provides a richer base in which to ground the current hypotheses.

First, based on the work on courage by Worline (2002), it is plausible that one of the foundational elements of moral courage is the interpersonal relationship between leader and follower. Worline (2002) posits that leaders who sustain courage in their organizations have as a foundation a sense of “shared humanity,” exhibiting behaviors that foster participation from followers, building trust and respect. This implies that followers may leverage the mutual trust in their interpersonal relationship with the leader to mitigate the uncertainty, or risk, involved in courageous behavior, thereby making it more probable for the follower to act courageously. In view of this, the current research proposes that relational support may influence moral courage positively.

Hypothesis 5a: Relational support will directly and positively influence moral courage.

Courageous action has been characterized as being a socially embedded phenomenon (Worline et al., 2002). It has been posited that leaders are able to create

courageous organizations by fostering a sense of mission within the broader follower base: “True courage in organizations is born from individual action that is undertaken with awareness and sensitivity to the interconnections between people and a sense of how that action serves the organization as a whole (Badarraco, 2001)”. In this way, a sense of mission and purpose may engender the sense of personal obligation that is posited to drive courageous action. Accordingly, it is plausible that a second determinant of moral courage is contextually supportive leadership behavior that builds the institutional relationship and therefore, a sense of community and a personal obligation to that community.

Hypothesis 5b: Contextual support will directly and positively influence moral courage.

Additionally, scholars have recently theorized that empowerment, an enabler of efficacy and self-determination, may be a foundational theoretical mechanism for explaining positive organizational scholarship (POS) relevant outcomes, such as courage (Spreitzer & Doneson, 2005). POS is a movement in organizational studies that focuses on the dynamics in organizations that lead to developing human strength, producing resilience and restoration, fostering vitality, and cultivating extraordinary individuals (Cameron, Dutton, & Quinn, 2003). Specifically, it has been posited that courage is based on the confidence to take difficult action (Worline, 2002). In his way, self-efficacy and self-determination may enhance the follower’s ability to undertake a risk. It is likely then

that the motivation to take a risk in service of a moral end is directly influenced by an individual's felt ability and motivation to take action.

Hypothesis 5c: Motivational support will directly and positively influence moral courage.

Crucially, a consideration of one's personal values in choosing to undertake risky action differentiates courage from moral courage. It is this component in moral courage that forms an especially close relationship with stewardship behavior, which by definition strives to uphold moral communal and universal norms. Moral judgment and courageous action are theorized to come together to form a moral courage that drives stewardship in organizations. Indeed, if being moral means operating within the realm of concern for right and wrong, and being courageous implies taking action to protect something that is held dearly, such as one's core values, then moral courage means the courage to invoke and practice those values (Kidder & Bracy, 2001). Hence, moral courage is posited to not only influence stewardship directly and positively but to be a central factor in creating stewardship behaviors.

Hypothesis 6: Moral courage will directly and positively influence stewardship.

Hypothesis 7: Moral courage will fully mediate the effects of relational support, contextual support, and motivational support on stewardship.

2.5 Overview of Empirical Studies

Two studies were conducted to test the above posited determinants of stewardship. In study 1, a survey was conducted on currently employed executives from varying professions to investigate the naturally occurring relationships between the proposed constructs. Study 2 consisted of a controlled experiment that manipulated the levels of relational, motivational, and contextual support from leaders in order to gauge their effects on follower behaviors such as moral courage and stewardship. As will be discussed in detail below, studies 1 and 2 present a consistent pattern of results.

2.5.1 Study 1

2.5.1.1 Methods

Participants

Respondents were 354 executive students enrolled in a business school leadership class. Approximately 77 percent attended the leadership course as part of their executive MBA programs and 23 percent were enrolled in a non-degree course. At the time the survey was administered, participants had been employed from 0.25 to 28 years, with a mean of 10.7 years. 82 percent of participants were male and 18 percent were female. Their ages ranged from 27 to 56, with a mean of 35.7 years of age. 27 percent of participants noted a country of origin other than the United States and the remaining 74 percent described themselves as being from the United States. In addition

to participant self ratings, there were ratings supplied by each participant's supervisors ($N = 398$), work peers ($N = 1066$), and direct reports ($N = 852$). Within each of these relationship groups, multiple raters of a participant from the same relationship category were linked to the appropriate participant self ratings. No demographic information is available for supervisor, peer, or direct report rater groups. Only "follower" rater groups (peer, direct report, and supervisor) were aggregated ($ICC(1)=.86$)¹ and used in the analyses, as significant group variance was detected between "follower" and "self" ratings ($p < .001$). This gap between self-ratings and those of other relationship groups is in line with findings in the social psychological literature that suggest leader self-perception is inaccurate concerning relational aspects of leadership (Messick, Bloom, Boldizar, & Samuelson, 1985; Lord, Foti, & DeVader, 1984; Lord & Maher, 1993).

Procedure

The survey was part of an executive leadership course. Students were informed of the survey via-email by the professor and encouraged to complete it before the start of the course; they were also told that it would take them approximately twenty minutes to read the directions and answer the questions. Accessible only in an electronic format, the survey was posted online and distributed to all respondents via-email. Enrolled students were instructed to distribute the survey to at least 2 direct reports, 2 peers and 1

¹ Bryk and Raudenbush, 1982 interpret $ICC(1)$ as the proportion of the total variance that can be explained by group membership (e.g., variance explained by groups sharing a common source, in this case, the leader being evaluated).

supervisor. Feedback from the 360 survey tool was incorporated into the course and used to analyze the students' leadership abilities. Permission to use the data for academic research was also requested online and nearly all participants consented; only 9 participants out of 354 did not consent. These data were not included in the current analyses.

Measures

The data used for this study was collected as part of a larger research project designed to test the Lind-Sitkin Multiple Domain Leadership Instrument (2006) which is based on the Sitkin-Lind theoretical framework of leadership (Sitkin et al., 2005). Specifically, the Relational Support scale is referred to as "Relational Leadership" in the Lind-Sitkin MDLI (2006). The Contextual Support scale was created from the Lind-Sitkin MDLI (2006) "Contextual Leadership" and "Personal Leadership" measures. The Motivational Support scale was constructed from items in the "Inspirational Leadership" and "Supportive Leadership" domains of the Lind-Sitkin MDLI (2006). Finally, the Moral Courage and Stewardship scales were formed from the "Institutional Leadership" domain of the Lind-Sitkin MDLI (2006).

Across all of the items, participants responded on five-point scales with anchors at every increment: 5 (Strongly Agree), 4 (Agree), 3 (Neutral), 2 (Disagree) and 1(Strongly Disagree). The items are explained below (see Appendix A for a complete set of survey items and reliability estimates by sub-scale and composite variable).

Relational Support measured the participant's perceptions of the leader's ability to instill trust in them by exhibiting relational behaviors. Specifically, the scale was composed of items referring to the leader's ability to show concern for others (i.e. "Displays concern for those he/she leads"), respect for others (i.e. "Shows respect for people regardless of their level in the organization"), and fairness (i.e. "Deals fairly with those he/she leads"). The composite scale for relational support was internally consistent (Cronbach's alpha = .86).

Contextual Support measured the participant's perceptions of the leader's ability to provide coherence and coordination about the organization's vision, structures and processes. Examples of the items included are the following: For vision (i.e. "Provides a clear vision for the organization or unit"), coherence (i.e. "Promotes a shared understanding about complex issues"), and coordination (i.e. "Helps coordinate actions of unit or organization"). The composite scale for contextual support was reliable (Cronbach's alpha = .84).

Motivational Support measured the participant's perceptions of the leader's ability to motivate others by fostering in followers a sense of self-efficacy (i.e., "Helps the people he/she leads to see how to successfully perform their roles in the organization") and self-determination (i.e. "Encourages those he/she leads to take on tough challenges"). One item measured the leader's ability to provide the necessary resources to accomplish tasks, "Ensures delivery of the resources others need to accomplish tasks".

The composite scale for motivational support was internally consistent (Cronbach's alpha = .80).

Moral Courage measured the participants' perceived capacity of a leader to foster in them a sense of moral awareness, how to genuinely convey their values, and appropriately take risk. Participants evaluated items such as "Promotes high ethical standards" for moral awareness, "Encourages us to be true to our personal beliefs and values" for authenticity, and "Promotes a climate in which constructively challenging the status quo is acceptable" for appropriate risk taking. The composite scale for moral courage was reliable (Cronbach's alpha = .82).

Stewardship was comprised of items that measured the perceived effect of the leader's ability to instill a sense of stewardship in followers. This scale was composed of three subscales: Personal responsibility/ownership (i.e. "Accepts the personal scrutiny that accompanies leadership"), balanced action serving internal stakeholder interests versus self-interests (i.e. "Encourages balance between personal interests and organizational interests"), and balanced action serving internal versus external stakeholder interests (i.e. "Helps others to see the need to balance their responsibilities to the organization and to those outside the organization"). The dependent variable scale was internally consistent (Cronbach's alpha = .87).

Analytic Method

The analyses for the current study modeled behaviors generating relational support, contextual support, and motivational support as independent variables; moral courage and stewardship were modeled as dependent variables. Figure 2 presents the fully recursive structural and measurement model parameters used as the basis for evaluating the proposed stewardship model. The boxes in Figure 2 represent manifest or measured variables, and the circles represent latent or unobserved constructs.

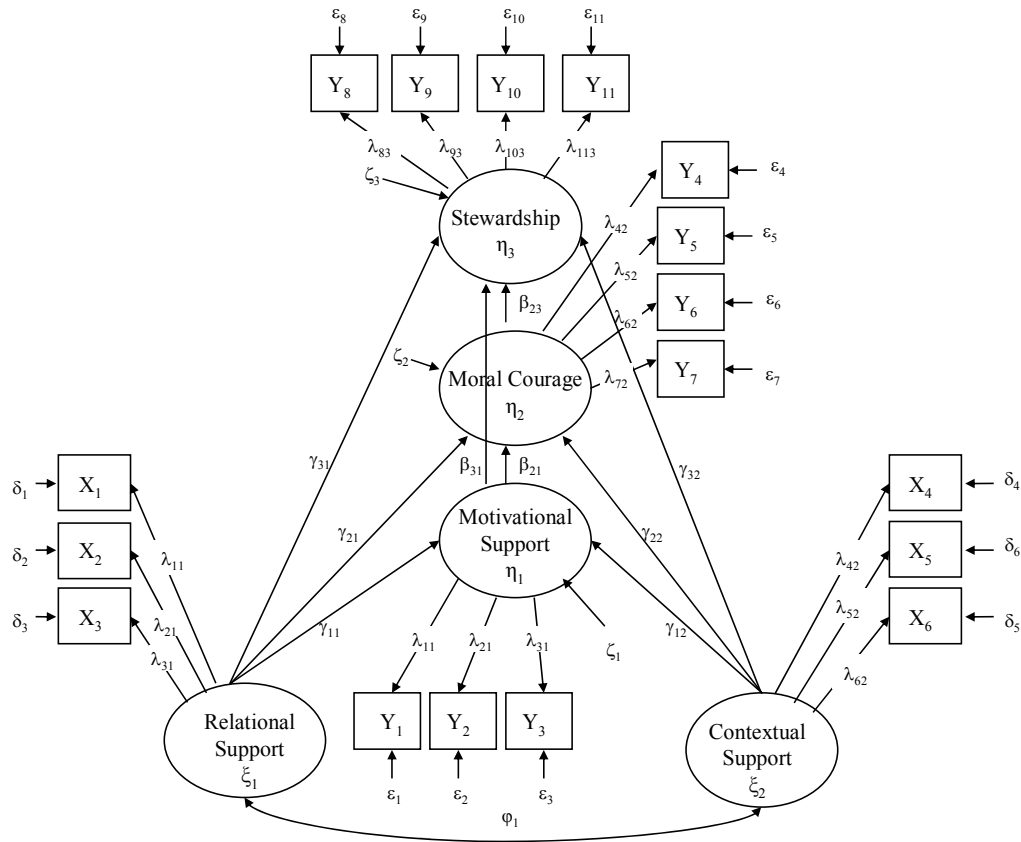


Figure 2: Study1: Representation of the Fully Recursive Structural and Measurement Model

AMOS 5.0 (Arbuckle, 2003) was used in conjunction with SPSS 12.0 to test the hypotheses and compare the fit of three nested models. Model 1, the implied model, included only direct paths from moral courage, relational support, motivational support, and contextual support latent variables to the stewardship latent variable; exogenous variables were not allowed to correlate. Model 2, the partially mediated model, specified direct effects of the moral courage latent variable on the stewardship latent variable, in addition to direct effects of relational support and contextual support on motivational support, moral courage, and stewardship, direct effects of motivational support on moral courage; correlations between exogenous variables were permitted. Finally, Model 3, the fully mediated model, allowed for full mediation of stewardship effects through the moral courage latent variable. Specifically, relational support and contextual support had indirect effects on stewardship through the moral courage and motivational support latent variables, motivational support had an indirect effect on stewardship through the moral courage latent variable; exogenous variables were allowed to correlate.

The fit of the model was evaluated by using several indices of fit, as identical results may be interpreted quite differently, depending on the indices and criteria used, as well as on who is doing the interpretation (Gerbing & Anderson, 1992; Pedhazur & Schmelkin, 1991). Accordingly, first, model fit was evaluated by examining root means square error of approximation (RMSEA), which is an estimate of the discrepancy

between the original and reproduced covariance matrices in the population. Browne and Cudeck (1993) suggest that a RMSEA value of .05 indicates close fit and a value of .08 represents reasonable errors of approximation in the population. This index is an example of a subset of indices that are based on the idea that further evidence can be gained from an examination of the fitted residuals, which are obtained by subtracting reproduced correlations (covariances) from their respective observed correlations (covariances). It can be said that the better the fit of the model, the smaller the fitted residuals. Large normalized residuals are usually indicators of multidimensionality, a result of either underfitting or overfitting (Anderson & Gerbing, 1988).

Next, a related set of indices were studied in order to assess fit by the degree to which the model accounts for the sample covariances relative to a more restricted nested model, usually the null model in which all indicators are specified as uncorrelated. Specifically, an examination of the normed fit index (NFI), where the null model serves as a statistical baseline of comparison for the evaluation of fit, provided a basis for assessing the incremental fit of the substantive model of interest relative to the substantively uninteresting baseline model. Also, included in the analyses was the Tucker-Lewis (1973) index (TLI), which assesses incremental fit based on the stand alone value, and the comparative fit index (CFI), which similarly indicates the relative improvement in fit of the target model over a null model in which all observed variables are uncorrelated (Bentler, 1990). Bentler and Bonett (1980) suggest that a value of .90 or

higher for the NFI, TLI or CFI indicates an adequate fit of model to data. Unlike RMSEA and NFI, the TLI and CFI are independent of sample size and degrees of freedom (Marsh, Balla & McDonald, 1988). Nevertheless, even though some indices may offer advantages over others, no one index or criterion for a value is correct; a comparison between models and fit indices is warranted in order to draw any conclusions from the different structural models.

2.5.1.2 Results

Table 1 displays the means, standard deviations, reliabilities, and the zero-order correlation coefficients for all the variables.

Table 1: Study 1 Means, Standard Deviations, Reliabilities and Zero-Order Correlations for Study Variables ^a

Variables	Means	s.d.	1	2	3	4	5
1. Relational Support	4.19	0.62	(.86)				
2. Contextual Support	4.06	0.59	0.68**	(.84)			
3. Motivational Support	4.06	0.59	0.69**	0.77**	(.80)		
4. Moral Courage	4.32	0.51	0.70**	0.68**	0.73**	(.82)	
5. Stewardship	4.31	0.52	0.71**	0.71**	0.75**	0.78**	(.87)

^a The alpha coefficients of reliability are displayed in parentheses and on the diagonal.

** $p < .01$

As predicted in H1, H2, H4, H6 and tested in Model 1, the implied model, there is a direct and positive effect of relational support ($\beta = .258, p < .001$), contextual support ($\beta = .340, p < .001$), motivational support ($\beta = .366, p < .001$), and moral courage ($\beta = .538, p < .001$) on stewardship. Nevertheless, when the predictive paths between the

independent variables are added, there are significant mediating relationships. Model 2 and Model 3 further explore these relationships.

Model 2, the partially mediated model, tested direct versus indirect relationships between the independent variables and stewardship (see Figure 3). The results show that the direct effect of relational support on stewardship (H1) and motivational support on stewardship (H4) are fully mediated by moral courage and the effect of contextual support on stewardship is only partially mediated (H2); thus, there is partial support for H7. As expected, the effect of moral courage on stewardship (H6) remains significant. The analyses lend support to H3a and H3b that predicted relational support and contextual support would positively and directly predict motivational support, respectively. Further, Model 2 tested the effects of relational support, contextual support, and motivational support on moral courage as proposed by H5a, H5b, and H5c. The results show that relational support and motivational support directly and positively predict moral courage, supporting H5a and H5c. However, the data also show that contextual support directly but negatively predicts moral courage; thus, H5b was not supported.

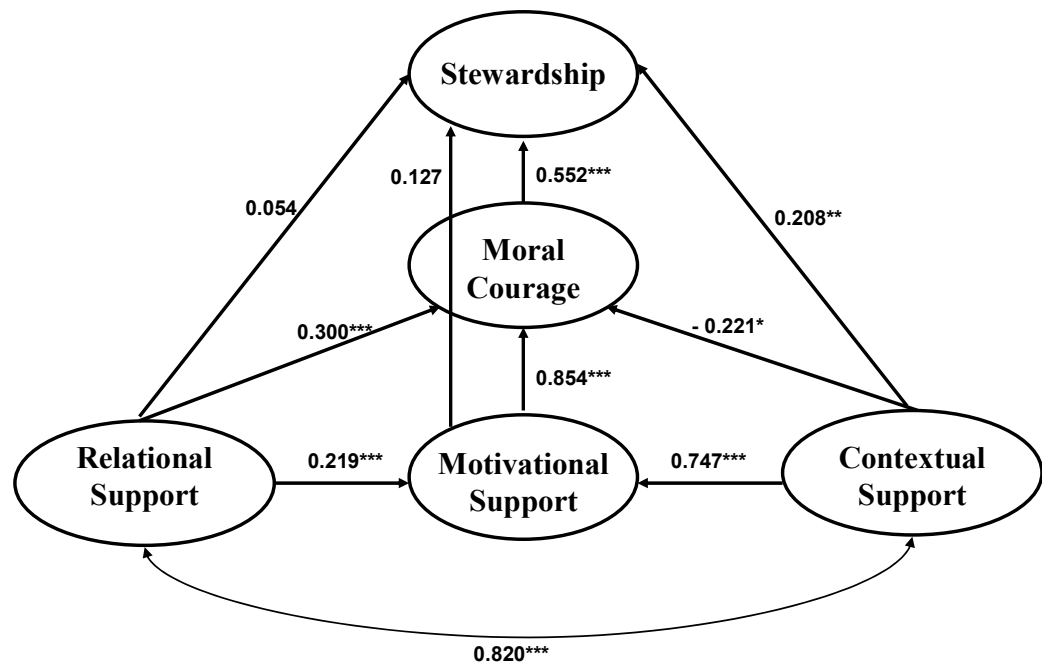


Figure 3: Standardized Structural Coefficients for Model 2 ($*** p < .001$, $** p < .01$, $* p < .05$).

Model 3, the fully mediated model, was advanced by the proposed theoretical framework of stewardship. As shown in Figure 4, relational support and contextual support significantly drive motivational support. Also, the effects of relational support and motivational support on stewardship are fully mediated through moral courage. However, consistent with Model 2, the effect of contextual support on stewardship is

mediated by motivational support, rather than by moral courage. The direct path from contextual support to stewardship was removed in Model 3; this difference may be responsible for the change in sign and level of significance for the direct path coefficient from contextual support to moral courage. Nevertheless, in both models there is evidence to support no direct positive link from contextual support to moral courage.

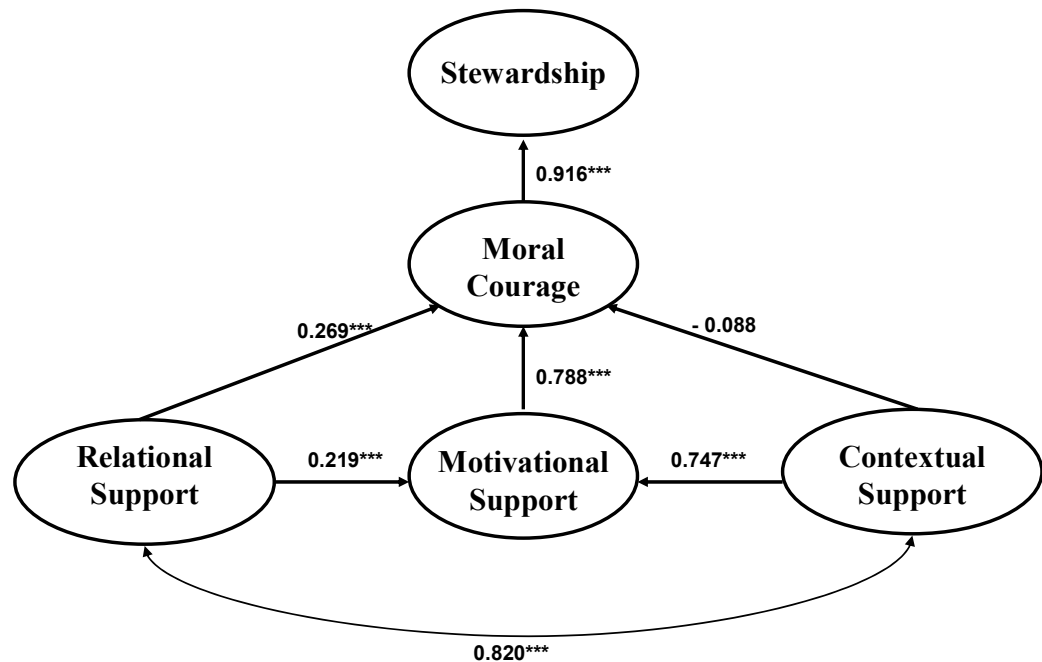


Figure 4: Standardized Structural Coefficients for Model 3 (** $p < .001$, ** $p < .01$, * $p < .05$).

The fit indices offer further insight to the modeled relationships. As would be expected, there is a large difference in fit between the implied model and Models 2 and 3; the partially and fully mediated models fit the data significantly better than the implied model. The difference between the partially and fully mediated models is smaller in magnitude but informative in offering a revision to the proposed model. A decrease in RMSEA from .069 to .068, an increase in NFI from .951 to .954, an increase in TLI from .935 to .936, and an increase in CFI from .955 to .958, offers consistent evidence that the partially mediated model may be a slightly better fit than the fully mediated model. This suggests that the direct effect from contextual leadership to stewardship offers additional explanatory power to the stewardship model than what was proposed in Model 3.

Taken together, the results suggest that a revised model of stewardship should allow for a direct effect of contextual support on stewardship and remove direct causal paths from relational support and motivational support to stewardship. Model 4 illustrates this revised, best fit model and displays its standardized path coefficients (see Figure 5).

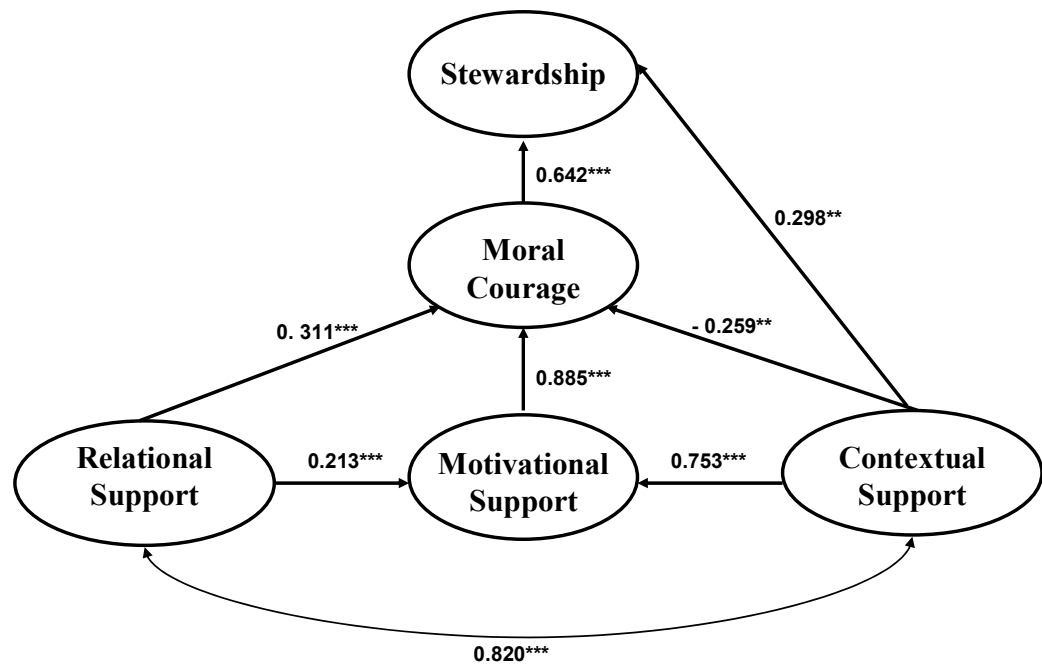


Figure 5: Standardized Structural Coefficients for Model 4 (** $p < .001$, ** $p < .01$, * $p < .05$).

Fit indices presented in Table 2 suggest this revised model offers an overall improvement in fit from both Model 2 and Model 3.

Table 2: Fit Indices

Models	Root Means			
	Square Error of Approximation	Normed Fit Index	Tucker-Lewis Index	Comparative Fit Index
1. Implied Model	0.176	0.694	0.576	0.696
2. Partially Mediated Model	0.068	0.954	0.936	0.958
3. Fully Mediated Model	0.069	0.951	0.935	0.955
4. Best Fit Model	0.067	0.954	0.938	0.958

2.5.1.3 Study 1 Discussion

As predicted, the results in study 1 show that moral courage fully accounts for the effects of relational and motivational support on stewardship. However, contextual support does not positively predict moral courage, nor is its direct effect on stewardship mediated by moral courage. The structural equation analyses suggest that contextual support may have a significant indirect effect on stewardship through motivational support.

Overall, although suggestive, these results explain only correlational relationships as the survey did not manipulate any behaviors. It focused on measuring the perceptions of leadership behavior and its perceived effects on followers. This design limits the conclusions that can be drawn from this study to an argument based on associations between constructs, rather than causal inferences. Furthermore, the current study presents three additional limitations: (1) There are high intercorrelations between the independent variables; (2) The item wordings are imprecise as they rely on the

assumption that if the leadership behavior is modeled, then the follower exhibits the proposed effect. Specifically, there was no measure of perceived moral courage and stewardship behaviors in followers. (3) The measures of moral courage and stewardship warrant further refinement in order to more fully reflect the theoretical framework generated in the research.

Study 2 sought to remedy these problems in the following ways: (1) A controlled experiment was conducted in which the independent variables were made to be uncorrelated; (2) Perceived follower behavior was measured rather than perceived leadership behavior; (3) The subscale measures used to operationalize moral courage and stewardship were revised. Exact revisions will be noted in the measures section of the methods for study 2.

2.5.2 Study 2

2.5.2.1 Methods

Participants

A total of 198 participants, 29 business school students (20 males, 9 females) and 169 retired professionals (133 males, 35 female), took part in this study. To ensure that the data collected from these two populations were comparable, independent analyses were performed for each participant pool. Because the results were consistent across the samples and no significant statistical differences were detected, the data were combined

for all analyses. The work experience of participants ranged between 0 and 70 years, with a mean of 35.9 years. Their ages ranged from 21 to 97, with a mean of 65.4 years. 3.5 percent of participants noted a country of origin other than the United States, 95.5 percent described themselves as being from the United States, and 1 percent did not report their country of origin. Additionally, of the participants from the United States, 46.6 percent reported having lived outside of their home country; the period of time these participants lived outside of the United States ranged from 2 months to 39 years, with an average of 6 years.

The data from business school students were collected at a fund raising event sponsored by a business school. \$8 was donated to support the charitable cause for each student's participation in the study. The data from the retired professionals were collected via-mail survey. 370 surveys were sent out. Potential participants were given two weeks to return the survey. 169 participants returned completed surveys and received \$5 for their participation.

Experimental Design and Materials

This study had a 2 Relational Support (High level x Low level) x 2 Contextual Support (High level x Low level) x 2 Motivational Support (High level x Low level) x 2 follower group (Peer x Direct Report) between-subjects experimental design. Peer and direct report conditions were collapsed because independent analyses showed the results were consistent across the same conditions with different follower categories, no

significant statistical differences were detected, and the two groups showed a high level of shared variance ($ICC(1) = .85$). The reliability between follower groups found in study 2 is in line with the findings in study 1 where follower ratings were also combined by leader.

Each participant viewed a performance evaluation for a fictitious leader that contained varying levels of performance in numerical and descriptive formats varying across conditions. They were then asked to rate the leader's performance in three general categories, which broadly measured each of the relational, contextual, and motivational support constructs (e.g., "John explains and coordinates roles effectively"); this served as a manipulation check for the stimuli. Following this manipulation check, each participant was asked to fill out an evaluation on the leader's peer or direct report and judge how likely that peer or direct report was to exhibit certain types of behaviors; the items presented served to measure the follower's morally courageous and stewardship behaviors. Finally, participants were asked to judge how likely it would be for the leader's team to exhibit certain behaviors because of the leader's actions. This last set of items was exploratory in nature. See Appendix B for full set of experimental materials. The entire survey took participants approximately twenty minutes to complete.

Dependent Measures

Across all of the items, participants responded on seven-point scales with anchors “1= Not at all Likely”, “4=Somewhat Likely”, and “7=Extremely Likely”. The items are explained below (see Appendix C for a complete set of items and reliability estimates by sub-scale and composite variable).

Moral Courage measured the participants’ perceived capacity of a leader to foster in the follower a sense of moral awareness, moral action, how to genuinely convey their values, and appropriately take risk. All subscale items remained the same as in study 1 except for the addition of the moral action subscale; in this scale, participants evaluated the following questions regarding the follower’s behavior: “Recognizes the tradeoffs of the organizational issues at hand”, “Is willing to face up to issues rather than bury them”, “Accepts responsibility for the consequences of his decisions”, and “Takes difficult action regarding moral dilemmas.” The composite scale for moral courage was reliable (Cronbach’s alpha = .86).

Stewardship was comprised of items that measured the perceived effect of the leader’s ability to instill a sense of stewardship in followers. Two of the three subscales, balanced action serving internal stakeholder interests versus self-interests and balanced action serving internal versus external stakeholder interests, were revised. Specifically, the balanced action serving internal stakeholder interests versus self-interests subscale was revised to define stakeholders as the leader’s team rather than the organization as a

whole. For example, the items such as “Encourages balance between personal interests and organizational interests” were replaced with items such as “Never puts personal gain ahead of the team's best interests”. With regards to the balanced action serving internal versus external stakeholder interests subscale, items were revised to add clarity and specificity. For example, “Seeks to balance long-term and short-term goals” was changed to “Seeks to balance long-term benefits to those inside and outside the organization with short-term profitability goals.” Also, a subscale measuring balanced action serving stockholder interest versus self-interests was added; participants evaluated the following items about the follower’s behavior: “Balances the interests of his unit and the interests of the organization as a whole”, “Encourages balance between personal interests and organizational interests”, and “Is willing to accept personal challenges if they serve the long-term interests of the organization.” The stewardship scale was internally consistent (Cronbach’s alpha = .91).

2.5.2.2 Results

Table 3 displays the means, standard deviations, reliabilities, and the zero-order correlation coefficients for all of the variables. Regression analyses were used to test the hypotheses.

Table 3: Study 2 Means, Standard Deviations, Reliabilities and Zero-Order Correlations for Study Variables ^a

Variables	Means	s.d.	1	2	3	4	5
1. Relational Support	4.30	2.12					
2. Contextual Support	4.32	2.26	-0.01				
3. Motivational Support	4.20	2.15	0.04	.021			
4. Moral Courage	4.22	1.02	0.39**	.044	0.27**	(.86)	
5. Stewardship	3.98	1.07	0.35**	0.15*	0.21**	0.85***	(.91)

^aThe alpha coefficients of reliability are displayed in parentheses and on the diagonal.

* $p < .05$, ** $p < .01$, *** $p < .001$

First, regression analyses were performed to test the direct effects of the independent variables on moral courage and stewardship. The results show that relational support has a direct, positive effect on both moral courage ($F(1, 179) = 29.72, p < .001; \beta = .378$) and stewardship ($F(1, 182) = 24.52, p < .001; \beta = .345$), lending support to H5a and H1, respectively. Similarly, the results show motivational support also has a direct, positive effect on both moral courage ($F(1, 179) = 13.80, p < .001; \beta = .268$) and stewardship ($F(1, 182) = 8.38, p < .01; \beta = .210$), lending support to H5c and H4, respectively. However, different from the original predictions, contextual support did not significantly predict moral courage ($F(1, 179) = .35, ns, \beta = .044$), which does not support H5b. The results show only a direct, positive effect of contextual support on stewardship ($F(1, 182) = 3.92, p < .05; \beta = .146$), which supports H2. Finally, H6 predicted a direct, positive effect of moral courage on stewardship; the result support this prediction ($F(1, 176) = 440.02, p < .001; \beta = .846$). Additionally, a 3-way ANOVA was performed to test for interactions; no significant interactions were found between the

three types of leadership support and moral courage or stewardship (all $F < 2.1$, all $p > .15$).

Second, following Baron and Kenny (1986) and as shown in Table 4, mediation analyses ($F(4, 176) = 114.05, p < .001$) showed moral courage ($\beta = .831, p < .001$) fully mediates the effect of relational support ($\beta = .017, ns$) and motivational support ($\beta = .015, ns$) on stewardship; Sobel tests ($3.67, p < .001$; $2.28, p < .05$, respectively) confirm full mediation. However, since the direct effect of contextual support on moral courage was not significant, no mediation was expected; the effect of contextual support on stewardship remains significant ($\beta = .102, p < .05$); a Sobel test ($1.48, ns$) confirms this result. This lends partial support to H7.

Table 4: Mediation Analyses on Stewardship

Variable	Step 1 <i>B</i>	Step 2 <i>B</i>	Step 3 <i>B</i>	<i>Sobel Test Statistic</i>
Relational Support	.335***		.017	3.67***
Motivational Support	.198**		.015	2.28*
Contextual Support	.135*		.102*	1.48
Moral Courage		.846***	.831***	
<i>R Square</i>	.177	.715	.726	

$N = 198$; * $p < .05$, ** $p < .01$, *** $p < .001$.

As a final point, note that hypotheses 3a and 3b were not tested as they predict effects between the independent variables in this study. These relationships were modeled in study 1; however, within the experimental design of study 2, it was not valid to test these causal effects since the independent variables were purposefully constructed to not correlate with each other.

2.5.2.3 Study 2 Discussion

The overall pattern of results of studies 1 and 2 is consistent, with the exception of the relationship between contextual support and moral courage. Study 1 showed a negative relationship in the best fit model (Model 4), as opposed to study 2 that showed the effect of contextual support on moral courage is not significant. Despite this discrepancy, these two findings regarding the role of contextual support in the stewardship framework are not completely at odds. Consistent with the fully mediated model in study 1 (Model 3), contextual support does not have a significant relationship with moral courage. This fully mediated model, as compared to the best fit model, more closely parallels the analyses in study 2. Accordingly, the results suggest that when analyzed as a fully mediated model, contextual support has no effect on moral courage. However, when the variance is more fully accounted for in a best fit model, the relationship between contextual support and moral courage is negative.

Although study 2 offered several solutions to the limitations in study 1, a weakness that emerged from the analyses was the high correlation between the two

dependent variables: moral courage and stewardship. A factor analyses revealed that empirically, as they are currently operationalized and measured, these two variables are not separate factors. Theoretically, however, past literature and the research presented in this dissertation would support that they are indeed two distinct constructs. Further study is warranted in order to better measure and quantify the different mechanisms that are at play in moral courage and stewardship behaviors. Finally, another improvement for future studies is to move from measuring the perceptions of leadership and follower behaviors to quantifying these behaviors and their effects in more objective ways.

2.6 General Discussion

The current studies examine the leadership determinants of stewardship in the organization. The results suggest moral courage fully accounts for the effect of relational support and motivational support on stewardship. Yet contextual support has both a direct effect on stewardship and an indirect influence through motivational support. This finding is different than the proposed model, where moral courage was posited to fully mediate the effects of the three predictors on stewardship.

A possible explanation for the negative relationship between contextual support and moral courage may be grounded in the social loafing phenomenon; within the current framework, the diffusion of responsibility would refer specifically to a type of moral social loafing. In the traditional sense, social loafing is the tendency for people in

work groups to exert less effort than if they worked individually (Latane, Williams, & Harkins, 1979). This effect is exacerbated by situations when individuals within a group perceive that they can neither receive their fair share of rewards nor the appropriate blame; as a response, individuals contribute less than their optimal effort. Within the current stewardship framework, leadership behaviors that create contextual support, which in turn, build a sense of community may bolster collective efficacy and a sense of obligation to the organization but at the same time, inhibit the individual's responsibility to take risky action in light of a moral challenge. Such a situation would manufacture a type of moral social loafing where individuals feel included as part of the larger group (i.e. the organization) and thus, accept its values but lack a sense of personal responsibility to consider their own personal values in facing moral dilemmas within the organizational context.

An alternative explanation is that given the strong sense of collective efficacy and community involvement, a follower's personal initiative to tackle moral problems in a morally courageous fashion may not be necessary. The network may correct moral infractions without ever allocating risk to any one individual within the community. If such were the case, leadership behaviors that foster contextual support in followers would lead directly to stewardship without need for any one follower to take morally courageous action.

In either case, the institutional trust created through contextual support may lead to an over-emphasis on the network of followers within the organization and an under-emphasis on each organizational actor's role within that network. However, if an emphasis on the individual is necessary to foster personal responsibility, then a central mechanism within the stewardship framework may be the intrinsic motivation of the individual follower. In view of that, the effect of contextual support on stewardship may be facilitated through a leader's motivational support, rather than the follower's moral courage.

In sum, the current findings show that both follower motivation created through leadership behaviors and morally courageous follower behaviors are central drivers of stewardship behaviors. The effect of relationally supportive behaviors that foster mutual trust between leader and follower, and leadership behaviors that engender efficacy and self-determination, on stewardship outcomes are facilitated through morally courageous action. However, leadership behaviors that build contextual support create a sense of belonging within followers that influences stewardship directly and indirectly as they are facilitated through an individual's intrinsic motivation.

As only the first step toward empirically examining the behavioral antecedents of stewardship, it is possible that alternative theoretical frameworks may explain additional variance in stewardship. Also, as noted in the discussion of study 2, future work should seek to empirically disentangle the mechanisms that drive moral courage

and stewardship. Nevertheless, the current data clearly establish relational support, contextual support, motivational support, and moral courage as important variables in explaining and predicting that stewardship behavior. This research adds significantly to the literature by testing the particular role of these factors within a cohesive, descriptive behavioral science model of stewardship. Additionally, by integrating and extending the literatures on leadership, trust, efficacy, and courage to the area of stewardship, the current work builds a strong theoretically grounded framework for future research to continue the study of stewardship.

3. Conclusion: Implications and Avenues for Future Research

3.1 Individual-level Implications

3.1.1 Psychological Ownership

As found in the current research and consistent with past work, leaders engender stewardship behaviors in their followers through contextual support, which communicates a sense of community and obligation to the organization. This sense of community and obligation creates a psychological ownership of and close identification with the company. Individual actors that identify with organizational values are more likely to act in protection of those values; accordingly, identification with the company, serves to align the interests of individuals with organizational goals, fostering stewardship (Davis et al., 1997; Hambrick & Jackson, 2000).

The role of psychological ownership within the theory of stewardship is complex. On one hand, there is evidence (e.g., Mael & Ashforth, 1992; Davis et al., 1997) to believe that it is beneficial for leadership to encourage alignment between personal, professional, and organizational aspirations and behaviors, whenever appropriate, by maintaining a balance among competing aspirations and behaviors. On the other hand, if there is complete alignment, and the organizational goals do not include a consideration of stakeholders beyond the institution, there could potentially be no

individual motivation for employees to uphold communal moral norms. Accordingly, the level of congruency between personal and organizational values is unclear; future research should seek to further examine this relationship.

3.1.2 The Role of Values and Work Orientation in Stewardship

Moreover, these findings raise an interesting question regarding how identification with the company influences stewardship; mainly, how does psychological ownership heighten a sense of stewardship among organizational members? If psychological ownership involves a strong identification with the organization, which fosters a sense of oneness with the organizational cause or mission and an internalization of organizational values and goals in service of that mission, then organizational actors must feel that their role within the organization is purposeful within that value framework and positive in order to preserve their psychological wellbeing and sustain their motivation to work for the organization. Accordingly, a relationship is likely to exist between the motivation to work, the values espoused by that work, and the organizational actor's value system.

Research on value congruence repeatedly has demonstrated that individuals react more favorably towards organizations that possess, or at least are perceived to possess, values similar to their own (Kristof, 1996). Particularly relevant to this discussion is the concept of person-organization (P-O) fit, which Chatman defined as, "the congruence between the norms and values of organizations and the values of

persons" (1989, p. 339). It appears as if fit is important both pre- and post-organizational entry. For instance, jobseekers are attracted to, and tend to accept jobs with, firms thought to possess values similar to their own (Cable & Judge, 1996). Furthermore, P-O fit is positively related to job satisfaction, satisfaction with the overall work environment, and organizational commitment and negatively correlated with intentions to quit and voluntary turnover (Chatman, 1991; Kristof-Brown, Jansen, & Colbert, 2002). Accordingly, people choose organizations that fit with their personal goals and values (Chatman, 1989; Schneider, 1987); once in the organization, people adopt broader organizational goals and values as their own, creating a deep personal sense of identification with the organizational cause (Mael & Tetrick, 1992). Stewardship is posited to be facilitated by this identification, which creates a sense of connection to the organization that embodies the values shared by its members.

Values are a fundamental element in guiding a person's attitudes, choices, and behaviors (Verplanken & Holland, 2002). Values are desirable goals, varying in importance, that serve as guiding principles in people's lives (Kluckhohn, 1951; Schwartz, 1992). In essence, values address human needs, as "the crucial content aspect that distinguishes among values is the type of motivational goals they express" (Schwartz, 1994; p.88). Thus, an examination of the values that underlie the motivation to work is warranted in order to further explicate the psychology of stewardship.

Value orientation theory is useful to conceptualizing and measuring values; Kasser & Ryan (1993) distinguished between individuals with intrinsic versus extrinsic value orientation. Those with intrinsic value orientation (IVO) have a stronger desire for meaningful relationships, personal growth, and community contributions and are oriented toward the goals of self-acceptance, affiliation, and community feeling. Differently, those with extrinsic value orientation (EVO) have a stronger desire for money, fame, and beauty, and are oriented toward the goals of wealth, status, and attractiveness.

Past findings on this distinction (Sheldon & Kasser, 1998) imply that the value orientation of individuals may either enable stewardship, as would be expected with IVO, or disable stewardship, as would be expected with EVO, through the relative importance individuals place on long-term connections to a community and concern for its welfare. Specifically, intrinsic values that emphasize community oriented behaviors and relationship-based concerns are posited to promote stewardship behaviors. Conversely, extrinsic values that are based primarily on materialistic concerns are more likely to hinder stewardship behaviors.

Clear predictions made from value orientations to stewardship behaviors may be complicated by the type of incentive structure and climate promoted by the organization. If raises and promotion decisions are based on measures that include performance in moral awareness and behavior, persons with extrinsic value orientations

may be motivated to display stewardship behavior above and beyond that of persons with intrinsic value orientation because of purely instrumental interests. Accordingly, persons with extrinsic value orientation may be especially sensitive to the instrumental benefits of looking like a steward.

Values may also be related to stewardship through work orientations, which illustrate a person's fundamental motivation to work. Work orientations guide people's reasons for working, encompassing beliefs about the role of work in life (Baumeister, 1991). Building on the work of Bellah, Madsen, Sullivan, Swidler, & Tipton (1985), Wrzesniewski, McCauley, Rozin and Schwartz (1997) put forward work orientations as a way people frame their work in relation to the rest of life and distinguish between three subjectively distinct ways people experience work: as a Job, Career, or Calling. People who view their work as a "Job" are only interested in the material benefits from work and do not seek or receive any other type of reward from it. The work is not an end in itself, but instead is a means that allows individuals to acquire the resources needed to enjoy their time away from the Job. The major interests and ambitions of Job holders are not expressed through their work. People who view their work as a "Career" have a deeper personal investment in their work; they mark their achievements not only through monetary gain, but through advancement within the occupational structure. Advancement brings higher social standing, increased power within the scope of their occupation, and higher self-esteem. Finally, a "Calling" is work that is inseparable from

life; work is not done for financial gain or career advancement, but instead for the fulfillment that doing the work brings to the individual. Work orientations are critical in determining how people structure their work, define their responsibilities and work objectives, as well as design their roles and tasks (Wrzesniewski & Dutton, 2001).

Understanding how values underlie the perception of work is essential to gaining insights on how managers can effectively motivate their employees to assume and promote socially responsible leadership. In a recent study of Israeli and U.S. economics students, Wrzesniewski (2005) explored the relationships between values (Schwartz, 1992; 1994) and work orientations. The values were part of the Schwartz Value Inventory and focused around the orthogonal dimensions of *self-enhancement* and *self-transcendence*. Similar to extrinsic value orientations, self-enhancement values emphasize the pursuit of self-interest by focusing on gaining control over people and resources (power) or by demonstrating ambition and competence according to social standards and attaining success (achievement). These values conflict with self-transcendence values that, similar to an intrinsic value orientation, emphasize serving the interests of others: expressing concern and care for those with whom one has frequent contact (benevolence) or expressing acceptance, tolerance, and concern for all people regardless of group membership (universalism). Wrzesniewski (2005) found that a Career orientation was positively correlated with emphasizing power and achievement values and negatively with emphasizing universalism values. Job

orientation correlated negatively with achievement values. Finally, Calling orientation correlated positively with attributing great importance to benevolence values.

Based on these previous findings, it would be expected that individuals who have intrinsic aspirations and perceive their work as a Calling will be more likely to act as organizational stewards than individuals who have extrinsic aspirations and perceive their work as a Job or Career. Future work should seek to further theorize and empirically tests the complex relationships between psychological identification, values, work orientations, and stewardship.

3.2 Organizational- and Societal-level Implications

3.2.1 Enabling Forces of and Potential Barriers to Stewardship

At the organizational level, the power structure derived from organizational processes and systems, in conjunction with the organizational culture may both facilitate and hinder stewardship. Scholars have argued that “legitimate moral expectations for a company are shaped by the norms of the community not the personal values or reflections of the individual (Schneider & Barsoux, 2003, p.305)”. An organization may have a code of ethics but if organizational social norms and processes do not facilitate socially responsible behavior, stewardship may be a difficult outcome to achieve. Organizational culture is critical as it reflects the embedded values and beliefs that are generally not discussed but serve as a primary source for guidance for organizational

actors. Future research should seek to further explore how leaders can address the organizational cultural realities that could be at odds with what the organization's code of ethics prescribes. Additionally, further study on the role of organization culture, including the values it espouses and practices, in the development of stewardship behavior is warranted.

At the societal level, in recent years, a number of social entities have placed external pressures on organizations to take a stewardship approach to leadership and business; these pressures may be accountable for a societal trend toward increased social responsibility. For example, the price of acting in a socially irresponsible way is increasing; the legal community in the United States has made that explicitly clear. Most notably, signed into law on July 30, 2002, the Sarbanes-Oxley Corporate Responsibility Act represents the most significant piece of federal securities legislation since the securities laws were first enacted in the 1930's. This act has fundamentally changed how companies conduct business and how they communicate their business practices to stakeholders. Well known among its provisions is the requirement that CEOs and CFOs certify their company's financial reports, with a potential 5 million dollar fine and 20-years behind bars for violations. Thus, the fees for breaking the law have increased substantially and the societal demand for increased organizational transparency is clear.

The risk of losing brand value may be another societal enabler of stewardship. Brand valuation and intangible asset valuation are required for compliance with United

States and International Financial Reporting Standards. Specifically, acquired intangibles which are identifiable in terms of being separable and arise from contractual or legal rights have to be valued and put on the balance sheet. A loss in brand value can severely damage not only a company's reputation but also the bottom line. For example, in 2000 Coca-Cola, hurt by contamination scares in Europe and discrimination suits in the United States, lost 13 percent of its brand value and came perilously close to losing its top-ranking spot among brand names worth a billion dollars or more (Interbrand Consultancy Group, 2002). Such a loss would be devastating for even the strongest balance sheet. Cases such this one suggest that conducting socially responsible business reduces this type of liability, thereby hedging brand value risk.

Finally, the pressure to support socially responsible business from the investment community may be increasing as a result of Socially Responsible Investment (SRI), a well-established major investment sector in the US, the UK and Europe. The SRI sector in the US has grown at twice the growth rate of all assets under management with research by the Social Investment Forum indicating that in 1999 more than 2 trillion dollars was invested in socially responsible funds, a figure that is up 82 percent since the previous survey on the sector in 1997. The profitability of investing in socially responsible business may pose a strong positive influence on the adoption of a stewardship approach to business.

Future work should further investigate the components, drivers, and effects of this societal push back on organizations. In the short-term, it seems these pressures have begun to encourage integrative and balanced organizational action, demand socially responsible behavior from its leaders, and impose a responsibility on the organizations to consider others outside the firm. In this way, organizations are being urged to become caretakers of societies; stewards in their own right.

3.3 Conclusion

Taken together, the implications of this research are far reaching. In a world that is rapidly changing, the proliferation of technology and the globalization of business continually transform and challenge the goals of organizations. The business environment has evolved to become a complex system of interrelated individuals, communities, companies, and nations. Within this system, there is a symbiotic relationship between business and society. Organizations must demonstrate not only flexibility and innovation, but also collaboration and social responsibility in order to cope with the difficulties posed by increased stress on the environment, emergence of numerous corporate scandals, terrorism, and a range of other pressing scientific and social changes.

Leaders play an integral role in shaping the purpose, culture, and actions of the corporation. This dissertation is based on the premise that effective leadership translates to outcomes that include stewardship behaviors. The purpose of this dissertation was to

develop a deeper theoretical and empirical foundation for the study of stewardship. The argument was made that leaders establish a positive cycle of intergenerational reciprocity when their attitudes and behaviors take into account the long-term ramifications to others. In particular, leadership behaviors that instill trust in and motivate the follower as well as shape the organizational context facilitate morally courageous action and stewardship behaviors by followers. A cyclical process was proposed whereby followers become the leaders and in turn, instill in their followers the same sense of social responsibility that was instilled in them. In this way, leaders are the creators of a positive organizational legacy.

Leaving a legacy is an innately appealing and perhaps necessary quest for human beings. Because we recognize the ephemeral nature of society, organizations, and life in general, we seek to make a lasting mark in the future that in some way gives purpose to our existence in the present. Stewardship may be one way of leaving a legacy that benefits not only the individual but future others. By leaving a legacy of stewardship to future generations of leaders and followers, leaders today may be able to play a critical role in ensuring the coexistence of business and society.

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Appendix A: Study 1: Survey Questions by Sub-scale and Composite Variable

RATING SCALE

Strongly Disagree: Statement almost never applies to this person or his/her situation.

Neutral Statement: Sometimes applies to this person and sometimes does not.

Strongly Agree: Statement almost always applies to this person or his/her situation.

Don't Know: You are unable to answer or statement is not applicable. (Please try to answer any item you can.)

This survey asks about the personal qualities and leadership actions of Joe User. You have been asked to answer the survey since you report to Joe User. In answering these questions, please think about your experiences and feelings about this person. When the survey asks about "those he/she leads" this refers to direct reports and coworkers who are influenced by this person's leadership.

Relational support ($\alpha = .86$)

Concern for others ($\alpha = .91$)

1. Displays concern for those he/she leads.
2. Is sensitive to the needs of those he/she leads.
3. Cares about the priorities and interests of those he/she leads.

Respect for others ($\alpha = .84$)

4. Shows respect for people regardless of their level in the organization.
5. Makes an effort to seek out others' opinions on important issues.
6. Takes the time to explain decisions.
7. Is a good listener.

Fairness ($\alpha = .89$)

8. Deals fairly with those he/she leads.
9. Can be trusted to be fair.
10. Is unbiased in his/her decisions.

Contextual support ($\alpha = .84$)

Vision ($\alpha = .86$)

11. Provides a clear vision for the organization or unit.
12. Explains to those he/she leads where the organization/unit is going.

Coherence ($\alpha = .86$)

13. Makes sure that those he/she leads adequately understand business issues.
14. Promotes a shared understanding about complex issues.
15. Cuts through complex or ambiguous problems to make them easier to understand.
16. Explains why things are being done a particular way.

Coordination ($\alpha = .85$)

17. Helps coordinate actions of unit or organization.
18. Resolves conflicts constructively.
19. Creates processes that facilitate the work.
20. Ensures that those he/she leads take the needs of others into account as they do their work.
21. Makes clear how responsibilities are being divided.

Motivational Support ($\alpha = .80$)

Efficacy ($\alpha = .89$)

22. Helps the people he/she leads to see how to successfully perform their roles in the organization.
23. Clarifies to us when independent judgment can be exercised versus when prior approval is needed.
24. Conveys confidence in our ability even when we have self-doubt.
25. Is honest with us about our weaknesses as well as our strengths.
26. Works to help us build on our strengths.
27. Works to help us correct our weaknesses.

Self-Determination ($\alpha = .90$)

28. Works to build others' self-confidence.
29. Encourages a "can do" attitude.
30. Encourages those he/she leads to take on tough challenges.
31. Shows confidence that those he/she leads can grow into new challenges.

Resources

32. Ensures delivery of the resources others need to accomplish tasks.

Moral Courage ($\alpha = .82$)

Ethical Awareness ($\alpha = .84$)

33. Promotes high ethical standards.
34. Discourages unlawful or unethical behavior.
35. Explains the importance of values and ethics.

Authenticity ($\alpha = .79$)

- 36. Lives his/her values.
- 37. Is who he/she appears to be.
- 38. Is committed to doing what he/she thinks is right.
- 39. Encourages us to be true to our personal beliefs and values.

Appropriate Risk Taking ($\alpha = .74$)

- 40. Promotes a climate in which constructively challenging the status quo is acceptable.
- 41. Encourages appropriate risk-taking.
- 42. Recognizes that great efforts do not always succeed.

Stewardship ($\alpha = .87$)

Personal responsibility/Ownership ($\alpha = .83$)

- 43. Accepts the personal scrutiny that accompanies leadership.
- 44. Uses the leadership role appropriately to raise important issues.
- 45. Tries hard to be a good representative of the company.
- 46. Behaves personally in a way that models all of the qualities of good leadership.

Balanced action serving internal stakeholder interests vs. self-interests ($\alpha = .73$)

- 47. Balances the interests of his/her unit and the interests of the organization as a whole.
- 48. Encourages balance between personal interests and organizational interests.
- 49. Is willing to accept personal challenges if they serve the long-term interests of the organization.

Balanced action serving internal vs. external stakeholder interests ($\alpha = .76$)

- 50. Helps others to see the need to balance their responsibilities to the organization and to those outside the organization.
- 51. Seeks to balance long-term and short-term goals.

delivery of the resources others need to accomplish tasks, which further aids to encourage those he leads to take on tough challenges.

Take difficult action regarding moral dilemmas.	1	2	3	4	5	6	7
Accept the personal scrutiny that accompanies leadership.	1	2	3	4	5	6	7
Use the leadership role appropriately to raise important issues.	1	2	3	4	5	6	7
Try hard to be a good representative of the company.	1	2	3	4	5	6	7
Behave personally in a way that models qualities of ethical leadership.	1	2	3	4	5	6	7
Always be willing to make personal sacrifices for the good of his team.	1	2	3	4	5	6	7
Never put his personal gain ahead of the team's best interests.	1	2	3	4	5	6	7
Always be willing to accept personal challenges if they serve the long-term interests of his team.	1	2	3	4	5	6	7
Balance the interests of his unit and the interests of the organization as a whole.	1	2	3	4	5	6	7
Encourage balance between personal interests and organizational interests.	1	2	3	4	5	6	7
Willing to accept personal challenges if they serve the long-term interests of the organization.	1	2	3	4	5	6	7
Help others to see the need to balance their responsibilities to the organization and to those outside the organization.	1	2	3	4	5	6	7
Seek to balance long-term benefits to those inside and outside the organization with short-term profitability goals.	1	2	3	4	5	6	7
Consider the impact of organizational actions and decisions on the community outside the organization.	1	2	3	4	5	6	7
Promote high ethical standards.	1	2	3	4	5	6	7
Discourage unlawful or unethical behavior.	1	2	3	4	5	6	7
Explain the importance of values and ethics.	1	2	3	4	5	6	7

DEMOGRAPHIC QUESTIONNAIRE

Part 5. We would like you to answer a few additional questions. Please remember that your answers will remain confidential and that we are interested in your honest responses.

(1) Your gender: male female (circle one)

(2) Your age: ____ years

(3) What is your ethnicity (please check one below):

African American: ____

Asian: ____

Caucasian/White: ____

Hispanic: ____

Other: ____ (Please explain: _____)

(4) Do you have any children? yes no (circle one)

(5) If yes, how many children do you have? ____

(6) Political Association: Democrat Republican Independent (circle one)

(7) Do you attend school? _____

(8) If so, where? _____

(9) How many years of work experience do you have? _____

(10) In what area(s) have you worked? _____

(11) What has been your highest level position? _____

(12) Are you a US Citizen? yes no (circle one)

(13) If no, then what is your nationality? _____

(14) Have you ever lived outside your home country? _____

(15) If so, then how many years/months? _____

Appendix C: Study 1: Survey Questions by Sub-scale and Composite Variable

Moral Courage ($\alpha = .86$)

Moral Awareness ($\alpha = .90$)

1. Promotes high ethical standards.
2. Discourages unlawful or unethical behavior.
3. Explains the importance of values and ethics.

Authenticity ($\alpha = .90$)

4. Lives his values.
5. Is who he appears to be.
6. Is committed to doing what he thinks is right.
7. Encourages his team to be true to their personal beliefs and values.

Appropriate Risk Taking ($\alpha = .69$)

8. Promotes a climate in which constructively challenging the status quo is acceptable.
9. Encourages appropriate risk-taking.
10. Recognizes that great efforts do not always succeed.
11. Assesses the possible risks and threats facing him before taking action to address a dilemma.

Moral Action ($\alpha = .86$)

12. Recognizes the tradeoffs of the organizational issues at hand.
13. Is willing to face up to issues rather than bury them.
14. Accepts responsibility for the consequences of his decisions.
15. Takes difficult action regarding moral dilemmas.

Stewardship Scale ($\alpha = .91$)

Personal Responsibility/Ownership ($\alpha = .85$)

16. Accepts the personal scrutiny that accompanies leadership.
17. Uses the leadership role appropriately to raise important issues.
18. Tries hard to be a good representative of the company.
19. Behaves personally in a way that models qualities of ethical leadership.

Balanced Action Serving Internal Stakeholder Interests vs. Self-Interests ($\alpha = .86$)

20. Is always willing to make personal sacrifices for the good of his team.

21. Never puts his personal gain ahead of the team's best interests.
22. Is always willing to accept personal challenges if they serve the long-term interests of his team.

Balanced Action Serving Stockholder Interests vs. Self-Interests ($\alpha = .86$)

23. Balances the interests of his unit and the interests of the organization as a whole.
24. Encourages balance between personal interests and organizational interests.
25. Is willing to accept personal challenges if they serve the long-term interests of the organization.

Balanced Action Serving Internal vs. External Stakeholder Interests ($\alpha = .84$)

26. Helps others to see the need to balance their responsibilities to the organization and to those outside the organization.
27. Seeks to balance long-term benefits to those inside and outside the organization with short-term profitability goals.
28. Considers the impact of organizational actions and decisions on the community outside the organization.

Biography

Morela Hernandez Veiga was born on January 3, 1980 in Tegucigalpa, Honduras to Dr. Jorge Ramon Hernandez Alcerro and Mariza Veiga de Hernandez Alcerro. She is happily married to Vincent Ajay Pal Singh with whom she has a wonderful son, Luca Paul Singh. She graduated *magna cum laude* and with Honors in Psychology from Rice University in May 2001, where she majored in psychology. Her honors thesis was titled "Recruitment strategies for minority applicants in traditional corporate environments". She has published five research articles: "Who's watching the race? Racial salience in recruitment advertising" with D.R. Avery and M. R. Hebl in the *Journal of Applied Social Psychology*, "Toward an understanding of psychological distance reduction between generations: A cross-cultural perspective" with Y. Chen and K.A. Wade-Benzoni in *Research on Managing Groups and Teams*, "Racial differences in managerial retention: Are diversity climate perceptions the key?" with P.F. McKay, D.R. Avery, S. Tonidandel, M. Morris, and M.R. Hebl in *Personnel Psychology*, "Promoting stewardship behavior in organizations: A leadership model" in the *Journal of Business Ethics*, and "In fairness to future generations: The role of egocentrism, uncertainty, power, and stewardship in judgments of intergenerational allocations" with K.A. Wade-Benzoni, V. Medvec, and D. Messick in the *Journal of Experimental Social Psychology*. At Duke University, she was awarded a graduate fellowship by the Fuqua School of Business (2002-2007), the Kenan Dissertation Fellowship in Ethics (2006-2007) and the Kenan Colloquium Fellowship in

Ethics (2005-2006) by the Kenan Institute for Ethics, and a dissertation research grant from the Fuqua/Coach K Center for Leadership and Ethics (COLE). She was the winner of the University of Notre Dame's Excellence in Ethics Dissertation Proposal Competition in 2006. She has been a member of Phi Beta Kappa since 2001.