Social stewardship can help managers identify novel solutions amidst the COVID-19 crisis

While agency theory suggests that monetary rewards are a primary source of motivation for managers, stewardship theory suggests that in addition to monetary rewards, managers are motivated by higher order needs such as achievement, recognition from peers, and efforts towards enhancing the organisation as a collective. **Niranjan Janardhanan** *writes that a stewardship-based culture encourages managers to understand the needs of stakeholders and enables them to identify novel solutions to thrive in turbulent times.*

We live in times of crisis. The COVID-19 pandemic took the world by storm and organisations had to undergo sudden and drastic changes to a new reality. While some sectors could shift seamlessly to working from home, others brought about new ways of functioning in a socially distanced physical environment. Smaller organisations with shallower pockets and a narrower range of capabilities even struggled to survive. Amidst these turbulent changes that organisations experienced since the onset of the pandemic and associated lockdowns in 2020, some companies and entrepreneurs developed new capabilities and identified new opportunities to succeed in a changed world. I argue that, particularly for smaller firms with niche market segments, social stewardship is key to organisational resilience during the crisis.

What is stewardship

Stewardship in organisations has been examined in the context of organisational culture. It has been proffered as an alternative to agency theory as a factor of motivation for managers. While agency theory suggests that monetary rewards are a primary source of motivation for managers, stewardship theory suggests that in addition to monetary rewards, managers are motivated by higher order needs such as achievement, recognition from peers, and efforts towards enhancing the organisation as a collective (Donaldson & Davis, 1991). Fostering a stewardship-based culture enables managers to work for the benefit of the organisation as a collective rather than for agentic gains (Bacq & Eddleston, 2018). Internally, stewardship helps to develop a stronger overarching collective organisational identity among employees and enables better collaboration across organisational sub-units.

Social stewardship enables managers to engage with the community of stakeholders, understand their concerns, and incorporate them into their work

How does stewardship apply to employees operating across organisational boundaries? And how does it help? Social stewardship in organisations is a nascent concept that has been advanced to incorporate employees' relationships beyond the realms of organisational boundaries. Social stewardship can be defined as the urge to not only work towards collective goals at the organisational level, but to do so keeping in mind their impact on the broader society and environment within which the organisation operates (Dutta, Lawson, & Marcinko, 2012). I argue that social stewardship enables managers to engage with the community of stakeholders, understand their needs and concerns, and incorporate them into their work, such that the broader community or society is able to benefit from their work. At the individual level, increased contact with beneficiaries has been shown to lead to higher commitment and improved performance across multiple contexts and occupations (Grant, 2007).

Social stewardship can be practised by managers in large and medium organisations and leaders of smaller-scale start-ups alike by engaging closely and staying attuned to the needs of their community of stakeholders. This was exemplified during the COVID-19 crisis by a small British backpack manufacturing company, RiutBag. Riut in the name of the company stands for "Revolution In User Thinking". True to its name, RiutBag is an innovative company with close ties with its stakeholders in the community. RiutBag's first product, aimed at securing personal belongings during a crowded commute, was the "reverse backpack", where the zippers and openings are all on the inside (i.e. 'facing the wearer') (Savov, 2016).

Upon the onset of the pandemic, one of RiutBag's customers in Mexico, Dr. Francisco Velasco, could not use his canvas rucksack any longer as it could not be sterilised. When Dr. Velasco reached out to Ms. Sarah Giblin, RiutBag's founder and designer, she immediately engaged with him, and came up with a new rucksack made of tarpaulin, that could be sterilised (BBC, 2021).

In her TEDx talk, Ms. Giblin mentions how "users powered their thinking" on to the product to make its design better. Her recent response to what could have easily been passed off as a routine customer complaint shows how Ms. Giblin's stewardship enables the community of users to continue to power the design of RiutBag's products. In engaging better with the community of users and incorporating their concerns into product design, Ms. Giblin makes her company more resilient to times of crisis by constantly innovating and both maintaining as well as creating demand.

Social stewards are typically also willing to innovate by repurposing their existing products and services for reasons that arise due to urgent alternative needs among their clients and employees. For example, upon the onset of the COVID-19 crisis, Oliver Trinchera, founder of Munich-based digital wearable technology company Kinexon, realised that one of their existing clients, Henkel, was suffering from a COVID outbreak within its manufacturing facility. Oliver's team immediately repurposed an earlier version of one of their products to create SafeZone, a wearable sensor that detects if someone is too close to the individual wearing it. Henkel was able to implement the technology in their facilities to ensure social distancing, thereby not only keeping their staff safer but also significantly reducing the likelihood of subsequent shutdowns during the pandemic (Schuetze, 2021).

While the lessons for innovation and marketing from RiutBag and Kinexon are self-evident, at the heart of its success lies the entrepreneur's social stewardship and social responsiveness in understanding the needs and concerns of the community of stakeholders, and responding to them in a timely manner (Clarkson, 1995). Social stewardship enables social responsiveness and is especially important during times of crises. Crises render organisational and industrial environments tenuous and uncertain. This uncertainty in turn reduces managers' discretion or the latitude of decisions that they can make. In these circumstances, managers who demonstrate social stewardship can engage more closely with their internal and external stakeholders. Such managers are more likely to identify novel solutions and innovative opportunities to thrive in turbulent times.

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Notes:

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