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# Unveiling Stewardship Theory: Emerging Trends and Future Direction

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***Abstract***
*Stewardship theory has emerged as a critical framework in corporate governance, emphasizing trust, accountability, and long-term value creation. However, empirical validation of stewardship-driven governance remains limited across industries, with most studies relying on conceptual analyses. This study therefore examines the evolving relevance of stewardship theory as a governance framework, addressing key gaps such as its static perception, lack of standardized methodologies, and the underexplored impact of digital transformation and artificial intelligence (AI) on governance structures. The study employs an exploratory research design, integrating insights from corporate governance, leadership studies, behavioral economics, and sustainability management. Findings indicate that stewardship theory must adapt to diverse cultural and economic contexts, integrating Environmental, Social, and Governance (ESG) frameworks and stakeholder capitalism to enhance broader stakeholder accountability. Additionally, hybrid leadership models and remote work governance pose new challenges, necessitating digital stewardship frameworks to sustain trust and accountability in virtual environments. The study concludes that stewardship theory must evolve to address contemporary governance trends and ensure its applicability in fostering sustainable corporate leadership. Recommendations include integrating digital stewardship models to accommodate AI-driven decision-making, remote work structures and ESG governance indicators. These advancements will enhance the practical relevance of stewardship theory in modern corporate governance.*

***Keywords***: *Stewardship theory, Corporate governance, Sustainability management, ESG frameworks, Digital transformation.*

## 1. Introduction

A well-known global business slogan emphasizes that accountability is the foundation of successful enterprises. Business thrives when managers take responsibility for their decisions and actions, acting as stewards accountable to capital providers (Keay, 2017). These stewards are entrusted with managing resources and making decisions that align with the best interests of the organization and its stakeholders. They are expected to explain and justify their choices to stakeholders, demonstrating transparency and responsibility in the management of resources. Accountability is a critical principle in stewardship theory. As Keay (2015, 2017) posits, accountability requires managers to provide transparent explanations for their decisions and actions, reinforcing trust and reducing governance costs.

However, traditional corporate governance mechanisms often assume that managers prioritize self-interest, necessitating strict monitoring and control (Wiseman et al., 2012; Nyberg et al., 2010). This assumption characterizes agency theory, which frames managerial behavior as opportunistic unless regulated. In contrast, stewardship theory provides a compelling alternative, asserting that managers are intrinsically motivated to act in alignment with organizational goals and stakeholder expectations (Van Puyvelde et al., 2013). Schillemans and Basuioc (2015) emphasized that stewardship theory assumes an inherent alignment between managers' actions and the organization's mission, suggesting that effective leadership is driven by trust and shared objectives rather than external oversight. Stewardship theory underscores the importance of aligning managerial interests with those of shareholders and stakeholders to promote long-term sustainability and value creation.

In contemporary corporate governance and organizational management, as one of the core governance frameworks of business, stewardship theory has gained prominence as an alternative to agency theory, emphasizing the natural alignment of managerial and organizational interests (Moore, 2013). Stewardship governance approach suggests that fostering trust, empowerment, shared goals and accountability enhances firm performance, leadership effectiveness, and stakeholder value creation (Hernandez, 2012). As businesses, governments, and nonprofit organizations increasingly prioritize sustainable leadership and long-term value creation, stewardship theory presents a compelling framework for fostering responsible and ethical management.

In contrast, despite its growing relevance, significant gaps remain in understanding its evolving applications, emerging trends, and future research directions. While stewardship theory has been widely explored in corporate governance and organizational leadership, existing literature often presents a fragmented understanding of its practical applications across different industries and governance structures. Most studies have primarily contrasted stewardship theory with agency theory, yet empirical validation of stewardship-driven management remains limited (Gallo & Wilkie, 2013; Madhani, 2017). Furthermore, the rise of stakeholder capitalism, corporate social responsibility (CSR), and sustainability-driven governance necessitates an investigation into how stewardship principles adapt to contemporary organizational challenges (Caers et al., 2006).

Additionally, increasing digitization, artificial intelligence (AI)-driven decision-making, and

hybrid work structures present critical questions regarding how stewardship theory can evolve in response to these transformative forces (Miller & Sardais, 2011; Vidya Sri & Sudha, 2024; Secundo, et al., 2024). The absence of a consolidated framework that integrates these emerging trends limits its applicability in modern governance and leadership studies. . Lastly, with increasing regulatory pressures and environmental, social, and governance (ESG) considerations shaping business strategies, more research is needed to explore how stewardship theory aligns with these evolving corporate priorities (Eccles & Klimenko, 2019; Dyllick & Muff, 2016).

The primary objective of this study is to bridge these research gaps by conducting an in-depth exploration of stewardship theory, its emerging applications, and its future trajectories. Specifically, the study aims to provide a comprehensive review of the existing literature on stewardship theory, including its historical development and theoretical underpinnings; analyze the emerging trends influencing stewardship-based governance, such as digital transformation, AI-driven leadership, and hybrid work models; examine the relationship between stewardship theory and other governance frameworks, such as stakeholder theory, ESG governance, and participatory leadership.

To achieve these objectives, this study will adopt a multidisciplinary approach, incorporating insights from corporate governance, leadership studies, behavioral economics, and sustainability management. The research will focus on empirical developments from the past two decades while integrating historical foundations to provide a comprehensive understanding of stewardship theory's trajectory.

The increasing demand for ethical leadership, sustainability-driven governance, and responsible management underscores the relevance of stewardship theory in modern organizations. By bridging theoretical gaps and offering empirical insights, this study contributes to expanding the discourse on stewardship-based governance. It provides valuable recommendations for business leaders, policymakers, and scholars seeking to integrate stewardship principles into leadership models, governance frameworks, and decision-making processes. Additionally, the study highlights how organizations can leverage stewardship theory to enhance stakeholder trust, long-term value creation, and sustainable performance in an era of rapid digitalization and evolving regulatory landscapes.

## 2. Literature and Theoretical Review

### 2.1. Conceptual Review

#### 2.1.1. Stewardship Theory

Stewardship theory is a governance framework that assumes managers, executives, and corporate leaders act in the best interests of an organization rather than pursuing personal gain. Introduced as an alternative to agency theory, which assumes that managers act opportunistically unless controlled, stewardship theory suggests that managers are intrinsically motivated by organizational success, trust, and commitment to shared goals (Davis et al.,, 1997). Unlike agency theory, which prioritizes control mechanisms to prevent self-serving behaviors, stewardship theory emphasizes relational aspects such as trust, empowerment, and leadership responsibility.

The term "stewards" has applications beyond its original meaning, often leading to misunderstandings about the premise of stewardship theory. The concept has strong religious connotations, where stewardship denotes a duty to care for resources as a divine responsibility (Waldkirch & Nordqvist, 2016). Idowu et al. (2013) define a steward as an individual who does not own what they manage but carries out their duties selflessly, knowing they will be held accountable. This study conceptualizes a steward as anyone entrusted with responsibility, care, and accountability, making decisions on behalf of a principal while prioritizing the principal's interests above all else.

The historical background of stewardship theory traces back to early 20th-century research, particularly in response to the prevailing agency theory in corporate governance. Scholars such as James March and Herbert Simon were among the first to explore managerial discretion and its impact on organizational outcomes. Stewardship theory has since evolved to emphasize responsible management and oversight, advocating that leaders act as caretakers of resources entrusted to them. Donaldson and Davis (1991) argue that executives, when empowered with autonomy and trust, will align their actions with organizational goals, promoting ethical corporate governance.

### 2.1.2. Assumptions of Stewardship Theory

Stewardship theory is founded on key assumptions that distinguish it from traditional agency-based governance models. One of its core principles is intrinsic motivation, which suggests that managers derive fulfillment from achieving organizational success rather than pursuing financial incentives or personal enrichment (Donaldson & Davis, 1991; Kim & Kim, 2023). Unlike agency theory, which emphasizes strict control mechanisms, stewardship theory advocates for trust-based relationships, where organizations cultivate commitment and accountability through trust rather than excessive oversight (Yukl & Gardner, 2023). Additionally, the theory promotes a collectivist orientation, where leaders prioritize long-term organizational well-being and stakeholder interests over individual gains (Chrisman et al., 2021). A significant aspect of stewardship theory is its long-term focus, encouraging decision-makers to prioritize sustainability and stability over short-term financial performance (García-Sánchez et al., 2021). Since managers are assumed to be naturally aligned with corporate goals, the need for intensive monitoring and regulatory mechanisms is reduced, leading to lower monitoring costs and increased operational efficiency (Freeman et al., 2020).

Furthermore, stewardship theory supports participatory leadership, emphasizing decentralized decision-making that fosters collaboration between executives and employees to achieve shared objectives (Freeman et al., 2020). This participatory approach encourages ethical leadership, stakeholder engagement, and corporate responsibility, reinforcing the notion that managers serve as stewards dedicated to sustainable governance. By shifting the focus from self-interest-driven decision-making to collective organizational success, stewardship theory challenges the traditional agency perspective and provides an alternative framework for governance that emphasizes ethical management, long-term value creation, and reduced administrative constraints.

### 2.1.3. Relevance of Stewardship Theory

Stewardship theory has gained increasing relevance in modern corporate governance, ethical leadership, and sustainability-focused management. Organizations that adopt stewardship principles benefit from enhanced stakeholder trust, reduced governance costs, and long-term value creation. The theory fosters ethical leadership and sustainable decision-making, minimizing conflicts between shareholders and executives (Doh et al., 2019). By emphasizing responsible leadership, stewardship theory promotes ethical decision-making, transparency, and accountability in management (Aguinis & Glavas, 2019). Unlike agency theory, which prioritizes shareholder primacy, stewardship theory advocates for a stakeholder-centric approach, incorporating employees, communities, and environmental concerns into corporate decision-making (Hernandez, 2012). As a result, stewardship-oriented leadership aligns with corporate social responsibility (CSR) initiatives, ensuring that businesses contribute positively to society and the environment (Caers et al., 2006).

Beyond corporate settings, stewardship theory applies to government institutions and nonprofit organizations, where leadership is expected to prioritize public service and societal benefits (Donaldson, 2008). In public and nonprofit sectors, stewardship principles encourage responsible governance and sustainable policy-making. By prioritizing long-term sustainability over short-term profits, stewardship-based organizations contribute to business stability and resilience. The theory offers a viable framework for addressing contemporary challenges in corporate governance, sustainability, and public policy (Cummings & Bromiley, 1996). As organizations increasingly focus on ethical leadership, transparency, and social responsibility, stewardship theory provides a comprehensive approach to fostering sustainable management and governance.

### 2.1.4. Applications of Stewardship Theory

Stewardship theory manifests itself in various organizational contexts, promoting ethical decision-making, sustainability, and long-term value creation across multiple sectors. In corporate governance, the theory supports responsible leadership by aligning financial success with social and environmental goals. Companies such as Patagonia and Unilever have successfully integrated stewardship principles into their business models, ensuring that corporate strategies prioritize stakeholder interests alongside profitability (Cummings & Bromiley, 1996). Leadership development programs also emphasize stewardship-based governance, fostering ethical leadership and long-term strategic thinking in executives and managers (Davis et al., 1997). Similarly, institutional investors, including pension funds and socially responsible investment firms, incorporate stewardship principles into financial decision-making to ensure ethical and sustainable investment practices (Clark & Hebb, 2005). By promoting responsible financial stewardship, these organizations help align capital allocation with sustainable development objectives.

Beyond corporate and financial sectors, stewardship theory also plays a crucial role in public sector governance and technological advancements. Governments and policymakers integrate stewardship principles into long-term economic planning, resource efficiency, and ethical governance, ensuring sustainable public administration (Donaldson, 2008). Public institutions emphasize stewardship-driven decision-making to optimize resource allocation and maintain fiscal responsibility. Additionally, with the growing influence of artificial intelligence (AI) and

digital transformation, organizations are increasingly exploring stewardship-driven governance models to uphold ethical standards in AI deployment and automated decision-making (Hernandez, 2012). These governance models help mitigate ethical risks, promote transparency, and ensure accountability in digital operations. As technology continues to evolve, stewardship theory remains a vital framework for maintaining ethical leadership, fostering responsible innovation, and ensuring long-term organizational sustainability.

### 2.1.5. Critics of Stewardship Theory

Despite its advantages, stewardship theory has faced several criticisms, primarily due to its reliance on trust and intrinsic motivation. Critics argue that the theory assumes managers will always act in the organization's best interests, which may not always be the case, particularly in environments where self-interest and personal gain take precedence (Davis et al., 1997). Additionally, stewardship theory has limited empirical validation, with few studies supporting its universal applicability across diverse industries and governance structures (Miller & Sardais, 2011). The effectiveness of stewardship-based governance may also be influenced by cultural, regulatory, and economic factors, leading to variability in its adoption across different regions (Caers et al., 2006). This limitation suggests that stewardship models may require contextual adaptation to be effectively implemented in various organizational settings. Furthermore, overemphasizing trust and autonomy can lead to managerial entrenchment, where executives act without sufficient oversight, potentially compromising shareholder interests and long-term business sustainability (Donaldson, 2008).

Another key criticism of stewardship theory is its overemphasis on leader motivations while neglecting external factors that influence organizational behavior (Cummings & Bromiley, 1996). The theory assumes that managers are naturally inclined toward organizational success, overlooking potential challenges such as market volatility, competitive pressures, and structural inefficiencies. Moreover, without appropriate governance safeguards, a stewardship approach may fail to prevent instances of mismanagement, corruption, or strategic errors that could negatively impact firm performance. These concerns highlight the need for a balanced approach that integrates stewardship principles with accountability mechanisms to ensure responsible leadership while maintaining strategic oversight. Despite these criticisms, stewardship theory remains a valuable framework for promoting ethical leadership and long-term organizational success when applied alongside robust governance structures.

### 2.1.6. Addressing the Challenges

To enhance the applicability of stewardship theory, researchers and practitioners should consider several strategic approaches. First, hybrid governance models can integrate stewardship principles with agency-based mechanisms, ensuring accountability while fostering ethical leadership (Donaldson & Davis, 1991). This combination balances trust-based decision-making with necessary oversight structures. Second, expanding empirical research is crucial for validating stewardship-based governance across diverse industries and global contexts (Miller & Sardais, 2011). More empirical studies will provide concrete evidence of its effectiveness, helping organizations tailor stewardship models to their specific needs. Third, regulatory adaptations are necessary for policymakers and financial regulators to create balanced

governance frameworks that incorporate both trust and oversight (Caers et al., 2006). This approach prevents managerial entrenchment while encouraging ethical leadership and responsible decision-making. Fourth, technology and AI integration should be explored to align governance models with stewardship principles, ensuring that ethical considerations remain central in AI-driven decision-making processes (Sucendo et al., 2024). Finally, promoting responsible leadership through training programs and fostering a culture of ethical governance can reinforce long-term sustainability and stakeholder trust (Davis et al., 1997).

Stewardship theory remains a vital governance framework, particularly in fostering ethical leadership, trust, and long-term value creation. As organizations navigate digital transformation and regulatory changes, stewardship-driven AI governance models can help maintain ethical decision-making in automated systems (Vidya Sri & Sudha, 2024). Additionally, balancing trust-based governance with appropriate monitoring mechanisms can mitigate risks while reinforcing corporate integrity (Yukl & Gardner, 2023).

### 2.1.7. Stewardship Theory, Agency Theory and Sustainability

Stewardship theory and agency theory both seek to explain the behavior of managers and directors in achieving organizational goals (Chrisman et al., 2007). While agency theory assumes that managers (agents) act in their self-interest, requiring oversight and control to align their behavior with shareholder objectives (Jensen & Meckling, 1976), stewardship theory posits that managers inherently prioritize organizational goals over personal gain (Davis et al., 1997). Unlike agency theory, which emphasizes hierarchical controls and financial incentives to mitigate conflicts of interest, stewardship theory fosters a collaborative governance model based on trust, autonomy, and a shared vision (Schillemans & Bjurstrøm, 2019). The key distinction between the two theories lies in their assumptions about managerial motivation. Agency theory views managers as self-serving actors who may act opportunistically unless constrained by governance mechanisms (Shleifer & Vishny, 1997). In contrast, stewardship theory asserts that managers, when entrusted with decision-making power and organizational resources, will act responsibly as stewards to enhance long-term corporate value (Hernandez, 2012). Stewardship theory emphasizes ethical leadership, collective welfare, and intrinsic motivation, whereas agency theory assumes that external controls and financial incentives are necessary to align managerial actions with corporate interests (Madison, 2014).

Stewardship theory is particularly relevant to sustainability because it aligns corporate governance with ethical responsibility and long-term stakeholder interests (Eccles & Klimenko, 2019; García-Sánchez et al., 2021). Organizations that adopt stewardship principles prioritize sustainable business practices, considering the long-term social, environmental, and economic impact of their decisions (Flammer et al., 2019; Kim & Kim, 2023). Stewardship-oriented firms integrate environmental stewardship, corporate social responsibility (CSR), and transparent governance structures to promote broader stakeholder engagement (Freeman et al., 2020; Eccles et al., 2020). By focusing on sustainability, stewardship theory facilitates ethical decision-making, reduces governance costs, and fosters resilience against short-term financial pressures (Aguinis & Glavas, 2019; Bosse et al., 2017).

Stewardship-based firms emphasize long-term value creation over short-term profitability and adopt stakeholder-centric governance models that align corporate operations with societal and environmental needs (Dyllick & Muff, 2016; Khan et al., 2016). Ethical leadership and accountability in decision-making further reinforce the principles of stewardship theory (Yukl & Gardner, 2023). Additionally, stewardship-oriented organizations reduce the need for costly monitoring mechanisms, allowing for more efficient financial management (Schillemans & Bjurstrøm, 2019; Rahmawati et al., 2018). As global businesses increasingly face sustainability challenges, stewardship theory presents a compelling alternative to traditional agency-based governance models, providing a foundation for ethical leadership, sustainability-focused decision-making, and holistic corporate governance (Chrisman et al., 2021; García-Sánchez et al., 2021).

### 2.1.8. Stewardship Theory and Emerging Trends

Stewardship theory is evolving to meet the demands of a rapidly changing corporate landscape, influenced by technological advancements, regulatory developments, and shifting stakeholder expectations (Miller & Sardais, 2011; Kim & Kim, 2023). One of the most significant trends shaping stewardship-driven governance is digital transformation, with artificial intelligence (AI) and machine learning playing an increasingly central role in corporate decision-making (Secundo et al., 2024; Vidya Sri & Sudha, 2024). Organizations are integrating AI frameworks to automate processes while ensuring ethical AI stewardship, emphasizing data privacy, fairness, and accountability (Torfing & Bentzen, 2020). Additionally, the rise of hybrid leadership models and remote work governance has necessitated new approaches to building digital trust, promoting transparency, and ensuring leadership accountability in decentralized organizational structures (Kaapanda, 2023). Sustainable finance and ESG (Environmental, Social, and Governance) integration have also become focal points, as investors prioritize responsible investment strategies such as shareholder activism, green bonds, and impact investing (Eccles & Klimenko, 2019; Keay, 2017). Regulatory and policy innovations further reinforce stewardship principles, with governments and financial regulators incorporating corporate governance codes that promote transparency and ethical responsibility (Rahmawati et al., 2018). Moreover, organizations are increasingly adopting diversity, equity, and inclusion (DEI) initiatives to foster diverse leadership teams, enhancing ethical decision-making and corporate sustainability (Doh et al., 2019).

Stewardship theory remains a critical framework for promoting ethical leadership, corporate accountability, and long-term value creation (Jasir et al., 2023; Schillemans & Bjurstrøm, 2019). As businesses face new challenges, including digital transformation, ESG integration, and regulatory shifts, the principles of stewardship continue to evolve (Glinkowska & Kaczmarek, 2015; Kowala & Duháček Šebestová, 2021). The adoption of AI-driven governance, hybrid leadership structures, and sustainable finance practices reinforces its growing relevance in modern corporate settings (Dyllick & Muff, 2016). However, empirical research, global adaptations, and alignment with emerging governance models remain essential to enhancing stewardship theory's applicability (Donaldson & Davis, 1991; Hernandez, 2012).

## 2.2. Empirical Review

Esposito De Falco and Renzi (2007) addressed contradictions in governance systems that prioritize either ownership control or cooperative management structures by evaluating agency theory, stewardship theory, and residual rights using logical and interpretative models. Employing a comparative approach, the study assessed governance theories through conceptual frameworks and empirical references. The findings suggested that extreme applications of either agency or stewardship theory present limitations—agency theory fosters excessive managerial oversight and risk aversion, while stewardship theory may overlook necessary control mechanisms. The study concluded that neither theory alone can fully address modern corporate governance challenges.

Pastoriza and Ariño (2008) addressed the limitations of stewardship theory, particularly its static nature, by incorporating learning and dynamism into the principal-agent relationship. The study introduced a model where agents transition into stewards through ongoing interaction, trust-building, and motivation shifts. Relying on theoretical analysis rather than empirical data, the findings suggested that agent-steward relationships are not static. Instead, agents can adopt stewardship roles if principals foster an environment prioritizing trust, reciprocity, and long-term relationship-building.

Wesley (2010) examined stewardship theory as a complement to agency theory in corporate governance research. The study analyzed CEO attributes linked to stewardship, their impact on firm performance, and the moderating effects of family ownership and board characteristics. Surveying 268 firms from the S&P 1500 over three years and employing generalized least squares regression, findings indicated no direct relationship between CEO stewardship constructs—such as board memberships, organizational identity, and tenure—and firm performance (measured by Tobin's Q). However, family ownership and board characteristics, particularly the inclusion of directors with strong community ties and established affiliations, positively moderated these relationships. The study suggested that while CEO stewardship alone does not drive firm performance, specific governance structures can enhance its effects.

Schillemans (2012) examined the dynamics between central government departments and agencies through the lens of stewardship theory, offering an alternative to the traditionally dominant agency theory. The study assessed the relevance of stewardship theory in government-agency relationships and developed a stewardship-based model to enhance collaboration and efficiency. Employing both surveys and focus group discussions involving sixty public managers, the findings indicated that while current regulatory structures are deeply rooted in agency theory, many public managers encounter governance issues more closely aligned with stewardship principles, such as shared goals, mutual trust, and collective accountability. Based on these insights, the study proposed a stewardship model tailored to central government-agency relationships, advocating for a governance approach that prioritizes cooperation over control.

Glinkowska and Kaczmarek (2015) conducted a survey exploring classical and modern corporate governance concepts, specifically stewardship and agency theories, in relation to the role of supervisory boards in improving company efficiency. The research adopted a literature review

approach, analyzing prominent studies and theoretical models on corporate governance. Findings highlighted key differences between agency theory, which emphasizes control and financial incentives, and stewardship theory, which prioritizes trust, pro-organizational behavior, and intrinsic motivation.

Waldkirch and Nordqvist (2016) examined the applicability of stewardship theory in family businesses, particularly its ability to capture the benevolent and non-economically driven behaviors often attributed to such firms. The study, primarily conceptual and literature-based, reviewed prior research to evaluate how stewardship theory has been used to highlight the positive attributes of family firms. Findings indicated that while stewardship theory provides a useful lens for understanding collectivistic and pro-organizational behavior, it lacks an explicit moral dimension and fails to fully explain benevolence and altruism.

Keay (2017) explored the necessity of board accountability within the framework of stewardship theory, arguing that board accountability remains essential regardless of the theoretical perspective on director behavior. The study applied accountability principles traditionally associated with agency theory to stewardship theory, examining the role of boards in corporate decision-making and control mechanisms. Findings revealed that even under stewardship theory—where directors are presumed to act with integrity and corporate commitment—accountability remains crucial for legitimacy, transparency, efficiency, and regulatory compliance. The study argued that accountability mechanisms, such as reporting, decision justification, and board oversight, enhance trust and legitimacy while mitigating potential governance issues stemming from incompetence, conflicts of interest, or structural bias.

Rahmawati et al. (2018) explored the relationship between agency theory, stewardship theory, and intellectual capital in minimizing agency conflicts and enhancing corporate value. The study aimed to integrate agency and stewardship theories with intellectual capital to align management and ownership interests. Using both conceptual and empirical reviews, the research examined agency conflicts in various business contexts, including family-owned enterprises and non-profit organizations, while incorporating insights from financial management and corporate governance literature. The findings revealed that agency theory alone is insufficient to explain principal-agent dynamics, as it primarily focuses on monitoring and incentive mechanisms. The study highlighted that stewardship theory complements agency theory by fostering trust and shared goals, thereby reducing agency costs.

Chrisman (2019) evaluated the realism and relevance of stewardship theory, particularly in the context of family firm governance. The research aimed to enhance stewardship theory by integrating more realistic assumptions about human behavior, goal alignment, and control mechanisms. Employing a comparative approach that juxtaposed stewardship and agency theories while incorporating prior research insights, the findings suggested that stewardship theory overlooks key factors such as bounded rationality, information asymmetry, and pre-employment considerations, all of which influence organizational governance. The study concluded that individuals are neither perfect stewards nor agents but exist on a continuum influenced by situational and individual factors.

Schillemans and Bjurstrøm (2019) examined the governance of public agencies by balancing control-based agency theory and trust-based stewardship theory. Conducted within Dutch public agencies using a survey methodology, findings showed that Dutch agencies employed a blend of both governance approaches. Respondents expressed higher satisfaction when stewardship elements—such as shared interests and collaboration—were emphasized alongside agency-based control measures.

Ho and Phan (2020) explored corporate governance (CG) theories and their implications for improving Vietnam's CG legislation. Analyzing agency, stewardship, and stakeholder theories, the study aimed to propose solutions for enhancing CG legislation. Reviewing legal documents, governance theories, and academic literature, the findings indicated that Vietnam's CG laws, influenced by UK-US models, lack cohesion and fail to comprehensively address stakeholder interests.

Considering the limitations of control-driven management models rooted in agency theory, Torfing and Bentzen (2020) investigated the viability of stewardship theory as an alternative to control-oriented performance management in public service organizations (PSOs). The research was conducted at the Job and Activity Center (JAC) in Gentofte Municipality, Denmark, which operates under a trust-based management model emphasizing employee empowerment and participatory governance. Employing a qualitative case study approach incorporating document analysis, semi-structured interviews, and observational methods, the findings indicated that stewardship-based governance fosters higher employee motivation, improved job satisfaction, and enhanced service delivery. This created a "triple-win" scenario benefiting employees, service users, and the broader public sector.

Zaman et al. (2020) evaluated the effectiveness of stewardship theory over agency theory in emerging markets using evidence from Bangladesh. The study assessed whether stewardship theory could better serve corporate governance in emerging economies. Employing a mixed-method approach, including an extensive literature review and a questionnaire survey targeting corporate managers and academicians through convenience sampling, the findings revealed that all socio-psychological factors negatively impact corporate governance. This cast doubt on the viability of stewardship theory in emerging economies, concluding that stewardship theory is not an effective alternative for corporate governance in such markets.

Kowala and Duháček Šebestová (2021) examined the application of stewardship and agency theories in family business governance, focusing on key performance indicators (KPIs) that enhance business performance. The study explored how these theories influence KPI usage and business decision-making. Using a quantitative approach with structured surveys and statistical modeling, the research classified businesses based on reinvestment behaviors. A survey of 323 Czech business owners conducted in 2020 using cluster and factor analysis revealed a dominance of stewardship theory, with reinvestment, logistics, and financial liquidity emerging as key concerns. In contrast, agency-oriented businesses prioritized profit optimization and cost efficiency. The study demonstrated that stewardship-oriented businesses emphasize sustainable

growth and wealth preservation.

Kaapanda (2023) explored the limitations of traditional top-down leadership in strategy execution, proposing stewardship theory as an alternative leadership framework. The study was conceptual, utilizing a qualitative methodology that included literature review, synthesis, and critical analysis. Findings highlighted that stewardship-based leadership fosters employee engagement, innovation, and strategic alignment, improving execution success. The proposed framework advocates for decentralized leadership, where employees feel ownership and commitment to organizational goals, thereby enhancing strategy implementation through a collaborative and trust-based work culture.

## 3. Methodology

This study utilized an exploratory research design to gain insights into the evolving landscape of stewardship theory, particularly in areas that remain underexplored. Adopting a multidisciplinary approach, the research integrated perspectives from corporate governance, leadership studies, behavioral economics, and sustainability management to provide a comprehensive understanding of stewardship theory's development. Data were obtained through an extensive review of secondary sources, including academic journals, government reports, and industry publications. This literature synthesis established a strong foundation for tracing the theory's evolution over the past two decades while incorporating historical insights to contextualize its growth. By analyzing existing research, the study identified key patterns, relationships, and emerging trends shaping stewardship principles. Furthermore, this approach enabled the recognition of critical gaps in the literature, offering valuable contributions to both theoretical and practical applications of stewardship-driven governance. The rigorous review provided a well-informed basis for drawing meaningful conclusions about the future trajectory of stewardship theory and its role in modern organizational governance.

## 4. Results and Discussion

The findings highlight that there is limited empirical validation on stewardship theory across various industries. Many existing studies are largely conceptual, relying on theoretical frameworks rather than data-driven analyses (Waldkirch & Nordqvist, 2016; Rahmawati et al., 2018). This limitation reduces the generalizability of stewardship theory, as its effectiveness in different industries remains largely untested. Additionally, the absence of standardized methodologies for measuring the impact of stewardship-based governance models makes it difficult to assess their influence on governance outcomes, organizational performance, and long-term value creation. Without sufficient empirical evidence, stewardship theory risks being perceived as an idealistic framework rather than a practical governance model applicable across diverse organizational contexts.

Another critical issue is that stewardship has often been viewed as a static relationship (Pastoriza & Ariño, 2008). Existing studies tend to perceive the interactions between principals (owners) and stewards (managers) as fixed over time. This perspective assumes that once an individual or organization adopts a stewardship role, their behavior remains consistent. However, there is limited understanding of how evolving external factors—such as digital transformation and

artificial intelligence (AI) integration—affect stewardship behaviors over time. As organizations increasingly implement AI and automation in governance, stewardship theory must evolve to address how technological advancements influence trust, accountability, and ethical leadership (Miller & Sardais, 2011).

Furthermore, the psychological and motivational drivers behind stewardship behavior have been largely overlooked, with most studies focusing primarily on theoretical frameworks without exploring behavioral economics aspects (Davis et al., 1997). It is essential to understand why managers act in the best interests of their organizations rather than pursuing self-serving motives. Deci and Ryan (2020) argue that autonomy, competence, and relatedness are fundamental psychological needs that drive stewardship behavior. Similarly, Pierce et al. (2021) suggest that when managers develop a sense of psychological ownership over their organizations, they are more likely to prioritize organizational well-being over personal gain. Organizations can reinforce stewardship behaviors by offering equity-based compensation and participatory decision-making structures.

Cross-cultural differences in stewardship application also emerged as a significant issue, particularly in diverse economic and cultural environments that remain underexplored (Donaldson, 2008). Governance and leadership styles vary significantly across cultural and economic landscapes. Research by Minkov and Hofstede (2022) suggests that highly collectivist societies (e.g., Japan, China) naturally align with stewardship principles, whereas highly individualistic cultures (e.g., the U.S., U.K.) require more formal accountability structures to promote stewardship behaviors. Additionally, stewardship behaviors are more prevalent in family-owned businesses in Latin America, Asia, and the Middle East, where cultural values emphasize long-term relationships and intergenerational responsibility (Chrisman et al., 2021). In contrast, large multinational corporations require formalized governance policies to institutionalize stewardship. Organizations operating across cultures must tailor governance mechanisms based on cultural tendencies to ensure the effectiveness of stewardship principles.

The growing influence of Environmental, Social, and Governance (ESG) frameworks and stakeholder capitalism has also reshaped corporate governance, necessitating the adaptation of stewardship theory beyond its traditional focus on trust, pro-organizational behavior, and long-term value creation (Eccles & Klimenko, 2019; García-Sánchez et al., 2021). Traditional stewardship theory assumes that managers act in the best interests of the organization, aligning their goals with those of shareholders. However, modern governance expectations demand accountability to a broader set of stakeholders, including employees, customers, communities, and the environment (Freeman et al., 2020). This shift requires stewardship theory to incorporate new frameworks that balance corporate responsibility with profitability, sustainability, and ethical considerations. Incorporating ESG metrics into corporate governance models has been shown to improve financial performance, strengthen stakeholder trust, and reduce regulatory risks (Eccles et al., 2020). Stewardship theory should evolve to integrate ESG indicators such as carbon footprint reduction, social impact investments, and governance transparency into performance assessments (García-Sánchez et al., 2021).

Lastly, the impact of hybrid leadership models and remote work governance on stewardship theory remains largely unexplored, highlighting the need for research into how these modern organizational structures influence stewardship dynamics and accountability (Dyllick & Muff, 2016). Traditional stewardship models assume direct, in-person leadership interactions, where leaders act as stewards by prioritizing organizational goals over personal interests. However, hybrid and remote work environments challenge this assumption by introducing physical distance, reducing face-to-face interactions, and increasing reliance on digital communication tools. By integrating digital stewardship frameworks, enhancing virtual leadership effectiveness, fostering trust, redefining accountability mechanisms, and conducting cross-cultural studies, researchers and practitioners can ensure that stewardship theory remains relevant in modern corporate governance (Glinkowska & Kaczmarek, 2015).

## 5. Conclusion and Recommendations

This study examined the evolving relevance of stewardship theory as a governance framework, and in contemporary governance, with digital transformation, artificial intelligence (AI) and the rising influence of Environmental, Social, and Governance (ESG). The study utilized an exploratory research design. Through an extensive review of secondary data sources, including academic journals, government reports, and industry publications, it was found that stewardship theory must adapt to diverse cultural and economic contexts, integrating Environmental, Social, and Governance (ESG) frameworks and stakeholder capitalism to enhance broader stakeholder accountability. It was also discovered that hybrid leadership models and remote work governance pose new challenge that necessitates digital stewardship frameworks to sustain trust and accountability in virtual environments. The study concluded that stewardship theory must evolve to address contemporary governance trends and ensure its applicability in fostering sustainable corporate leadership.

It was then recommended that, to remain relevant in contemporary governance, stewardship theory must evolve to address these emerging trends, ensuring its applicability in fostering sustainable corporate leadership and stakeholder engagement. Dynamic stewardship models must evolve to address AI-driven decision-making and digital transformation, ensuring responsible corporate governance through ethical AI stewardship guidelines. Stewardship theory should also integrate ESG governance indicators, including governance transparency, while aligning executive compensation with long-term sustainability goals. Additionally, the rise of hybrid leadership models and remote work necessitates virtual stewardship frameworks, digital transparency policies, and participatory decision-making structures to maintain trust, accountability, and leadership effectiveness in decentralized work environments.

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