

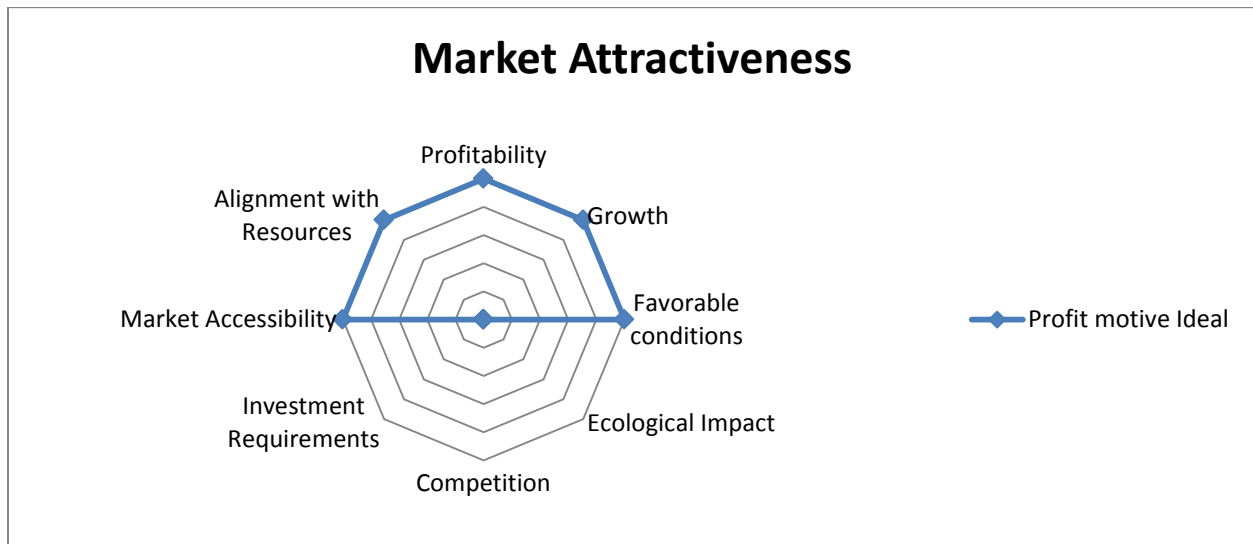
THE STEWARDSHIP MODEL OF BUSINESS AND ASSESSING MARKET ATTRACTIVENESS

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ABSTRACT

This paper explores the implications of the Stewardship model of business for market selection in contrast to Shareholder and Stakeholder models. It is intended for use as an instructional supplement to commonly used marketing management/strategy texts. After reading the paper, students should discuss the questions posed in Exhibit 1.

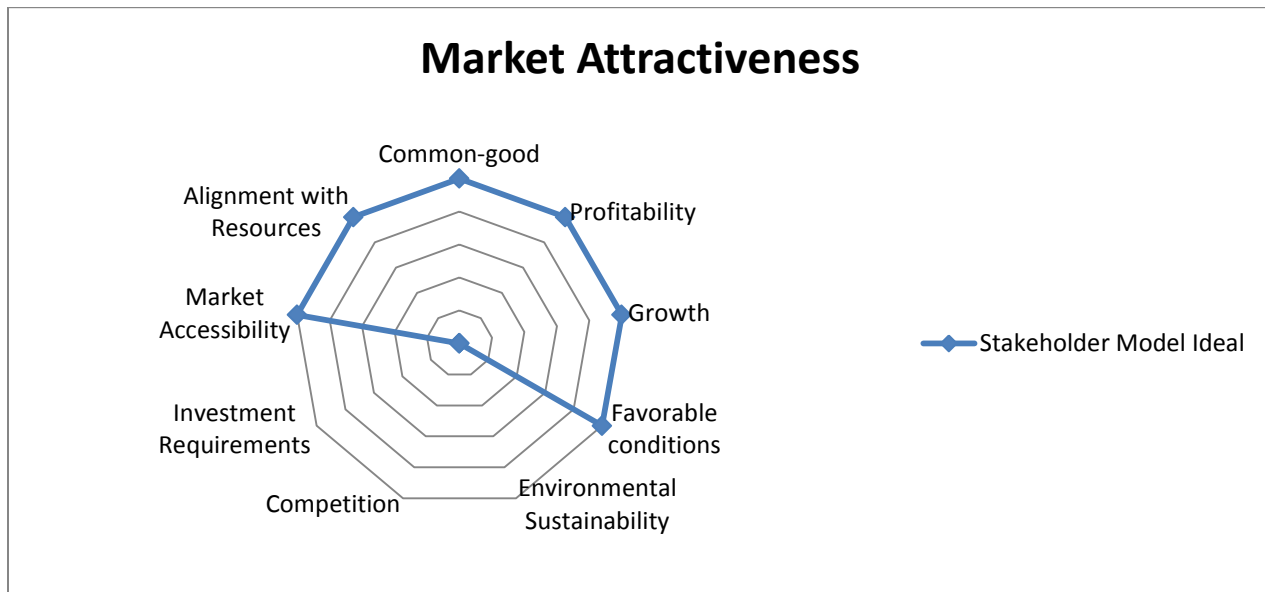
Figure 1: Ideal Opportunity Characteristics under SWM



The Stewardship Model

The Stewardship Model (STW) (i.e., service-motive business) (Van Duzer, 2010, pp. 151-168) is a new alternative vision of business in response to concerns that have arisen about the Shareholder Wealth Maximization (SWM) model which has been subject to growing criticism as a major contributor to numerous business scandals and failures to address human well-being (Donaldson & Preston, 1995; Fombrun & Foss, 2004; Freeman, Wicks & Parmar, 2004; Martin, 2010). STW proposes that business should contribute to human flourishing by providing the goods and services that help customers flourish, by providing opportunities for meaningful and creative work that help workers all along the value chain flourish, and by helping the communities in which business operates flourish through good citizenship (Van Duzer, 2010,

Figure 2
Ideal Opportunity Characteristics under STK



pp. 151-168). STW proposes that business needs to be practiced with the highest of ethical standards, positive ethics (i.e., doing good toward others) (Malloch, 2008; Van Duzer, 2010 pp. 151-168; Wettsein, 2010). Finally, STW proposes that business should be in partnership with other social institutions, respecting and supporting the important roles they play (Van Duzer, 2010, pp. 151-168).

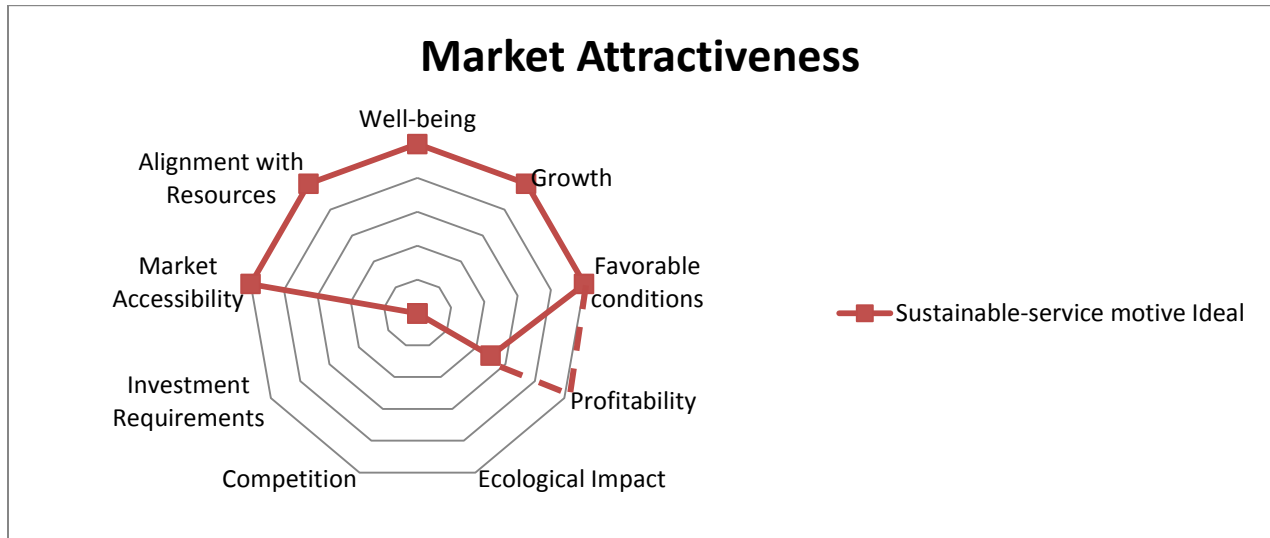
Opportunity Selection - SWM

Profit-motive (SWM) businesses focus market selection considerations on the potential for return on investment and on the difficulty, resources, and risks associated with obtaining that return. Preference is given to lucrative opportunities, that leverage favorable business conditions, that will grow, that are easy to enter, that have “no” competition, that require little investment, where consummating exchanges is easy, that, once entered, afford market power. that have zero environmental impact compliance requirements/costs, that align with available resources, and that have easy market access (Figure 1).

Opportunity Selection - STK

Stakeholder Theory (STK) (Donaldson & Preston, 1995; Freeman, 1984; Jones & Wicks, 1999) reflects a combined profit and social motivation (i.e., profit + conscience motive) for business in which concern for the common good enters the set of market attractiveness criteria (Figure 2)

Figure 3
Ideal Opportunity Characteristics under STW



as a co-equal with profitability and environmental sustainability replaces mere ecological impact concerns.

Opportunity Selection - STW

Under STW, the promise of improving the well-being of customers, employees and partners across the value-chain, the ecosystem, and the community (i.e., sustainability for people, planet, and the enterprise) takes center stage (Figure 3). (Sustainability of an enterprise does require sustaining profitability.) This turns the SWM model upside-down. Rather than people and planet being instruments in service to profits, profits are in service to positive impact for people and planet. Factors in the difficulty and risk dimensions are still considered. STW’s positive ethics element presses an enterprise to seek ways to serve the disadvantaged. The partnership aspect of the STW worldview implies active cooperation across social institutions.

References available upon request

Exhibit 1

Active Learning/Discussion Assignment

Using Figures 1, 2, & 3, map the following opportunities against the attractiveness criteria that would be applied by the SWM, the STK, and the STW worldviews and recommend whether or not the opportunity should be pursued according to each perspective.

- Electric cars (under STK and STW) in the USA
- Wireless telephony (carrier service) in Haiti, in China, in Europe
- An eat-local restaurant near your university campus.
- A laundry detergent for “base of the pyramid” people in Brazil

What do your choices say about what is important to you? About what motivates you?

What broader effects on human well-being are associated with your choices?

How would you convince upper-management or investors to support your recommendation?

How would the “case” for the decision be differently constructed under STW?