# Stages in the Development of Stewardship:

Historical Precedents and Contemporary Expressions

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The concept of stewardship dates back to ancient Chinese, Egyptian, Greek, and Roman civilizations. But stewardship has undergone a genesis of meaning and development that must be understood in order to properly interpret both its application and contemporary expressions. Most descriptions of classical stewardship come to us through fragmentary documents produced by stewards while executing their roles, through extended letters written their owners,[[1]](#footnote-1) and through recorded stories that mention stewards (such as the biblical stories told by Jesus). We also are able to develop an understanding of stewardship by analyzing one other surprising source: studies in the historical development of accounting and accounting systems.

This study will demonstrate that during the classical period of Egyptian, Greek and Roman culture, the role of the steward and the meaning of stewardship progressed through four distinct stages of maturation, reached its maturity by the 1st century CE. Few significant changes or new stages emerging between that time and the early 19th century when the Christian church began limiting the definition of stewardship for ecclesiastical purposes. Considerable research has already been conducted on the progression—or more accurately, the “regression”—of stewardship caused by the church’s desire to use stewardship as a means of funding the growing mission movement.[[2]](#footnote-2) Therefore, this paper will focus on the more foundational developments in stewardship during the classical period. It will further demonstrate that these four stages mirror similar phases in how contemporary nonprofit boards and executive leaders develop their understanding and application of stewardship in their organizations.

## The Four Stages of Stewardship

Four distinct stages in the steward’s role and responsibilities can be observed from the classical period: stewardship as accounting, stewardship as sustainability, stewardship as growth, and stewardship as optimization.

### Stewardship as Accounting

Only a few documents exist from the early development of the steward in Chinese, Egyptian and Greek cultures that give us a clue as to their role or responsibilities. Boyd (1905, 17) refers to the Code of Hammurabi[[3]](#footnote-3) where a stewardship relationship existed between a merchant and a person acting as his agent. In archeological libraries from ancient Egypt, a large percentage of the fragments appear to be lists of resources and assets produced by stewards. Boyd also points to a series of checks and balances that were used to prevent theft by treasury officials, reinforcing their stewardship function (21).

Stewardship is highly related to but predated the production of accounts or accounting in the modern sense of the word by hundreds of years. It was originally defined by elaborate record-keeping of inventory levels and inflows/outflows of resources and assets, for the purpose of loss prevention through dishonesty or negligence. On large Roman estates, stewards were required to submit their accounts on a monthly basis, which were then audited by the owner either in public (as was the case with governmental stewards or officials) or through a series of checks and balances. “Both types of audit were designed to afford a check upon ‘accountability’ and nothing more. It was in effect a case of examining and testing an account of stewardship” (Littleton, 1933, 264).

The earliest understanding of the steward’s role involved two aspects: “Custodianship linked with a responsibility for the prevention of theft or fraud, and secondly, the evaluation of performance” (Higson & Tayles, 1998, 71). The first role was expressed through the oversight and documentation of an accurate account of the resources subjected to audit control. This accounting was an early form of a “charge-and-discharge” statement and was in no way a statement of indebtedness, ownership, or even profit (Littleton, 126). The second role of performance evaluation was expressed through how the steward managed the resources. Thus, in this first stage of stewardship, the focus is on managing (overseeing the resources), accounting (accurate assessment of the quantity and changes in resources), and authentication (audit control).

### Stewardship as Sustainability

The second stage in the development of the concept of stewardship involved the introduction of operational control with the intent of resource conservation. Birnberg calls this stage “the traditional custodial period” (1980, 73) where the steward not only oversaw the resources, but did so with the intent of “returning the corpus intact.” Efficiency in the use of the resources was uppermost in importance. Thus, if the resource was a valuable gem, the steward need only keep it safe from others to perform his role. However, if the resource was livestock, fruit trees or other slaves, the steward’s role expanded to include providing due care and sustenance in order to ensure the ongoing state of the resource. The ultimate goal was to sustain the resource in the same or better condition than what was received.

The steward’s task is much more structured than in the previous stage, and required him to possess greater knowledge and skill in how to appropriately sustain living resources. “This enhances master-servant communication, the servant’s understanding of his task, the definition of data for reporting, and the ease with which the master can evaluate the servant” (Birnberg 1980, 73). The steward’s focus is now on efficient operations (that sustain the resource), knowledge (of appropriate resource management), the duty of care, and sustainability (preserving the resource in perpetuity).

This second stage of sustainability stewardship is best illustrated by the third steward in the Parable of the Talents (as told by Jesus in Matthew 25:14-30 and Luke 19:11-27). A master entrusts to each of three of his stewards-in-training a large sum of money to “put to work” in his absence. The first two stewards immediately go about investing the money in order to produce gain in the principal. The third steward, however, buries his trust in order to preserve it and return it to the master intact upon his return. The first two stewards were operating at a higher level of stewardship—they understood that growth was the objective of their master (a third stage of stewardship). But the third steward was still operating at an earlier and less mature stage of understanding, thinking that sustainability was his primary role and responsibility.

### Stewardship as Growth

As we have already observed, by the time Jesus told his story of the Parable of the Talents in Matt. 25, a third stage in the development of the concept of stewardship had arisen. In this third stage, stewards were required to play a significant role in enlarging the equity of the master’s resources. By this time, business and accounting systems had developed to an extent that owners were now aware of the potential for growth in their assets through reproduction, cultivation or multiplication. Profit was not yet understood as a business concept, but growth was.

This third stage in the development of stewardship is characterized by less specificity on the part of the master, greater judgment and freedom afforded the steward, higher risk and uncertainty, and more general assessment of performance measures. Managerial control now dominates the steward’s role. The steward’s role is focused on delegated authority, on maximization of assets, on uncertainty (or risk), and on goals/outcomes.

Once again, Jesus’ Parable of the Talents reveals the development of stewardship to this third level. The instructions by the master to the stewards demonstrate that the master required a different outcome than just asset sustainability. His intent was clear in the three Greek verbs he used: “put these talents to work,” (Matt. 25:16), “engage in business” (Luke 19:13), and “gain by trading” (Luke 19:15). The means by which each steward accomplished these instructions was delegated to each steward as he saw fit. Based on the master’s praise of the first two stewards for accomplishing growth in their talents, it is clear that they were operating at a third, more mature level of stewardship: stewardship as growth.

### Stewardship as Optimization

The fourth and final stage in the development of the concept of stewardship in classical times is stewardship as optimization. In most resource investments there is an optimum output from which further investments will produce diminishing returns. A tree will grow with an optimum amount of water, whereas less or more water will potentially stunt its growth. The investment of money in a business venture will produce optimum return-on-investment (ROI) where the capital invested achieves it most effective and highest ROI.

In stewardship as optimization, the master entrusts assets to the steward expecting that they will be strategically managed for maximum ROI and may be converted to other applications when optimization has been achieved (or determined as unachievable). The steward operates with the highest degree of trust, independence, and authority with respect to his relationship with the owner of the resources. The steward’s role is focused on effectiveness and economy (measuring and maximizing ROI), on strategic control, on flexibility (moving resources from one application to another), and on planning.

The Parable of the unfruitful fig tree told by Jesus in Luke 13:6-9 that gives early indications of this mature stage of stewardship. An owner notices a fig tree that hasn’t born fruit in three years and orders the steward to cut it down so that soil can be used for new fruit-bearing resources. However, the steward, confident in his delegated authority, suggests an alternative plan in which he will water and fertilize the tree for one more year. If it bears fruit as a result, the resource will be saved. If it doesn’t, then he will cut it down. The owner and steward both are operating under a form of optimization in which resources (in this case, soil and trees) are utilized by many different means which are varied over time as optimization is achieved or judged ineffective.

## Contemporary Expressions of the Stages of Stewardship Development in Nonprofit Organizations

Even though thousands of years separate these examples from the classical steward, contemporary steward leaders sometimes experience the same progressive stages of stewardship as they mature in their role. This is especially seen in the values and roles of contemporary nonprofit boards and executive directors as well as within the organizations they lead. Nonprofit organizations may not always progress through the stages in succession, but an informed observer can often identify the stage at which the organization is being led.

### Nonprofit Organizations that are Accounting Oriented

You’ve probably read the newsletters and brochures from nonprofit organizations that were intent on recounting as many facts and figures as possible. They want their constituents to clearly know how many people were served, lives saved, students graduated, meals prepared, and beds filled. Every last dollar spent is accounted for in great detail, and the Executive Director (ED) is happy to open the books to anyone who wishes to examine them. Concepts that are often repeated are “accurate,” “complete,” and “accountable.” When the Board meets with the ED, the agenda is full of information, facts, statistics, and detailed financial reports. The Board listens intently, nods, and affirms that everything is in order.

These are descriptions of nonprofit organizations that are accounting oriented. There is a level of comfort in this form of stewardship, since it involves little risk, limited need for communication between Board and ED, and minimal innovation. The organization is moving along like a machine, serving people, spending its budget, reaching its goals, and quantifying the results. In this type of nonprofit, Board members often operate at one of two opposite extremes. They may be heavily involved—almost myopically so—since prescriptive direction may be the form of leadership they are most comfortable with. Or the Board may be virtually disengaged from involvement with the exception of an annual Board meeting.

### Nonprofit Organizations that are Sustainability Oriented

When the author interviewed a number of nonprofit EDs as a part of an international research project, a surprising number (almost one in five) claimed that their primary role was to either “efficiently apply the resources” or “take care of the organization.” These nonprofit leaders reveal a concept of stewardship that is sustainability oriented. Their leaders and boards focus on the most efficient way to use the resources of the organization to insure that those resources, and the organization, will last as long as possible. Jeavons (1994, 76) profiles several organizations that are sustainability oriented: they choose simplistic cost-effective solutions over options that involve higher risk, and are willing to forgo services whose outcomes are harder to assess over those that can be delivered in a straight-forward manner. Leaders of such organizations are often concerned that the organization be sustained through their tenure and not “go down on my watch.” They build systems and manage budgets with extreme care and efficiency, and are proud of how much they can do with so little. To them, the ultimate goal of stewardship is sustainability and perpetuity of mission.

### Nonprofit Organizations that are Growth Oriented

According to the author’s research, even fewer organizations (one in ten) approach stewardship as growth. Growth oriented leaders and organizations often use words such as “grow,” “leverage,” and “multiply.” They believe that they have been entrusted with resources by the stakeholders of the organization in order to maximize its growth and outcomes through wise application and utilization of resources. The output must always greater than the sum of the inputs. To them, money is a “nonworking resource” until it is applied through the skills and wisdom of people to provide products and services that fill a human need and change people’s lives. They are not happy to merely sustain the organization: they work hard to make it grow, become more effective, and do more good today compared to yesterday.

Nonprofit organizations that are growth oriented learn how to become comfortable with risk. Sometimes the risk pays off and the organization and/or its outcomes grow. Sometimes the risk doesn’t work, and may even produce loss—which is interpreted as a learning experience, not a failure. And so their boards learn over time how to communicate appropriate levels of risk with the leadership team. They also learn how to delegate and empower their EDs to be able to operate more independently. These boards focus on defining strategic goals and outcomes more than on operational directives. Executive Directors of growth oriented organizations learn how to develop multiple strategies and programs for reaching their goals. They like to test new ideas, measure and quantify outputs, and frequently evaluate outcomes.

### Nonprofit Organizations that are Optimization Oriented

Finally, organizations and their leadership that operate at the most mature level of stewardship are optimization oriented. These organizations are the rarest of all nonprofits. Instead of focusing just on efficiency, they are equally if not more concerned with effectiveness. They understand the multiplying effect of resource utilization, but they further recognize that there is an optimum investment of resources that will produce the greatest outcome. They are not afraid to apply business concepts to their nonprofit mission (such as return-on-investment, strategy, profit/surplus, and key performance indicators). When optimum performance has been reached in a given program or service, their boards and staff are not afraid to redirect the resources to other programs.

The boards of optimization oriented nonprofits are generally the most diverse of all nonprofit boards, with a large percentage of business and professional skills represented. They delegate to the ED considerable authority and independent control, and focus mostly on strategy, capitalization, reinvestment of new initiatives, and forward-thinking issues. Their EDs often come with extensive business experience because of the need for highly developed analytical and creative skills. They are comfortable redirecting resources from programs that will probably never reach optimization and reinvest them in new ventures. And they celebrate the end of programs that have reached optimization.

In these organizations, the mission always remains central, but the means (i.e. programs) are highly fluid. And when the mission is largely determined to be accomplished (i.e. optimized),[[4]](#footnote-4) the organization is willing to put itself out of business or morph with a new, more entrepreneurial, mission. Peter Drucker (1985, 180) laments that there are few public-service organizations that are optimization oriented. As a result, he observes how entrepreneurship and innovation are rare in nonprofit organizations and, if present, generally come from new ventures rather than existing institutions.

## Conclusion

The role of stewards, and the resulting understanding of stewardship, has undergone a significant development and genesis since stewards first appeared in ancient history. In a similar vein, contemporary understanding of the meaning of stewardship has also undergone equal development as it has been expressed in executive leadership and in the demarcations of nonprofit organizations. Four distinct stages in the development of stewardship have been identified out of the classical period that bear strong resemblance to four parallel expressions of stewardship in contemporary nonprofit organizations. Each stage informs an understanding of the roles and responsibilities of the steward leaders in the organization, and ways that the organization can mature in stewardship (should its leaders wish to do so).

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1. See Xenophone (1994), Columella (1968), Cato (1998) and Varro (1934). [↑](#footnote-ref-1)
2. The best sources on the history of stewardship in the Christian church are Powell (1960) and Lynn (2006). [↑](#footnote-ref-2)
3. Hammurabi ruled Babylon between 22285 and 2242 BCE. [↑](#footnote-ref-3)
4. According to Peter Drucker (1985, 180), most nonprofit organizations “are out to maximize rather than optimize. ‘Our mission will not be completed,’ asserts the head of the Crusade Against Hunger, ‘as long as there is one child on the earth going to bed hungry.’… If the goal is maximization, it can never be attained. Indeed, the closer one comes toward attaining one’s objective, the more efforts are called for. For, once optimization has been reached (and the optimum in most efforts lies between 75 and 80 percent of theoretical maximum), additional costs go up exponentially while additional results fall off exponentially. The closer a public-service institution comes to attaining its objectives, the more frustrated it will be and the harder it will work on what it is already doing.” [↑](#footnote-ref-4)