WHAT IS LEADER CHARACTER AND HOW DOES IT INFLUENCE HOW WE LEAD?

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From the Headlines

America is Seduced by 'Leadership Bling' and Lacks True Leaders

We the People Demand Character in American Government

Narcissism: The science behind the rise of a modern 'epidemic'

Can Bankers Behave?

CEO Fiascos Typically Start With A Lack Of Empathy

The Dark Side of Leadership, the Paradoxical Ascension of Toxic Leaders
Why Focus on Leader Character?

The 10th anniversary of the global financial crisis for which character deficits were a significant contributor.
Why Focus on Leader Character?

There are constant reminders of the costs of character deficits.
Why Focus on Leader Character?

There is mounting evidence that character makes a difference to individual and organizational outcomes.
Why Focus on Leader Character?

There is a growing belief that leaders can develop character in themselves, others and their organizations.
Five Messages

- The 3 Cs of leadership (competencies, character, commitment)
- What is character? Why is it important?
- Character can be defined, assessed and developed
- Character matters hence … elevate it alongside competencies!
- Ways in which leaders can apply leader character in organizations
Religious leaders blame bankers' greed for financial crisis

Obama: Greed led to economic crisis

Greed and Fear: The golden age of finance collapsed under its own contradictions
Worldwide financial crisis largely bypasses Canada

Prudent, perhaps, but the Canadian model pays off

IMF: Canada banks avoid global banking crisis thanks to regulation
Among the many questions we asked:

• What went wrong with leadership that contributed to the 2008 – 2009 financial crisis? Could good leadership have made a difference? Or … was the crisis an act of Mother Nature?

• What do we know about good leadership? What did we – scholars, educators, leaders – miss about the formulation of good leadership?

• What can we learn from those organizations and leaders who anticipated the crisis and avoided it or who coped well throughout?

• What do organizations need to do differently to reduce the likelihood of these kinds of events from happening again?
If any of these three pillars are deficient, the shortfall will undermine the other pillars and, ultimately, lead to performance problems for leaders, organizations and related stakeholders.
Character has traditionally received the least attention – both in research as well as in our day-to-day practices and conversations. Yet, when we think about both the famous and infamous leaders of recent times, it’s impossible not to think of their character.
The Challenge with Leader Character

Why haven’t we emphasized leader character in organizations to the same extent as competencies?

- There is a great deal of ambiguity about what is meant by the word character
- Leaders need a contemporary, practice-focused vocabulary with which to address character in the workplace
- Few reliable and valid instruments are available for the systematic assessment of character
So ... where did that leave us?

- Conducted countless focus groups with executives, directors and practitioners from the public, private and not-for-profit sectors in North America, Europe and Asia
- Distributed surveys in multiple organizations to collect data
- Partnered with the Institute of Corporate Directors to understand leader character in board governance and to test our ideas
- Focus on character development in both degree and executive programs at Ivey and other business schools
- Worked with organizations to develop leader character in individuals and to build and strengthen character-infused cultures
- Exposed our conclusions to peer review (academic journals) and practitioner scrutiny (articles, conferences, programs)
Character Dimensions and Elements

**Transcendence**
- appreciative
- inspired, purposive
- future-oriented
- optimistic, creative

**Drive**
- passionate, vigorous
- results-oriented
- demonstrates initiative
- strives for excellence

**Courage**
- brave, determined
- tenacious, resilient
- confident

**Accountability**
- takes ownership
- accepts consequences
- conscientious
- responsible

**Collaboration**
- cooperative, collegial
- open-minded, flexible
- interconnected

**Justice**
- fair, equitable
- proportionate
- even-handed
- socially responsible

**Humanity**
- considerate
- empathetic
- compassionate
- magnanimous
- forgiving

**Temperance**
- patient, calm
- composed
- self-controlled
- prudent

**Humility**
- self-aware, modest
- reflective
- continuous learner
- respectful, grateful
- vulnerable

**Integrity**
- authentic, candid
- transparent, principled
- consistent

**Judgment**
- situationally aware
- cognitively complex
- analytical, decisive
- critical thinker, intuitive
- insightful, pragmatic
- adaptable
## Examples of Dimensions and Elements

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Element</th>
<th>Item</th>
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</thead>
<tbody>
<tr>
<td>Temperance</td>
<td>Self-control</td>
<td>Controls strong emotions like anger or disappointment, especially in difficult situations.</td>
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<tr>
<td>Humility</td>
<td>Continuous learner</td>
<td>Takes advantage of any opportunity to learn from someone else.</td>
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<tr>
<td>Drive</td>
<td>Demonstrates initiative</td>
<td>Recognizes the need for, and takes prompt action, without being asked to do so.</td>
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</table>
Character Dimensions and Elements

Judgment
situationally aware, cognitively complex, analytical, decisive, critical thinker, intuitive, insightful, pragmatic, adaptable

Transcendence
appreciative, inspired, purposive, future-oriented, optimistic, creative

Drive
passionate, vigorous, results-oriented, demonstrates initiative, strives for excellence

Collaboration
cooperative, collegial, open-minded, flexible, interconnected

Humility
self-aware, modest, reflective, continuous learner, respectful, grateful, vulnerable

Integrity
authentic, candid, transparent, principled, consistent

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patient, calm, composed, self-controlled, prudent

Justice
fair, equitable, proportionate, even-handed, socially responsible

Accountability
takes ownership, accepts consequences, conscientious, responsible

Courage
brave, determined, tenacious, resilient, confident
Keep in mind ...

- Character is a habit of being (a set of observable behaviors) anchored in a set of virtues, values and personality traits.
- Each character dimension is composed of several elements; and the elements affect the strength of the particular dimension.
- The character dimensions are "non-negotiable" and interconnected – they work together ... otherwise virtues may become vices.
- Character is exercised through judgment; and the quality of judgment impacts individual and hence organizational performance.
- Our challenge is to master the elements, dimensions to achieve personal effectiveness.
## Director Views  (1 = strongly disagree, 5 = strongly agree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Score</th>
<th>Standard Deviation</th>
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<tbody>
<tr>
<td>The character of the CEO has a tremendous impact on the effectiveness of a board</td>
<td>4.48</td>
<td>0.73</td>
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<tr>
<td>A critical role of the board is to assess and evaluate the character of the CEO and the C-level executive team</td>
<td>4.43</td>
<td>0.81</td>
</tr>
<tr>
<td>Boards (or their selection committees) spend sufficient time assessing a potential director's character before asking them to join a board</td>
<td>2.35</td>
<td>1.09</td>
</tr>
<tr>
<td>Early workplace experiences have a substantial impact on character formation</td>
<td>4.01</td>
<td>0.85</td>
</tr>
<tr>
<td>The educational system does a good job of developing character</td>
<td>2.26</td>
<td>0.86</td>
</tr>
<tr>
<td>Business schools need to address character issues more than they do</td>
<td>4.36</td>
<td>0.73</td>
</tr>
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</table>
• CEOs who scored high on four aspects of character – integrity, responsibility, forgiveness and compassion – had an average return on assets (ROA) of 9.35% over a two-year period. In contrast, CEOs with low ratings had a ROA of 1.93%.
## The Impact of Character (examples)

<table>
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<tr>
<th>Dimension</th>
<th>Present</th>
<th>Absent</th>
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</thead>
</table>
| **Courage** | - Decisions are made in spite of uncertainty  
- There is opposition to bad decisions | - There is agreement with poor decisions  
- Moral muteness prevails |
| **Accountability** | - There is commitment to decisions and their execution | - There is failure to deliver results and take responsibility for poor decisions and outcomes |
| **Humility** | - There is a willingness to identify and discuss mistakes  
- The organization supports continuous learning | - Interactions are ruled by arrogance and overconfidence  
- Problems and projects are approached with complacency |
Can character can be developed?

Leaders learn by constantly stretching, reaching out for new performance levels, and discovering ways to contribute more to their organizations. They don’t rest on their laurels, hunker down in their comfort zones, and become complacent.

- Character can change for the better or worse
- Character is developed incrementally
- Range of different approaches (e.g., education; reading; workshops; simulations including role plays; or experiences)

Luke Skywalker in Star Wars

Frodo Baggins in Lord of the Rings
The Individual’s Role in Character Development

- People have the potential to constantly learn, modify, adapt and experiment as they make their way in life
  - Reflect
    - Who am I?
    - What do I want to be?
    - What am I going to do to become what I want to be?
  - Stretch, goal-setting
  - Get data to course-correct, feedback especially on those experiences that really test character
The Leader’s Role in Character Development

- Hire and promote for character
  - Every job opening is an opportunity to reinforce the importance of character
  - Be explicit about search criteria and include the character dimensions along with competencies
  - Develop the kind of behaviorally based interviewing skills that can expose character strengths and deficiencies requiring training
  - Conduct deep and wide reference checking
The Leader’s Role in Character Development

• Model behaviors
  • Any character associated behaviors expressed or enacted by leaders are perceived by others – especially those at early stages of their leadership development – as the behaviors that are valued in the organization

• Meryl Streep's Oscar speech
  • "This instinct to humiliate when it's modeled by someone in the public ... by someone powerful, it filters down into everyone's life because it kind of gives permission for other people to do the same. When the powerful use their position to bully others, we all lose."
The Leader’s Role in Character Development

• Personal coaching and engagement
  • Personally coach individuals when they encounter teachable moments – the positives and the developmental opportunities
  • Incorporate the character dimensions used in recruiting into performance management programs
  • Take every opportunity to refer to character when making crucial decisions
Conclusion

• Remember the 3 Cs of leadership.
• Leader character matters! Hence elevate character alongside competencies.
• Character is observed and revealed in behaviors.
• Character can be defined, assessed and developed.
• Consider the implications for you, organizations and the societies in which they operate.
IF NOT US ... WHO?
AND IF NOT NOW ... WHEN?
WHAT IS LEADER CHARACTER AND HOW DOES IT INFLUENCE HOW WE LEAD?

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The Leader Character Insight Assessment
The Leader Character Insight Assessment

• Explore the inter-related dimensions of leader character that underpin effective leadership

• Develop self-awareness around character strengths and opportunities and access resources to support character growth and development

• Establish a baseline against which growth can be measured and balance acquired (self-assessment, 360 format)

• Acquire the language and a gateway to discuss the concept of character in a more meaningful way within your organization