

Developing Leadership Character

Mary Crossan, Gerard Seijts,
and Jeffrey Gandz

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**Mary Crossan, Gerard Seijts, and
Jeffrey Gandz**

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Developing Leadership Character

This book focuses on the element of leadership that has largely been neglected in the literature: Character. Although character is often thought to be a subjective construct, this book argues otherwise. It demonstrates the concrete behaviors associated with different character dimensions in order to illustrate how these behaviors can be developed, and character strengthened.

Based on research involving over 300 senior leaders from different industries, sectors, and countries, Crossan, Seijts, and Gandz developed a model for leadership character that focuses on eleven dimensions. The book begins by setting the context for the focus on character in business, asking what character is and whether it can be learned, developed, molded, or changed. Next, the book focuses on each dimension of leadership character in turn, exploring its elements and the ways in which it can be applied in a business setting. The book concludes with a summary of the key insights, an exploration of the interactions between the character dimensions, and a call to the reader to reflect on how to develop one's own and others' leadership character.

Bridging theory and management practice, *Developing Leadership Character* will interest students and practitioners alike. Readers will benefit not only from a new, robust theoretical framework for leadership character, but will also learn how character can be developed further.

Mary Crossan is a Distinguished University Professor and a Professor of Strategic Leadership at Ivey Business School, Canada. She has published several books, best-selling case studies, and articles in top academic journals including the *Strategic Management Journal*, the *Academy of Management Review*, and *Leadership Quarterly*.

Gerard Seijts is a Professor of Organizational Behavior and Executive Director of the Ian O. Ihnatowycz Institute for Leadership at Ivey Business School, Canada. He teaches in several leadership programs, and has published in leading journals including the *Academy of Management Journal*, the *Journal of Applied Psychology*, and the *Journal of Organizational*

Behavior. He is the author of *Good Leaders Learn*, also published by Routledge.

Jeffrey Gandz is Professor Emeritus of Strategic Leadership at Ivey Business School, Canada. He has authored or co-authored seven books, many articles in academic journals and practitioner magazines, and over 100 case studies that are used in business schools around the world.

It is always a difficult task to decide which of multiple co-authors of a specific book or article will be listed first, as the senior author. In the case of this book it is impossible to do so. We have all been engaged in developing the core frameworks, writing parts of the text, editing each others' writing, working through multiple drafts, and so forth. We are true collaborators, friends, and scholars in a common cause ... the understanding of leadership character.

Character and Leadership go hand in hand when establishing a successful team. Individuals willing to not only make tough decisions, but *act* on them, are important to establishing a culture of success. Leaders shine brightest when they have the competence and commitment to achieve a goal, not for personal accolades, but for the benefit of the team. This is a must-read for anyone who wishes to escape the norm and dare to lead.

— Ron Francis, General Manager, Carolina Hurricanes
Hockey Club, Canada

Leadership effectiveness is more than what a leader knows. It depends on who a leader is, a discipline that continues to come of age, driving critical thinking and behavior. Hats off to Crossan, Seijts, and Gandz; *Developing Leadership Character* reveals how underlying personal values and our ability to evolve them constitute leadership character and why this is central to our effectiveness.

— Steve Magier, Vice Chairman and Managing
Director, USA

The foundation of good leadership in life and work is character. *Developing Leadership Character* is a conversational, research-based read that will help you understand the various dimensions of character and how to develop it in yourself and your organization. This thought-provoking book is filled with stories of real-life people and leadership experiences that will truly hit home – and help make you a better person and leader.

— Mary Barra, Chief Executive Officer, General
Motors Company, USA

Mary Crossan

To my family and the amazing people in my life who inspire me every day.

Gerard Seijts

To my mom, who created many fond memories for her family.

Jeffrey Gandz

To Elizabeth and the many characters I've met in leadership roles.

Preface

Good leadership is a function of competencies, character, and the commitment to doing the hard work of leadership. Of these three, 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, whether in the spheres of business, politics, sports, or others, it's impossible not to think of their characters. Understanding what provides strength of leader character and what undermines it is the essence of this book.

Consider the following: Nelson Mandela's extraordinary combination of courage, humility, and humanity as he led South Africa out of the apartheid era; Bernie Madoff's criminal duplicity, callousness, and lack of integrity that devised and executed the largest Ponzi scheme ever in the history of the United States; Bill and Melinda Gates and their remarkable personal philanthropic activities and leadership of a renaissance in social awareness and action; Silvio Berlusconi's synthesis of political acumen with apparently out-of-control sexual proclivities and reluctance to pay taxes; Narayana Murthy's humility, courage, and collaboration in building a world-class organization – Infosys, India's second largest information technology service company; Margaret Thatcher's drive and perseverance that gained her the leadership of the Conservative party and election as prime minister, and her steadfastness in using that role to reshape and reenergize the United Kingdom's moribund economy at the expense of hundreds of thousands of employees in mining, manufacturing, and other blue-collar industries that were shuttered during her time in power, leading to harsh criticism that she was lacking in humanity; or Conrad Black's ambition and drive to create an international newspaper empire stretching from the United Kingdom, Australia, Israel, the United States, and Canada, coupled with his arrogance, conceit, narcissism, and lack of remorse that led to his conviction as a felon for fraud and obstruction of justice in the United States and a sentence to serve penitentiary time rather than plead guilty to some lesser charges and pay a fine. Indeed, it is not an exaggeration to say that when we think of those who made their marks as leaders, be they famous or notorious, whether their deeds led to good or bad outcomes, we do in fact think of their characters.

In our work with senior executives in the public, private, and not-for-profit sectors, we found, unsurprisingly, that character matters – a lot. For example, executives and directors had little difficulty talking about how they thought character had played a role in the lead-up to the financial crisis. But we also found that there was no consistent understanding of what character really meant. Character is a term that is often loosely defined and for many people is a rather ambiguous construct that is hard to grasp. As a result, it is seldom used in recruiting, selecting, promoting, or developing current and future leaders. Why is that? What explains the significant disconnect between the perceived importance of leader character and its actual use in organizations? Why don't we emphasize leader character in business school curricula to the same extent as competencies?

We can think of at least three explanations. First, character is a “loaded” word and, as we quickly found out during our conversations with leaders, it has different meanings for different people. There was also disagreement as to how character can best be assessed, as well as what can be done to develop character in current and future leaders. Second, a language or vocabulary with which to address leader character in the workplace is lacking. Leaders told us that what they need is a contemporary, practice-focused vocabulary with which to address character in performance management discussions, leadership development interventions, and corporate governance issues. Third, leaders told us they need tools if they are to move from thinking and talking about character development to actually doing something about it.

In *Developing Leadership Character* we present the voice of the leader as well as our ongoing research on leader character. Leaders from the public, private, and not-for-profit sectors have been actively engaged in developing our approach to leader character. We have built a solid foundation from which to bridge research and management practice; and we offer our insights and advice to leaders as well as individuals who have the ambition to lead or make a difference. We view character as a differentiator in leadership success, perhaps more so than competencies – it is what truly differentiates one leader over the next.

Our hope is that *Developing Leadership Character* is just the start of a lifelong journey to a new understanding of leadership. We hold the belief that character supports both the position and disposition to lead. For example, people in many arenas of society – business, education, government, medicine, law, sports, arts and culture, religion, and so forth – must exert acts of leadership without holding a formal leadership position. For this to happen, character provides an important resource to draw on. The book is therefore written for three audiences. First, a fundamental purpose of the book is to help current and future leaders to better understand and appreciate the role of character in individual and organizational success; to articulate the various dimensions of leadership character; to offer ways in which character can be further developed; and to come up with ideas to

embed character in organizations. The book and subsequent reflection on the materials presented (e.g. suggested readings, videos, and exercises) will help build a solid foundation of developing the character dimensions vital to success in any leadership career. Second, we fully expect that *Developing Leadership Character* will be used in educational settings. For example, curricula across disciplines – business, education, political science, medicine, and so forth – should pay as much attention to character as they do to competencies. Students should be encouraged and assisted to consider dimensions of leader character as part of the decision-making process in the public, private, and not-for-profit sector. This book provides a start.

And third, leadership and organizational development specialists may find ways to add more value to their organizations through implementing processes and programs through which to more fully exploit the potential of leadership talent – in particular, leader character. For example, we have been fortunate throughout our research to have worked with engaged audiences in business and government who enthusiastically weaved leader character into their leadership profiles. These profiles act as beacons – they signal what it takes to be successful as a leader in the organization and what various stakeholders should expect of employees and leaders in the organization.

Acknowledgments

We would like to acknowledge the leaders from the public, private, and not-for-profit sectors who participated in our research on leader character and contributed to our intellectual stimulation over the past six years. A special thank you goes out to Ian O. Ihnatowycz, President and CEO, First Generation Capital Inc., Bill Troost, President and CEO, Peel Plastic Products, and Walter Zuppinger, Chairman and CEO, Domco Foodservices Group of Canada Limited, for their ongoing interest in and financial support of our work that led to *Developing Leadership Character*. We thank Alyson Byrne, Daina Mazutis, and Mark Reno for their ongoing research support and Lucas Monzani for his help in putting together the supporting materials referenced throughout the book. A warm thank you also goes to Julie Carswell from Sigma Assessment Systems Inc. Julie was instrumental in the development of the Leadership Character Insight Assessment. We are grateful to the membership of the Leadership Council of the Ian O. Ihnatowycz Institute for Leadership and our Ivey colleagues for their insights, and we appreciate the administrative support provided by Debbie Zoccano, Stephanie Brooks, and Cam Buchan throughout the writing of the book. We are indebted to Jeffrey Cruikshank for his superb editorial support in getting the book written. Thank you, Jeffrey! We are grateful to the Social Sciences and Humanities Research Council for the funding that has supported much of our research.

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1 Leadership and Character

Consider the following list of leaders, whose names we have drawn from a fairly diverse set of backgrounds:

- Nelson Mandela (the late South African leader),
- Bill Gates (co-founder of Microsoft, philanthropist, investor, and inventor),
- Kenneth Lay and Jeffrey Skilling (former Enron executives),
- Silvio Berlusconi (Italian business and political leader),
- Oprah Winfrey (American media proprietor, talk show host, actress, producer, and philanthropist),
- Lance Armstrong (former competitive cyclist),
- Bernie Madoff (former stockbroker, investment advisor, financier, and chairman of Bernard L. Madoff Investment Securities),
- Halla Tomasdottir (co-founder of Audur Capital financial services, Iceland), and
- Richard Fuld (last CEO of Lehman Brothers).

What do these former and current leaders, from their very disparate walks of life, have in common? We think of them first and foremost in terms of their character – or in some cases, their lack of character. And then there are the countless unsung heroes in our daily lives who make a difference through their leadership and character – showing the inclination and ability to lead without necessarily having a leadership position.

This begs a question: What is “leader character” and how can it be developed? This is the critical question that we seek to answer in this chapter, and throughout this book. We believe that, given the tools, you can indeed develop character.

The Backdrop: Disaster

Our interest in this subject can be traced back to the global financial crisis that unfolded between 2007 and 2009. In retrospect, that crisis can be understood as a cyclical recession overlaid with an extraordinary

banking crisis. The result? The longest, deepest global recession since the 1930s. With the benefit of a half-decade of hindsight, we know that catastrophe was avoided – at least on the global scale. But millions of small catastrophes were not avoided. Individuals lost their jobs, homes, savings, and retirement nest eggs. Whole nations – notably Iceland, Greece, Italy, and Ireland – were compelled to adopt austerity budgets in order to protect their standing in the global economic community, and the people in those countries suffered accordingly. Less dramatically, the frustratingly slow rebound of the developed world left literally millions of people unemployed, and without much hope of employment, for years – a hidden cost of the great meltdown that will be with us far into the future.

Getting to the 3C Framework

In the summer of 2009, as the first fragile signs of economic recovery began to be seen, a small interdisciplinary group of faculty at the Ivey Business School – a group that included this book’s authors – began asking questions about the “why” of the fiasco. Fairly quickly, we focused in on the question of leadership – actions taken and not taken, by the financial companies at the epicenter of the meltdown, regulators and politicians, and in the broader economy. We summarized our initial hypotheses in a relatively brief working paper.

Next, we organized a series of more than a dozen focus-group discussions, in all major Canadian cities, New York, London, and Hong Kong. The participants – who were all either CEOs or other C-suite executives, from both large and small organizations and both the public and private sectors – were asked to read the paper in advance, and prepare to discuss it at their session.

As it turned out, those discussions were lively and far-ranging. Some dug deeply into organizational culture, executive compensation, and other motivating influences in the financial sector. Others came to focus primarily on the issue of leader character. This was a somewhat surprising development, from our point of view. It was an issue that we had long been interested in, but we weren’t certain that practically minded, real-world practitioners would grab hold of it. But in many cases, they did.

In the wake of these large meetings and a series of smaller focus groups – which ultimately comprised some 300 global business leaders – we continued to sharpen our ideas. We drew upon the fruits of those discussions, and we also attempted to capture and absorb what was by now a steady torrent of materials being generated by participants in and expert observers of the financial meltdown: books, articles, speeches, talk show appearances, and so on. We took note when Dominic Barton – head of McKinsey’s global consulting practice – raised the character issue in a commencement address at Ivey. “When we think about leadership,” Barton told our graduating class, “we focus too much on what leaders do ... and we don’t spend

enough time on who leaders are – the character of leaders.”¹ Similarly, we took note when Mark Carney, then Governor of the Bank of Canada, who now has a similar role at the Bank of England, observed that “to restore trust in banks and in the broader financial system, global financial institutions need to rediscover their values ... Employees need a sense of broader purpose, grounded in strong connections to their clients and their communities.”²

Yes, these practitioners tended to use a variety of terms as they put forward their analyses and prescriptions, but we thought we heard a pretty consistent theme: “when it comes to leadership, character matters.”

In 2010, our core working group (which included, in addition to the three authors of this book, our colleagues Carol Stephenson and Daina Mazutis) published a monograph summarizing our interim findings. Entitled *Leadership on Trial: A Manifesto for Leadership Development*, the monograph attempted to both “set the record straight” on key aspects of the financial crisis and help shape a research agenda going forward. Like most manifestos, ours concluded with a call to action, suggesting specific steps that we thought could and should be taken by five key constituent groups:

- Current and next-generation leaders of private and public sector organizations
- Boards of directors
- Management educators, and
- Leadership- and organizational-development specialists.

As we had hoped, the publication generated a continuing and productive dialogue both in the academic and business communities. To our surprise, it also sold pretty well: one of the most credible forms of validation!

This book builds upon the core findings of that monograph – and significantly extends them. Very briefly stated, the financial crisis that wreaked such havoc between 2007 and the present grew out of three kinds of leadership failures:

- Failures of competence,
- Failures of commitment, and
- Failures of character.

We detailed those failures in the monograph. While so doing, we realized that this litany of failures practically begged to be stood on its head – to arrive at a prescription for good leadership. So not surprisingly, as we see it, good leadership can be said to rest on three foundations, as summarized in Figure 1.1 below.

We concluded that competencies reflect what a person can do. Commitment describes the degree of effort that someone will put into

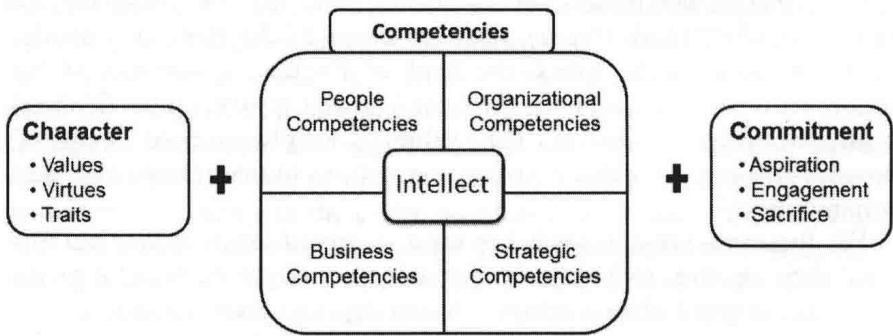


Figure 1.1 The Effective Leader

doing those things, which is based on things like their level of aspiration, their degree of engagement, and the extent to which they are willing to sacrifice to reach a goal. Character influences the choices people make about what to do, as well as whether they will acquire the requisite competencies, and make the commitment to do so in any given situation. (We will return to the bullets listed under character – values, virtues, and traits – shortly.) We concluded further that if any of these three foundations are deficient, the shortfall will undermine the two others, and – ultimately – lead to performance problems for leaders, organizations, and related stakeholders.

A Focus on Character

Based on the research described above, and also based on positive reactions to that work from a broad range of constituencies, we were encouraged to carry that work a step further – and in a particular direction.

Business schools and businesses alike have tended to focus their developmental efforts on competencies, whether on the individual or organizational level. Commitment, too, seemed to get an appropriate amount of focus – both on the hiring end and in the developmental process that unfolds over the course of a career.

Increasingly, we felt compelled to focus on the left-hand side of Figure 1.1, above: the character component. As noted, we weren't alone in that focus, and concern. A clear majority of the people we talked to seemed to agree that character was critically important to good leadership. Many identified character weaknesses or defects as being at the epicenter of the build-up in financial-system leverage over the preceding decade, and the subsequent meltdown. Conversely, the participants also identified leader character as a key factor that distinguished the companies that survived, or even prospered, during the meltdown from those that failed or were badly damaged.

When talking about character, those participants focused on issues of both leadership and governance. Among them were: overconfidence

(bordering on arrogance) that led to reckless or excessive risk-taking behaviors; lack of transparency, and in some cases, lack of integrity; sheer inattention to critical issues; lack of accountability for the huge risks associated with astronomical individual rewards; intemperate and injudicious decision-making; a lack of respect for individuals that actually got in the way of effective team functioning; hyper-competitiveness among leaders of major financial institutions; and irresponsibility toward shareholders and the societies within which these organizations operated. Taken together, these and other character elements were identified as root or contributory causes of the excessive build-up of leverage in financial markets and the subsequent meltdown.

At the same time, those we have interviewed over the years almost always wondered why such issues were seldom addressed prior to the crisis. They noted the absence of ongoing meaningful discussions about character in their own organizations, even in critical issues such as talent recruitment, selection, development, and retention and succession management.

We think there are a number of reasons for this inconsistency. These include, for example:

- Many decades and many millions of dollars have been spent by private- and public-sector organizations developing competency profiles and ways of measuring competencies. No such emphasis has been placed on character.
- Competencies are manifested in behaviors, and we can actually measure them, however imperfectly. Character, on the other hand, addresses a capability in individuals that may not yet have been tested, and the evidence for which is frequently vague. Up until now, we have not had a way of framing and measuring character which could be seen as comparable to such measures on the competency spectrum.
- “Character” is a loaded word. We tend to avoid talking about character in the workplace, because it seems such a subjective construct. To compound this problem, character has generally been seen as a “moral” or “ethical” issue, which somehow feels extraneous to a business perspective.
- To date, the language of character has been complicated and inaccessible to those unversed in philosophy, ethics, and advanced psychological terminology. It is often viewed as a “soft” and certainly a non-quantifiable construct in a world that looks for hard data.

It’s a seemingly daunting list. But we remained intrigued, and undeterred. What if we could come up with a framework that could translate the arcane terminology surrounding character into contemporary managerial language?³ What if we could create a typology of character dimensions that pertain to the business context, and describe the good and bad behaviors associated with these character dimensions in the appropriate business

contexts? What if we could avoid the quicksand of orthodoxy (whether philosophical, ethical, psychological, or managerial) through balance, transparency, careful wording, and clear definitions?

This has been a focus of our ongoing research.

Digging Deeper

But this accounting, detailed as it was, raised as many questions as it answered. Gradually, we distilled that myriad of smaller questions into three overarching questions:

- What is character? It's a term that we use quite often in everyday conversations: He's a bad character; a person of good character; or a character reference. But what do we really mean by leader character?
- Why is it so difficult to talk about someone's character? Why do we find it difficult to assess someone's character with the same degree of comfort we seem to have in assessing their competencies and commitment?
- Can character be learned, developed, shaped, and molded, or is it something that must be present from birth – or at least from childhood or adolescence? Can it change? What, if anything, can leaders do to help develop good character among their followers and a culture of good character in their organizations?

Let's begin with the first and most important question: What is character? One way of answering that question is to state what character does – in other words, its impacts. Character is foundational to effective decision-making and functioning. It shapes a number of things, including: what we notice in the context in which we operate; how we engage the world around us; what we reinforce through our rewards and punishments; who we engage in conversation and how we conduct those conversations; what we value; how we interpret feedback; what we choose to act on; how we deal with conflict, disappointment, and setbacks; the goals we set for ourselves; how we communicate; and so forth. For example, aspiring leaders must commit to stretch assignments to develop their competencies, take in and act on constructive feedback, learn to take ownership for personal mistakes made, develop a cross-enterprise view of the business, and be willing to collaborate well with others on enterprise- or industry-wide projects.

Now let's move from what character does to what character is. As suggested in Figure 1.1, above, we define "character" as an amalgam of virtues, traits, and values. At this point, let's define each of these terms a little more carefully, and work them a little harder.

Virtues are central to our analysis, and to the prescriptions that grow out of that analysis. Virtues are patterns of situationally appropriate behaviors – for example, courage and accountability – that are generally considered to be emblematic of good leaders. They are, in effect, clusters of