

# Character 101

Thanksgiving Point, 10 April 2024



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4. Business values
5. Good leadership in finance
6. How is character developed?

# Character

“Good leadership isn’t just effective but ethical. It leads to human flourishing... It requires not only *values* but *virtues*.”

- **Mark Carney**, Former Governor of the Bank of England



**“The FCA expects high standards of character... from those who operate in the financial services industry and will take action to ensure these standards are maintained.”**





**“The cultures we spend time in shape our characters and our characters may in turn shape the culture, in particular if we sit at the top of the hierarchy.”<sup>3</sup>**

*— Alison Cottrell, Former CEO of the Financial Services Culture Board (FSCB)*





**“We educate leaders who make a difference in the world.”**

**“When we talk about leaders, we mean people who embody a certain type of competence and character.”**







# Character 101

Character refers to the **dispositions or habits** that consistently shape the way a person thinks, feels and acts.

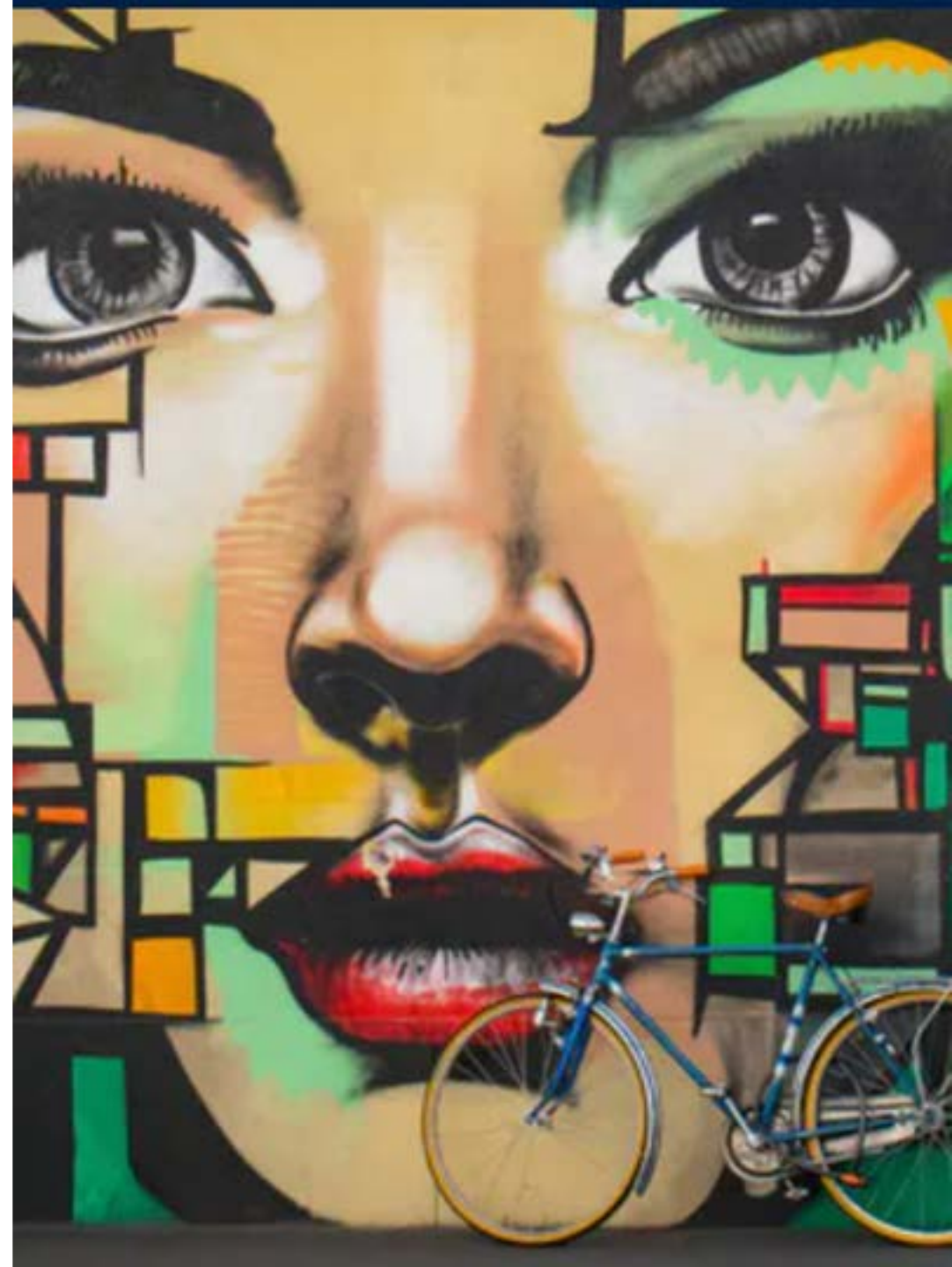
Character traits are **consistent across situations** and spheres of life, but they are **not fixed**.

Character traits can be positive (**virtues**) or negative (**vices**).

Character can be **cultivated**, and it can be **corrupted**.

Character is **shaped by patterns of life**, the **people** around us, the **stories we tell**, the **spaces we inhabit**, the highs and lows of our **experience**.

Character **involves choice and autonomy**—it is rational and not blindly conformist.



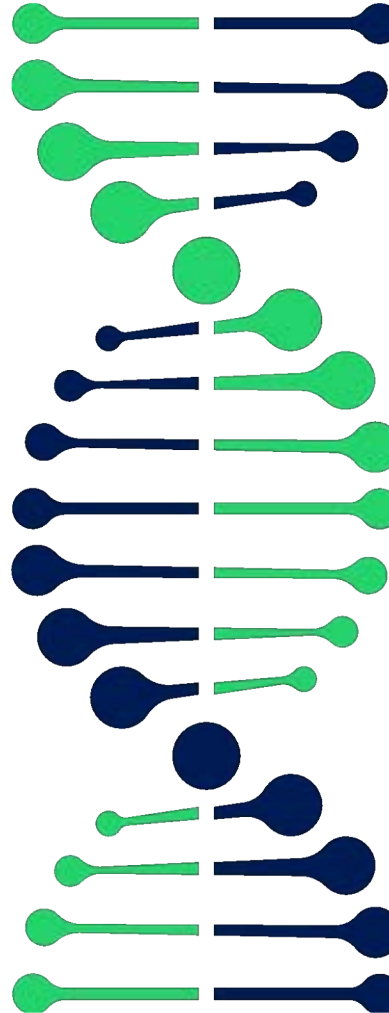
Virtues of character are essential to translate values into behaviors in practice.

## VALUES

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- What matters to us
- Who we want to be
- Our self-conception

## VIRTUES






## BEHAVIOURS

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- What we think
- How we feel
- What we do

# Three key components

		
<p>Character has a <b>motivational</b> component. It is about our aspiration to be a certain kind of person – to live in accord with what matters to us and determine who we want to become.</p>	<p>Character has an <b>intellectual</b> component. It is about identifying and understanding features of situations in order to determine the best course of action.</p>	<p>Character has a <b>skill</b> component. It is about successfully acting on our values and concerns, especially under pressure. Character can be developed over time by way of intentional practice.</p>

# Virtues of character

MORAL VIRTUES	INTELLECTUAL VIRTUES	PERFORMANCE VIRTUES
Excellences of life that underpin pro-social purpose and ethical action. Moral virtues order personal ambition within an underlying commitment to the common good.	Character traits of excellent thinkers. Intellectual virtues relate to the acquisition, maintenance and sharing of knowledge.	Character traits that have an instrumental value in enabling the intellectual and moral virtues.
E.g., justice, courage, moderation, generosity, humility, kindness.	E.g., curiosity, open-mindedness, intellectual rigor, charity, honesty.	E.g., resilience, determination, confidence.

“We flourish when we live well, and we live well when our lives are infused with virtues.” --Nancy Snow



NB This table highlights a number of virtues as examples. It is not a comprehensive list.

# Virtues and vices of leadership

		VICE (deficiency)	VIRTUE	VICE (excess)
Moral	Advancing the common good	Prejudice	Justice	
	Managing risk	Cowardice	Courage	Rashness
	Acting calmly & moderately	Impulsiveness	Self-control	Inflexibility
	Overcoming adversity	Malleability	Resilience	Hardness
	Implementing proposals	Hesitancy	Determination	Obstinacy
	Making a contribution	Self-deprecation	Humility (confidence)	Arrogance
Intellectual	Reasoning from evidence	Carelessness	Carefulness	Scrupulousness
	Transcending a perspective	Closed-mindedness	Open-mindedness	Indiscriminateness
	Taking a view	Spinelessness	Firmness	Rigidity

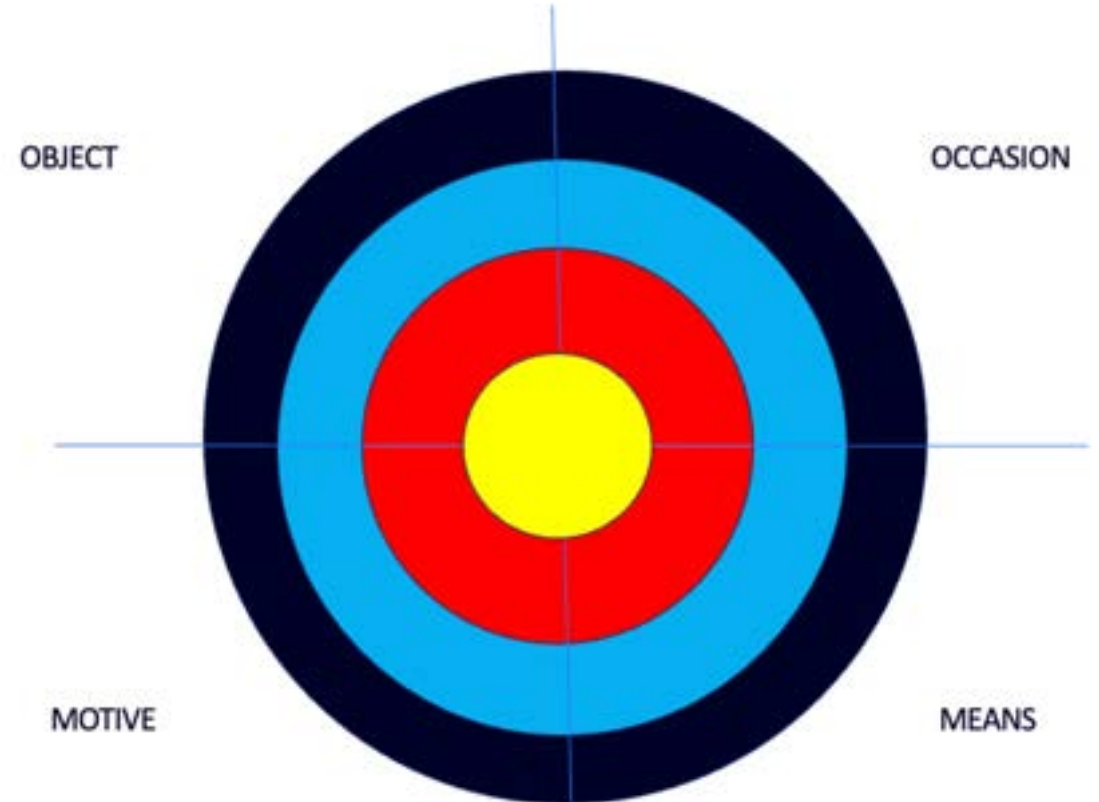
# JUDGMENT or PRACTICAL WISDOM

*The art of deliberation and discernment that balances conflicting information, aims, and values, enabling decisions and actions that advance the good.*

Good judgment:

1. Focuses on particulars
2. Relies on perception
3. Involves emotions
4. Attends to description
5. Specifies ends

Amaya, A. (2023). Reasoning in character: Virtue, legal argumentation, and judicial ethics. *Ethical Theory and Moral Practice*. Online: <https://doi.org/10.1007/s10677-023-10414-z>



Adapted from Nathan L. King, *The Excellent Mind*, OUP (2021), p. 26

## Hypothesis

We believe that leaders with character qualities such as solidarity, creativity, courage, humility and hope are crucial for organisations and society to navigate present challenges and grow into the future.

It takes effort—like learning any new skill—but these qualities can be developed over time. Our fundamental hypothesis is that character plays a crucial role in embedding values and purpose in organisations. If we are serious about integrating aspiration with action, character is key.





## Character and culture

To focus on character in organisations is not about fixing individuals. It is about helping people to grow in a self-guided way, strengthening powers of perception, deliberation, motivation, and action.

It is about (re)designing organisations so that they support rather than obstruct or undermine values and purpose coming into their own.



**Q&A**

# Our research


# Our research

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# Three dimensions of good leadership: Character, competence, and interpersonal skills

- **Professional competence** refers to the professional knowledge, cognitive abilities, and skills that enable individuals to perform leadership tasks to a high standard.
- **Interpersonal skills** refer to the interpersonal understanding and skills necessary to perform leadership tasks to a high standard given the essentially relational nature of good leadership.
- **Character** refers to habits or dispositions of thought, emotion, and action that in their developed state are stable over time and consistent across contexts.



"Great leaders have historically been celebrated for technical expertise, but when you ask people about the leaders who have really made an impact on them it has been about a whole host of things, primarily about how they made them feel. Did they create an environment where people could be at their best, bring all of their human capabilities, bring all of their curiosity and creativity and collaboration into the workplace, and create something that they actually feel proud of?"

– Sarah Gillard, CEO, Blueprint for Better Business



## Good leadership in UK business

	Feature of good leadership	Centrality (scale 1-7)	Standard deviation
1.	Competent	6.26	0.94
2.	Communication skills	6.24	1.02
3.	Integrity	6.22	1.02
4.	Hardworking	6.21	0.92
5.	Professional	6.18	1.00
6.	Responsible	6.18	0.96
7.	Committed	6.18	0.90
8.	Resilient	6.14	0.90
9.	Trustworthy	6.13	1.09
10.	Confident	6.11	0.88
11.	Knowledgeable	6.10	0.96
12.	Provides direction	6.10	1.00
13.	Risk aware	6.09	1.02
14.	Honesty	6.07	1.11
15.	Accountable	6.07	1.06
16.	Expertise	6.06	0.87
17.	Focused	6.06	1.01
18.	Driven	6.06	0.96
19.	Decisive	6.04	0.99
20.	Strategic	6.02	1.02
21.	Solves problems	6.00	0.96



Figure 1: Proportion of features in each category



Figure 2: Proportion of the top 20 most central features in each category



# Undervalued virtues

	Feature of good leadership	Centrality (scale 1-7)	Standard deviation
● 64.	Self aware	5.62	1.23
● 65.	Flexible	5.60	1.19
● 66.	Curious	5.60	1.17
● 67.	Thoughtful	5.59	1.08
● 68.	Open	5.58	1.21
● 69.	Empathetic	5.53	1.26
● 70.	Direct	5.53	1.09
● 71.	Technically competent	5.48	1.28
● 72.	Available	5.47	1.22
● 73.	Compassionate	5.46	1.23
● 74.	Transparent	5.41	1.33
● 75.	Energetic	5.41	1.17
● 76.	Friendly	5.38	1.15
● 77.	Caring	5.33	1.29
● 78.	Visionary	5.32	1.30
● 79.	Patient	5.27	1.30
● 80.	Kind	5.21	1.24
● 81.	Charismatic	5.19	1.22
● 82.	Creative	5.0	1.32
● 83.	Humble	4.79	1.43
● 84.	Humorous	4.79	1.23

● 80.	Kind	5.20
● 81.	Charismatic	5.19
● 82.	Creative	5.00
● 83.	Humble	4.79
● 84.	Humorous	4.79

# How do firms embed their values?



89%

**Policy alignment** (89%) – e.g. policies and practices set out in the code of conduct align with and support stated values and behaviours



68%

**Responsible leadership** (68%) – e.g. board oversight, leadership setting the tone, embedding values in leadership development



66%

**Financial incentives** (66%) – e.g. remuneration linked to values



62%

**Measurement** (62%) – e.g. conducting surveys, monitoring data, comparing with other organisations



55%

**Employee engagement** (55%) – e.g. embedding values in recruitment and retention strategies, staff training, coaching.

**Q&A**



**How is character developed?**



## 7 practical research-based strategies

1. Habituation through practice
2. Reflection on experience
3. Engagement with virtuous exemplars
4. Virtue literacy
5. Awareness of situational variables
6. Moral reminders
7. Friendships of mutual accountability

**INTENTION >> PLAN >> PRACTICE**

# #1 Habituation through practice

*We become what we repeatedly do*

“We become builders, for instance, by building, and we become harpists by playing the harp. Similarly, then, we become just by doing just actions, temperate by doing temperate actions, brave by doing brave actions.”

– Aristotle, *Nicomachean Ethics*, 2.1

“Skill analogy” (Annas 2011)

“Goal-dependent automaticity” (Snow, 2010)



# #1 Habituation through practice

*We become what we repeatedly do*

## 1.Temperance.

Eat not to dullness; drink not to elevation.

## 2.Silence.

Speak not but what may benefit others or yourself; avoid trifling conversation.

## 3.Order.

Let all your things have their places; let each part of your business have its time.

## 4.Resolution.

Resolve to perform what you ought; perform without fail what you resolve.

## 5.Frugality.

Make no expense but to do good to others or yourself; i. e., waste nothing.

## 6.Industry.

Lose no time; be always employ'd in something useful; cut off all unnecessary actions.

## 7.Sincerity

Use no hurtful deceit; think innocently and justly; and, if you speak, speak accordingly.

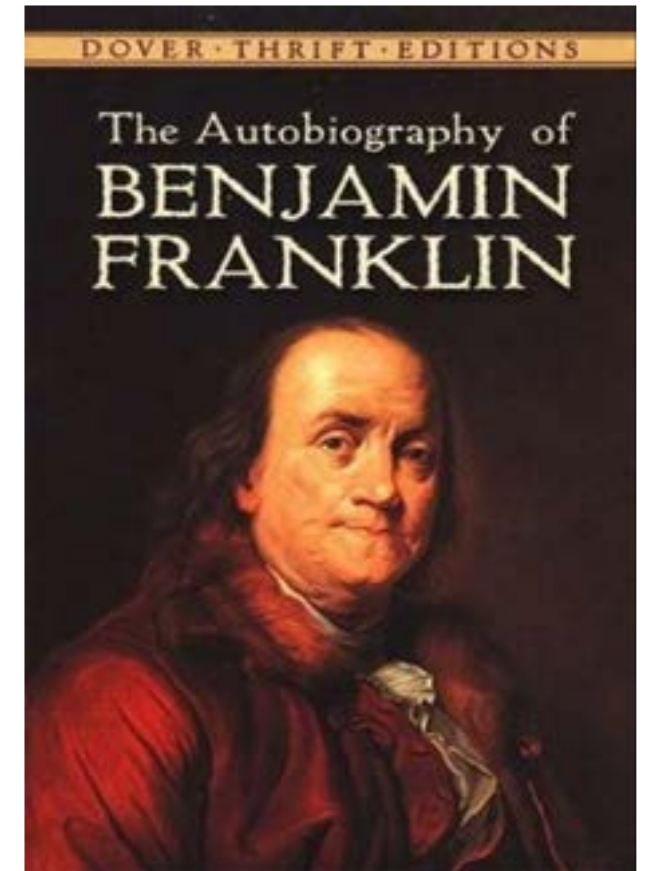
## 8.Justice

Wrong none by doing injuries, or omitting the benefits that are your duty.

## 9.Moderation

Avoid extremes; forbear resenting injuries so much as you think they deserve.

TEMPERANCE.								
<i>Eat Not to Dulness; Drink not to Elevation.</i>								
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# #2 Reflection on experience

*We learn from reflecting on experience*

Importance for all virtues, especially “practical wisdom”

Empirical research on the “reflective” dimension of wisdom

Professional emphasis on “reflective practice”



*Based on, e.g. Annas (2011), Aristotle (1999), Broadie (1993), Burnyeat (1980), Colby and Damon (1992), Colby et al. (2007), Damon and Colby (2015), Schon (1987), Schwartz and Sharpe (2010), Snow (2010)*

## #2 Reflection on experience

*We learn from reflecting on experience*

“In judging our progress as individuals we tend to concentrate on **external factors** such as one’s social position, influence and popularity, wealth and standard of education... But **internal factors** may be even more crucial in assessing one’s development as a human being. Honesty, sincerity, simplicity, humility, pure generosity, absence of vanity, readiness to serve others... **Development in matters of this nature is inconceivable without serious introspection, without knowing yourself, your weaknesses and mistakes.**”

—Nelson Mandela



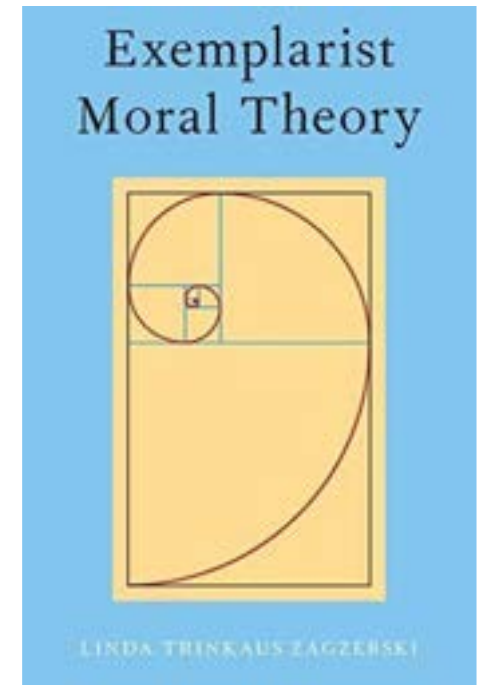
# #3 Engagement with virtuous exemplars

*We become like those we admire*

Exemplars...

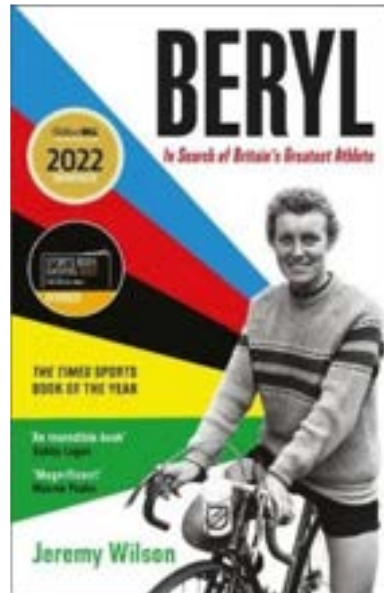
- Show us the good life and give us a model to emulate
- Provide “elevation” and inspiration to be better
- Offer advice and guidance
- Help us make decisions about how to act
- Provide moral reminders about how to live a good life
- Expand our moral imagination

“Relevant” and “attainable” are most effective (Han et al. 2017)



# #3 Engagement with virtuous exemplars

*We become like those we admire*





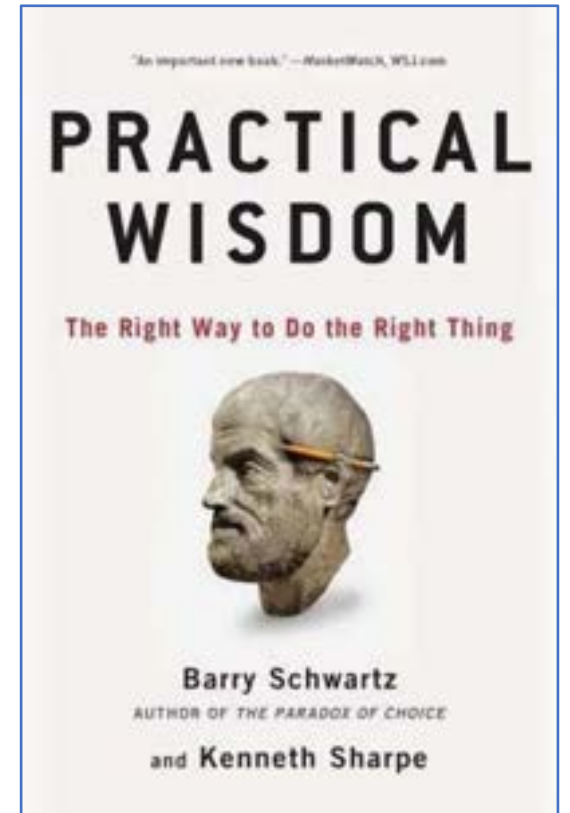
# #4 Virtue literacy

*New vocabulary means new concepts and possibilities*

Knowledge and understanding of virtue concepts enables identification and evaluation of morally salient contexts (Arthur et al., 2017)

Examples:

- Investigation of particular virtues: definition, corresponding vices, potential obstacles, interconnected virtues
- Reading and discussion



*Based on, e.g. Arthur et al. (2017), Aristotle (1999), Athanassoulis (2016), Berkowitz & Bier (2004), Colby et al. (2007), Kristjánsson (2014), Morgan et al. (2017), Soeter et al. (2008); Walker et al. (1995)*

# #5 Awareness of situational variables

*Making the subconscious conscious can break patterns and pave the way for growth*

Three research-based strategies:

- Getting the word out (Miller, 2018)
- Selecting situations (Miller, 2018)
- Rehearsing responses (Gentile, 2010)

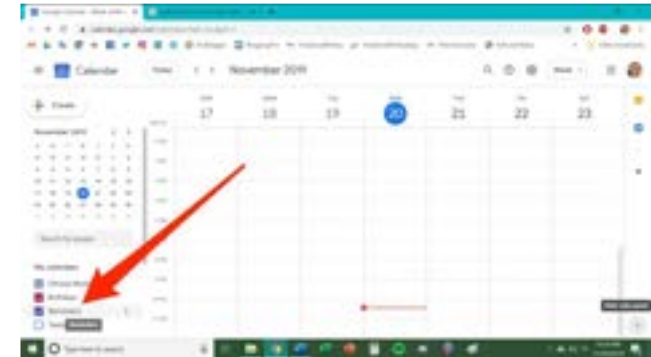


Based on, e.g., Annas (2011), Aristotle (1999), Athanassoulis (2016), Beaman et al. (1978), Doris (2002), Miller (2014, 2018), Samuels & Casebeer (2005), Snow (2010), Webber (2016)

# #6 Moral reminders

*Reminders of core commitments active moral agency*

- Remind us of our values, norms, and commitments
- Make it harder to justify acting against our values or virtues
- Help to guard against “ethical fading”
- Discourage others from asking us to act unethically



*Based on, e.g., Athanassoulis (2016), Bazerman and Tenbrunsel (2011), Mazar et al. (2008); Miller (2014, 2018), Shu et al. (2011); Tenbrunsel and Messick (1999, 2004)*

# #7 Friendships of mutual accountability

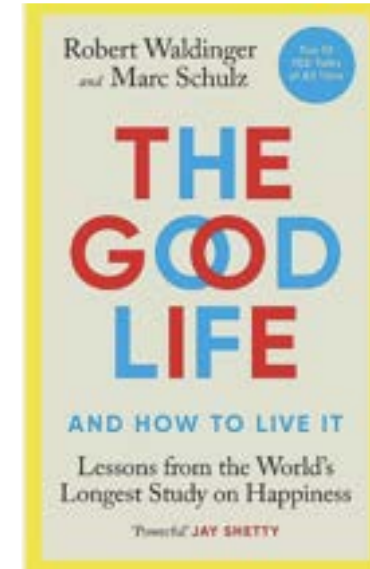
*Friends help us to become our best selves*

3 kinds of friendship:

- Pleasure
- Utility
- Virtue

Friends of virtue provide:

- Communal context for other strategies
- Support and accountability





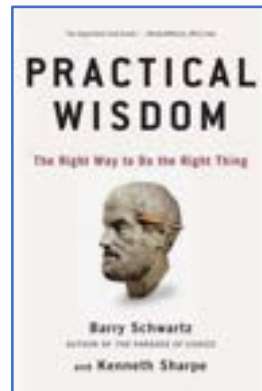
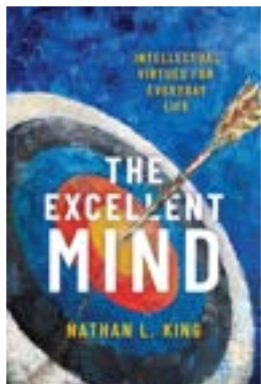
# Your character journey

INTENTION >> PLAN >> PRACTICE

		VICE (deficiency)	VIRTUE	VICE (excess)
Moral	Advancing the common good	Prejudice	Justice	
	Managing risk	Cowardice	Courage	Rashness
	Acting calmly & moderately	Impulsiveness	Self-control	Inflexibility
Intellectual	Reasoning from evidence	Carelessness	Carefulness	Scrupulousness
	Transcending a perspective	Closed-mindedness	Open-mindedness	Indiscriminateness
	Taking a view	Spinelessness	Firmness	Rigidity
Performance	Implementing proposals	Hesitant	Determined	Obstinate
	Overcoming failure	Fragile	Resilient	Adamant
	Making a contribution	Self-deprecation	Confidence	Arrogance

## 7 practical strategies

1. Habituation through practice
2. Reflection on experience
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**Which strategies are being  
used in TGP?**

**Q&A**