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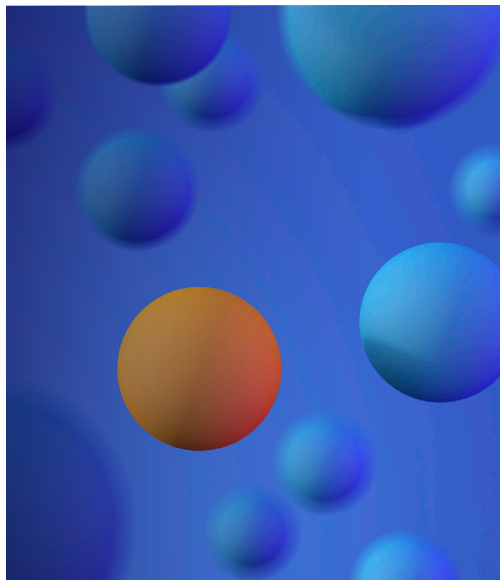
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Anticipate, Innovate, Transform

Character Leadership as a Competitive Advantage

CONTENT

CHARACTER LEADERSHIP AS A COMPETITIVE ADVANTAGE

BY DUSYA VERA AND ANA RUIZ PARDO, GUEST EDITORS

Character is having a full-circle moment. For centuries, it was the foundation of leadership development, going back to the teachings of Aristotle, Plato, and Socrates. In recent decades, leadership development shifted to an emphasis on competency. We stopped developing who good leaders are and focused primarily on what they do.

High-profile leadership failures such as Enron, WorldCom, Boeing 737 MAX, the Volkswagen emissions scandal, and the downfall of Theranos and FTX clearly demonstrate that technical and business competencies are not enough to ensure success.

As we face more global crises and grand challenges like the rise of artificial intelligence, enthusiasm for authoritarianism, multiple wars, and an inability to engage in meaningful dialogue, it's increasingly clear we must return to a focus on character if we are to create the citizens, leaders, and organizations the world needs.

The purpose of this two-part *Amplify* issue on character leadership is to highlight the many ways character matters at the individual, group, organization, and societal level. We go beyond an understanding of character and its importance to demonstrate how we can all develop character and apply it in our organizations.

There is a rising interest in understanding the pivotal role of character in leadership: what it is, how to develop it, and how it affects organizations. Character has been linked to better performance and well-being, as well as excellence and flourishing. In a study by John Sosik, William Gentry, and Jae Chun, four character strengths (integrity, bravery, perspective, and social intelligence) explained 67% of the variance in executive performance.[1] In *Return on Character*, Fred Kiel reported that CEOs who scored high on four character strengths (integrity, responsibility, forgiveness, and compassion) had an average return on assets (ROA) of 9.35% over a two-year period, while CEOs with low ratings had an ROA of 1.93%.[2]

Research at the Ivey Business School, Western University, Canada, shows that strength of character (11 dimensions: drive, collaboration, humanity, humility, integrity, temperance, justice, accountability, courage, transcendence, and judgment) produces improvements in leaders' effectiveness (14%), resilience (10%), well-being (8%), promotion potential (6%), employee voice (18%), psychological safety (16%), organizational commitment (8%), work engagement (8%), subjective well-being (4%), job-related well-being (10%), and job satisfaction (10%).[3-5]

Notably, character's role in leadership has implications for addressing the grand challenges described by the United Nations (UN) Sustainability Development Goals (SDGs). Solving problems like climate change, social inequalities, poverty, and hunger requires:

- The courage to have difficult conversations, speak truth to power, and balance difficult trade-offs

- Deep collaboration and dialogue, including trisector collaboration

- The temperance to calmly hear people out

- The humility to be a continuous learner, knowing that one does not have all the answers

- The activation of our common humanity, including compassion toward those suffering inequalities and lack of inclusion

- A sense of justice, especially social and environmental justice

- Accountability to ourselves and future generations for the planet and the society we have built

- The transcendence to look at solutions to the problems we have created and the ability to envision a future where human beings flourish

- The drive to not become overwhelmed when pursuing the goal of prosperity for all

- The integrity to walk the talk and act on commitments

- The ability to exercise (1) complex thinking and (2) "both-and" thinking while optimizing the interests of many stakeholders

Universities are currently hardwired around competences, but this is changing. In 2023, the US's Wake Forest University's Program for Leadership and Character received a US $30.7 million grant to create a national network devoted to educating higher-ed students about character. In Canada, Ivey Business School's Ian O. Ihnatowycz Institute for Leadership seeks to develop global citizens who have strength of character, strive to make a difference, and contribute to the flourishing of teams, organizations, communities, and societies.

In the UK, Oxford University's Character Project champions good character and responsible leadership through research and programs. Also in the UK, the Jubilee Centre for Character and Virtues, based in the School of Education at the University of Birmingham, has positively impacted education policy in the UK and internationally. Based out of Temasek Polytechnic in Singapore, the Centre for Character & Leadership Education (CCLE) integrates character and leadership development into its curriculum, focusing on students' holistic growth. The Civic Humanism Center at the University of Navarra, Spain, emphasizes character and professional ethics development through research and collaboration with international networks of researchers. The Center for Leadership at the Ukrainian Catholic University is dedicated to developing socially responsible and character-based leaders by fostering societal development across business, public administration, politics, military, nonprofit, and religious sectors.

These are just a few of the educational institutions around the world striving to transform individuals and society through a focus on character and virtues. The challenge for character-based leaders is to both engage in a character development journey for themselves and embed character in their organizations. This issue of *Amplify* contains examples from many sectors and a variety of perspectives to show how this can be done.

IN THIS ISSUE

There are three main themes in this issue. The first is the importance of embedding character dimensions within leadership processes and frameworks, whether through paradigm shifts, Sufi traditions, ethical decision-making, historical perspectives, or education. The second theme is the interconnectedness of individual and organizational systems. Several articles stress the need for alignment between personal character development and broader organizational goals. Effective leadership involves a harmonious relationship between the virtues of leaders and the overarching mission and purpose of the organizations they lead. The third theme is recognizing that leadership responsibility extends beyond traditional performance metrics. Leaders need to recognize their accountability to communities, the broader world, and long-term societal and environmental considerations.

Our first article, by Corey Crossan, Mary Crossan, and Bill Furlong, covers the strategic impact of character development in the public and private sectors. The authors advocate a shift from mere awareness to integrating character development into organizational practices, with an emphasis on the interconnected nature of character dimensions. Introducing the Virtuosity mobile app as a practical tool for character development, the authors propose a strategic embedding process model for sustained change. They highlight the crucial relationship between individual and organizational systems and emphasize the need for alignment. The article concludes with a call to action, asserting that the tools and understanding necessary for achieving lasting impact are readily available.

Next, Muhammed Shaahid Cassim and Fatima Hamdulay explore the concept of heartfelt leadership through the lens of the Islamic Sufi tradition, focusing on *tasawwuf*, the science of character excellence. Grounded in the belief that the heart is the seat of emotion, spirit, and morality, the authors delve into the Sufi perspective on good character and its role in leadership. They emphasize three considerations (intentionality, entrustment, and sincerity) that govern the heart and its decision-making. Drawing on the Sufi practice of *muhasabah* (reflexivity), the article argues that heartfelt leadership involves continuous self-examination and alignment with a higher purpose. The authors assert that genuine care, humility, and sincerity are essential for leaders to foster trust and bring about positive impact in their organizations and communities.

In our third piece, Barbara A. Carlin connects character and ethics by delving into *sneaky* problems commonly faced by managers. Carlin uses two cases to illustrate the often-obscured moral dimensions of business choices and explains how nonmonetary transactions, framing effects, and ill-conceived goals can contribute to ethical lapses. Carlin proposes remedies such as awareness, collaboration, and fostering an ethical organizational culture. She notes that virtues like humility, collaboration, integrity, and courage can help managers recognize and address the ethical nuances of strategic decisions, ultimately fostering a culture of ethical decision-making within organizations.

Next, Karen E. Linkletter explores contemporary and historical perspectives on assessing and developing leadership character. She delves into the question of whether or not character can be learned by examining the viewpoints of philosophers and management gurus. She also explores the liberal arts ideal, which emphasizes education and self-development, contrasting it with modern frameworks such as the Values in Action Inventory of Strengths (VIA-IS) and the Ivey Leader Character Framework (ILCF). Linkletter highlights the shift in focus from virtues like integrity and prudence to decision-making capabilities in contemporary character models.

Kimberley Young Milani then explores the intersection of leadership, business, purpose, and sustainability in the contemporary world. She emphasizes the need for leaders to embody both competence and character. The article also looks at the intersection of character and organizational purpose, warning that without character, an organization's purpose might become a hollow slogan or facade. Examples from Alan Jope, Unilever's recently retired CEO, and Julia Hoggett, CEO of the London Stock Exchange, richly illustrate how character can shape purpose and leadership in real-world contexts. Ultimately, the article contends that character-infused, purpose-driven leadership can create a better world.

Our final article, by Kanina Blanchard, draws on the findings from a graduate education course that takes a curated approach to self-exploration. Blanchard emphasizes the need for leaders to move beyond traditional metrics and recognize their accountability to communities and the broader world. She reframes responsible decision-making as a journey, highlighting reflection, emotional exploration, and learning from experiences. The article stresses the importance of individual transformation and tangible choices, encouraging continuous learning, humility, and resilience in the pursuit of responsible decision-making.

We hope the articles in the first of this two-part *Amplify* series inspire your character development journey and help you understand the importance of elevating character alongside competence in individuals, groups, and organizations. As Henry David Thoreau stated, "You cannot dream yourself into a character; you must hammer and forge yourself one."

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CRACKING THE CODE

LEADER CHARACTER DEVELOPMENT FOR COMPETITIVE ADVANTAGE

Authors
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Corey Crossan, Mary Crossan, and Bill Furlong

"A day doesn't go by in which we don't talk about [leader character] in some way or another."
— John Ossowski, President, CBSA[1]

The strategic impact of leader character has the potential to improve any initiative within an organization from performance and culture to well-being and diversity, equity, and inclusion (DEI). Ossowski was an early adopter of character leadership, embedding it throughout the Canada Border Services Agency (CBSA) with the belief it would fundamentally impact the organization and the lives of those in it. As he points out, it manifests each day in conversations, decisions, and actions.

This article provides a strategic roadmap to help individuals and organizations understand, develop, and embed leader character into organizations. We draw attention to the intricate relationship between individuals and the systems needed to support meaningful, lasting character development. We also discuss Virtuosity, an app that can support individual character development across an organization. Research shows that those with access to systems conducive to character development experience greater character change, leading to increased performance and stronger relationships.[2]

THE CASE FOR CHARACTER

Building on the shoulders of philosophers Confucius, Aristotle, and Plato and modern-day psychologists such as Martin Seligman, researchers developed a robust framework that we use as a starting point (see Figure 1).[3] The framework has been extensively peer reviewed, so organizations can be confident they are on solid theoretical and empirical ground. This foundation has yielded a set of resources and approaches that are practical and pragmatic and are being used across a variety of sectors and industries.

THE FRAMEWORK SHOWS THAT CHARACTER IS CENTERED AROUND JUDGMENT, WHICH UNDERPINS PERFORMANCE & WELL-BEING

The framework addresses key shortcomings in the everyday understanding of character. Most people think character is about morals and ethics, is nice to have but impedes performance, and/or is subjective and can't be developed. The framework shows that character is centered around judgment, which underpins performance and well-being, and because it is clearly defined through a set of behaviors, it can be objectively assessed and intentionally developed.

Figure 1. Ivey Leader Character Framework

In the framework, we see that all character dimensions are interconnected and all inform judgment. Because of their interconnected nature, high levels of any dimension not strongly supported by others could manifest from a virtue into a vice. For example, even if someone is authentic, candid, transparent, principled, and consistent, strong integrity can become uncompromising, belligerent, rigid, dogmatic, and indiscriminate when not supported by humility and humanity.

Prior research of existing data sets and ongoing research projects at the Ivey Business School found an extensive list of benefits associated with those of strong character, including:[4,5]

- 14% increase in leader effectiveness
- 10% increase in leader resilience
- 8% increase in leader well-being
- 6% increase in promotion potential
- 18% increase in employee voice
- 16% improvement in psychological safety
- 8% increase in organizational commitment
- 8% increase in work engagement

- 4% increase in subjective well-being
- 10% increase in job-related well-being
- 10% increase in job satisfaction

LEADER CHARACTER IMPACT VECTORS

In general, people understand what character is and why it matters but not what it takes to cultivate the habits associated with character. Without this understanding, efforts to elevate character to achieve competitive advantage at either the individual or organizational level will be compromised.

By competitive advantage, we mean that whether you are a for-profit or not-for-profit, you need to compete for time, attention, and engagement. Furthermore, the need to thrive amidst the challenges and complexities means that you have to deliver on the demands of today while simultaneously building for the future. This requires strength of character. Additionally, for character to reach its full strategic impact, it must be embedded and institutionalized across the organization.
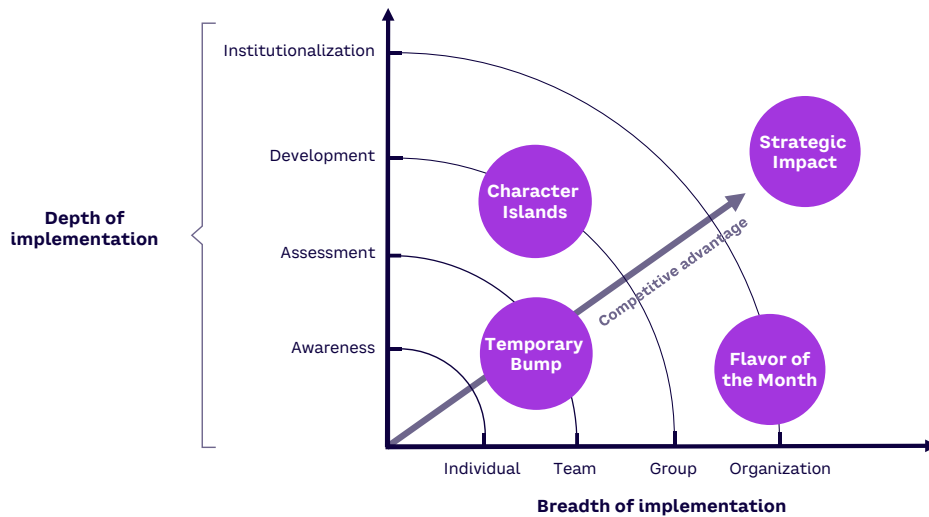
Figure 2. Leader character impact vectors

Figure 2 shows three vectors for reaching strategic impact. Whether it be leadership development in general or leader character specifically, there is a risk of a Temporary Bump: character education is provided, but we don't see the type of sustainable change that leads to a sustainable competitive advantage.

There are two other vectors. One is the depth of implementation that moves through awareness-assessment-development-institutionalization (vertical axis) within a small group or team to establish what we call Character Islands (spaces where character resides but are detached from other parts of the organization).

PEOPLE UNDERSTAND WHAT CHARACTER IS & WHY IT MATTERS BUT NOT WHAT IT TAKES TO CULTIVATE THE HABITS ASSOCIATED WITH CHARACTER

Character Islands are a good start, but institutionalization usually depends on broader implementations in which the entire organization embraces leader character to achieve strategic impact. The other vector is breadth of implementation, which involves scaling awareness by running seminars and workshops across the organization (horizontal axis). This approach runs the risk of creating a Flavor of the Month if there is no plan to permanently embed character into the organization.

THE TEMPORARY BUMP: INDIVIDUAL AWARENESS & ASSESSMENT

Fostering individual awareness of leader character is incredibly important. There is foundational work to be done to help individuals understand the anatomy of character and how virtues can operate as vices, laying the groundwork for development and paving the way for embedding and institutionalizing character in organizations. It's critical to enable individual awareness of the awesome power that character has to transform their lives, both personally and professionally. This creates the motivation for individuals to invest in their own character development.

When I think of pivotal, life-changing experiences … that have the potential to define who I am, what I want to do, and who I aspire to be, undertaking this training program has been the most important thing that I can remember in my adult life. It is reshaping many areas of my life and has changed my entire perspective whilst giving me a new sense of purpose.

— Anonymous quote from an executive engaging in a leader character development practitioner program

Although workshops are the predominant means to foster awareness, there are other resources and tools, including the *Question of Character* podcast, with initial episodes that expose listeners to core ideas about leader character development.[6] Books such as *Developing Leadership Character* and *The Character Compass* foster awareness, not just of what leader character is and why it matters, but also what the road to strategic impact looks like.[7,8] The Leader Character Insight Assessment (LCIA) in both self-assessment and 360-assessment provide a useful snapshot of individual character.[9]

Initial workshops help participants develop a common language around an area fraught with misconception. These misconceptions usually involve overemphasizing some dimensions of character and underemphasizing others, leading to organizational dysfunction. Not surprisingly, having such workshops at senior levels is particularly important. Because participants typically grasp both the blind spots in their own character and the paradigm shift that will serve them personally and professionally, the workshops provide essential motivation for moving past what might otherwise be just a temporary bump.

DEPTH: SCALED & CUSTOMIZED DAILY PRACTICE

We've seen many workshops where participants leave feeling inspired but little change follows because participants are not equipped with the tools they need to enact change. Character development occurs through habituated practice that requires daily exercise. Similar to a muscle, it requires consistent practice for it to strengthen.

The process of character development is similar to athletic performance training and draws on many of these techniques. Just as spending an hour in the gym improves a range of outcomes, from the quality of one's conversations to sleep, people who invest a few minutes in the Virtuosity app are primed to engage in their day more fully. For example, someone focusing on developing their open-mindedness might be offered a daily challenge of using "yes, and" language in one or two conversations during the day.

Failing to sufficiently customize learning and development programs can lead to wasted effort, frustration, and unintended consequences. For example, we saw the healthcare industry shift their focus to compassionate leadership, but this led many people to burnout because overweighting their compassion meant they neglected the integrity and temperance needed to set healthy boundaries.

A customized program is critical to allow each individual to attend to their own character needs, so they are strengthening behaviors that will improve their judgment rather than working on current strengths that can manifest as excess vices. For example, someone who is already brave and is encouraged to strengthen their bravery may become reckless. This individual would benefit more from strengthening their humility to better support their bravery. Table 1 provides a comprehensive list of virtues and vices.[10]

Although most organizations are aligned in the type of culture or values they aim to enhance, the way each individual can contribute may differ. For example, one individual may have underdeveloped integrity and would benefit from strengthening behaviors associated with integrity, such as authenticity and transparency. Another individual may have strong integrity that is turning into dogmatic behavior because they haven't cultivated other behaviors to support it, such as being open-minded.

Dimension	Deficient Vice	Virtue	Excess Vice
Accountability	Unaccepting Negligent Irresponsible Deflects	Accepts Consequences Conscientious Responsible Takes Ownership	Burdened Obsessive Controlling Can't delegate
Courage	Cowardice Unassured Hesitant Fragile Yielding	Brave Confident Determined Resilient Tenacious	Reckless Arrogant Bull-headed Overly-compensating Stubborn
Transcendence	Unthankful Unimaginative Short-sighted Uninspired Pessimistic Directionless	Appreciative Creative Future-Oriented Inspired Optimistic Purposive	Awe-struck Untethered Missing the present Over-stimulated Delusional Fixated
Drive	Waits for direction Apathetic Aimless Mediocrity Lethargic	Demonstrates Initiative Passionate Results-Oriented Strives for Excellence Vigorous	Dictatorial Fanatical Tunnel-vision Strives for perfection Forceful
Collaboration	Confrontational Self-centered Inflexible Disconnected Narrow-minded	Collegial Cooperative Flexible Interconnected Open-Minded	People-pleaser Conflict-avoider Compliant Boundaryless Abstract
Humanity	Uncaring Oblivious to others Unrelatable Vindictive Aloof	Compassionate Considerate Empathetic Forgiving Magnanimous	Overly concerned Overly-accommodating Overwhelmed by feelings Exploitable Over-bearing
Humility	Fixed mindset Disinterested Ungrateful Braggard Unreflective Disrespectful Unaware Protective	Continuous Learner Curious Grateful Modest Reflective Respectful Self-aware Vulnerable	Lacking focus Transfixed Feeling insignificant Self-effacing Ruminating Fawning Self-conscious Over-exposed
Integrity	Fake Untruthful Inconsistent Unprincipled Manipulative	Authentic Candid Consistent Principled Transparent	Uncompromising Belligerent Rigid Dogmatic Indiscriminate
Temperance	Anxious Agitated Impatient Inattentive Rash	Calm Composed Patient Prudent Self-Controlled	Indifferent Detached Overly accepting Overly cautious Overly-regulating
Justice	Inequitable Biased Unfair Disproportionate Narrow concerns	Equitable Even-Handed Fair Proportionate Socially Responsible	No exceptions No differences "One size fits all" Micromanage proportion Paralyzed by complexity
Judgment	Stagnant Lacking logic Simplistic Lazy thinking Indecisive Lacking instinct Ignorant Unrealistic Oblivious	Adaptable Analytical Cognitively Complex Critical Thinker Decisive Intuitive Insightful Pragmatic Situationally Aware	Overly malleable Over-analyzing Complicating Overly critical Impulsive Lacking reason Cunning Overly practical Over valuing situations

Table 1. Comprehensive list of virtues and vices

The Virtuosity app (see Figure 3) draws on the Oxford Character Project and the Program for Leadership and Character at Wake Forest University's seven strategies for character development that includes language, reflection, habituation, reminders, exemplars, friendships, and systems.[11] It begins by asking the learner to reflect on their own character, after which they are given a set of insights to help them see how their character supports and inhibits their judgment and decision making. Based on these insights, the learner is encouraged to focus on their weaker behaviors so they can better support their strengths. The learner chooses one character behavior to focus on each week and is given a lesson, daily exercises, and reflection prompts designed to strengthen it. It also encourages the learner to engage in their journey with a partner and to draw inspiration from a wide array of stories, film, art, and more.

BREADTH: MULTILEVEL ALIGNMENT BETWEEN INDIVIDUALS & ORGANIZATION

You do not rise to the level of your goals. You fall to the level of your systems.

— James Clear, habit formation expert[12]

Translating individual character strength into a culture of character is both simple and complex. The simplicity is that organizations are a reflection of the character of the individuals in it, so efforts to develop individual character manifest in changes to the whole. The complexity is that individual character development is affected by the systems that support or undermine it.
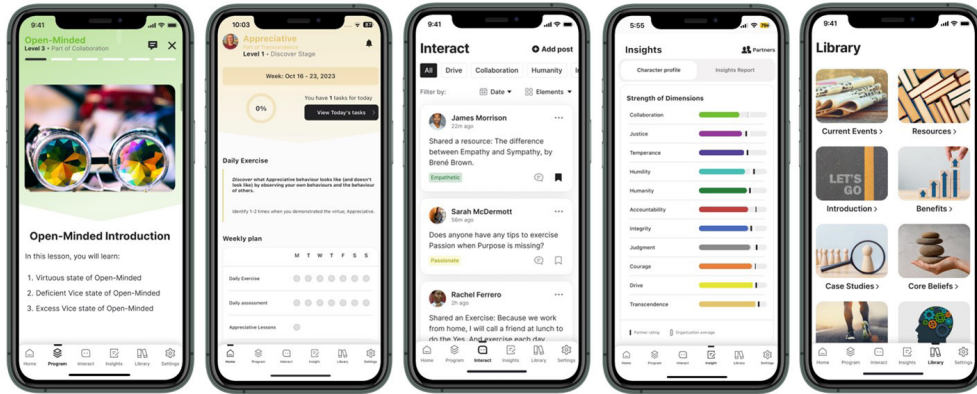
Figure 3. Virtuosity app program features

A key task is to pair individual development with changes at the organization level. We see individuals and organizational systems as having a mutually beneficial, self-reinforcing cycle. Individual character development creates stronger organizational systems that create more conducive environments to further support the character development of the individuals in the organization.

The Virtuosity app can certainly be placed in the hands of every individual within an organization, but this is not enough. When organizational practices do not align and support bottom-up initiatives, we see them fall flat or, worse, become another leadership Flavor of the Month.

It's important to remember that selecting on character as well as competence is not simply an intellectual exercise. Rather, it rests on the individuals doing the selection actively working on their own character development. Embedding leader character into organizational practices like risk management, culture change, and DEI will not be realized without significant investment in character development.

Dr. Luna Wang, a researcher for the Oxford Character Project team, refers to the example of growing watermelons in a box to exemplify the intimate relationship between individual and system.[13] People who sold watermelons started growing them in boxes because they were easier to transport and sell.

Although watermelons typically grow in circular fashion, they grew in the shape of the box they were placed within. This is not unlike the systems created by organizations that guide the growth of individuals. And although thinking of systems in a boxlike structure may sound restraining, the habit literature shows us that structured discipline and routine enable us to flourish and give us the extensive breadth of choice. Similarly, organizational systems have the potential (not often realized) to create environments conducive to flourishing.

> Far from denying the play of freedom and human agency, the discipline of culture, by relieving us of the cognitive burden of inventing new solutions for every contingency, of having to make choices for every fork in our existential pathways, of having to decide anew the fundamental values that should inform our choices, and of having to make up the norms for organized living, enables us to create, in our social and individual beings, the wildest thoughts and feelings our imaginations allow and the selves we choose to actualize. The more, and the better, the collective constructions of culture work for us, the freer are we, as individuals, to be, to do, and to think as we please.
>
> — Orlando Patterson[14]

Although the Virtuosity app raises important awareness about the alignment between individual and organizational systems, it takes considerable insight to connect the two in practice to change systems (e.g., selection or performance management) or to embed character into key initiatives (e.g., risk management, culture, strategy, and DEI).

ORGANIZATIONAL IMPLEMENTATION

Breadth of implementation involves promoting awareness across the organization at scale; depth of implementation transforms individual character strength into an organizational culture of character. It's important to advance along both axes to achieve competitive advantage. Figure 4 shows a strategic embedding process model that leverages Virtuosity alongside subject-matter expertise to move beyond temporary bumps. The figure shows the cyclical relationship between character awareness and development displayed on the bottom, which reinforces the systems-level processes displayed on the top. In the middle, the figure shows which people are involved in the process during that stage.

We want to be clear that the function of Figure 4 is to support the implementation of character across an entire organization to fulfill that middle strategic vector. It leaves plenty of room for individuals interested in beginning their own character development journey, regardless of their organization's aims. As Gandhi famously reminded us: "Be the change you want to see in the world." Hopefully, as individuals lean into the possibility of understanding and developing leader character, we will begin to realize the benefits of elevating character alongside competence in education, organizations, and society.

The first stage in the process includes understanding what character is, why it matters, and what it looks like within an organization. We suggest leaders are best suited for this first stage because this structural support ensures the character initiative can keep moving forward. If you are reading this and don't feel your role fits this leader description, we strongly suggest you look for leadership support to bring your character initiative forward within your team or organization.

The second stage establishes the importance of character champions within an organization and involves personal character development that simultaneously enables the embedding of practices conducive for character development. Character champions play a pivotal role in gaining executive support by demonstrating the importance of character and the role it can play to shift organizational aims, whether it be risk management, DEI, culture, or something else.

The second stage equips character champions to effectively roll out character to the organization by creating a conducive environment powered by a character development program. This step is ideally supported by a one-year program in which champions simultaneously focus on the development of their character and regularly discuss strategies they can implement that create support for character development.
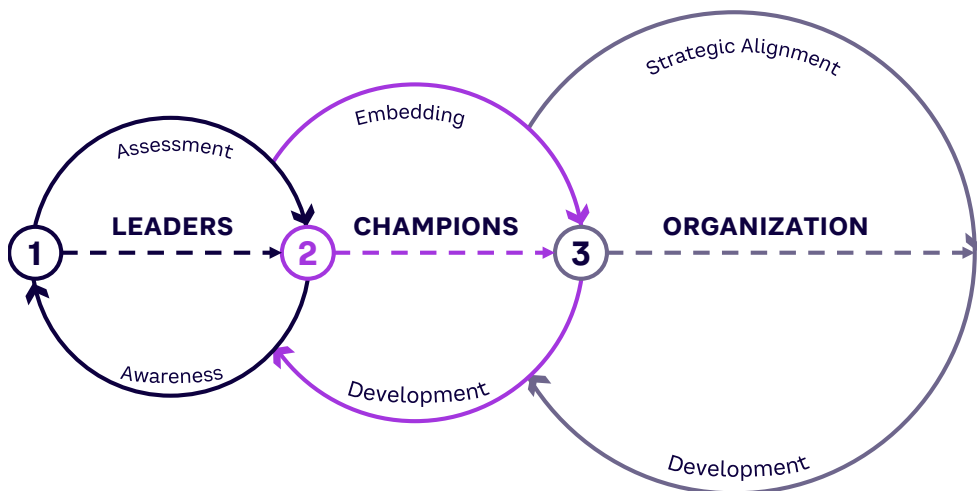

Figure 4. Leader character embedding process

We typically begin a program with an exercise titled "Your story yet to be written" that allows the character champions to imagine where they want their organization to be and the role they can play in manifesting it. Then we discuss how the daily exercise of character is needed to achieve this, supported by systems conducive to these changes.

We used this exercise with a National Hockey League team, and it became clear to them that they needed to strengthen their humility and accountability to be the team they wanted to be. This was followed by discussion of what they could do as a team to support that goal.

The final stage scales character development across the organization while creating a strategic alignment that fuels character development. Character champions initiate the rollout of character-based practices and continue to play a pivotal role to enable strategic alignment and the development of individuals. At this stage, it's important to rely on the leadership support to ensure strategic alignment to foster individual development. Otherwise, you risk the initiative falling flat under the Flavor of the Month category.

CONCLUSION

With the case for character established, we can think of no more important initiative than to equip individuals and organizations with a way to develop the strength of character needed to address today's pressing problems. We believe the understanding, tools, and resources are all in place to move from initiatives that produce only a temporary bump of awareness to the strategic impact we collectively seek and need.

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THE CHARACTER OF HEARTFELT LEADERSHIP

Authors
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Muhammed Shaahid Cassim
and Fatima Hamdulay

"Indeed, there is a part of the body that, if sound, the whole body is sound, and, if corrupt, the whole body is corrupt: indeed, it is the heart."

— the Prophet Muhammad [1]

The heart occupies more than just a protected chamber in the human body — it is at the center of past and present communities and their traditions. We speak of enjoying experiences wholeheartedly, of loving with all our heart, and of hearts that race, soar, ache, and break. We admire those who bring "heart" to a team and teams "with heart." We bemoan those who are "hard of heart" or a team that lacks "real heart."

Much of what we intuitively experience of heartfelt living is easy to recognize but hard to explain with clinical precision. Still, we know with certainty that matters of the heart are not trivial. Beyond the biological heartbeat governing the mechanics of life itself, we know the heart as the seat of emotion and spirit, where trust is earned or lost, where pacts are made or fall apart, and where care and compassion compete with neglect and indifference. What, then, does it mean to lead with the heart, and what is the character of heartfelt leadership?

To answer this question, we draw on the Islamic Sufi tradition. Among the many belief systems of the world accepting the heart as the central hub of spirituality and meaning, Islam, and the Sufis within them, is one of the few where it is still alive.

Muslim Sufis position the heart as central to achieving excellence in the human endeavor we call life. With an expansive legacy traceable to the early 7th century, theirs is an enduring legacy of knowledge and experiential learning passed from master to disciple for more than 1,400 years.

During this period, Sufi masters contributed many influential works on *tasawwuf*, the science of character excellence. Sufi authors with reputations as genius-level experts in the field include Al-Qushayri, Al-Ghazali, Ibn Arabi, and Rumi. Some haved referred to these authors as "mystics" or "romantics." In fact, they were Muslim scholars drawing on the Qur'an and the prophetic tradition. References to "mystical" representations are largely informed by poor translations and selective readings of original works.[2] For grounded insight about leading and character in this tradition, an objective, culturally appreciative analysis of tasawwuf is required.

MUCH OF WHAT WE INTUITIVELY EXPERIENCE OF HEARTFELT LIVING IS EASY TO RECOGNIZE BUT HARD TO EXPLAIN WITH CLINICAL PRECISION

TASAWWUF: GOVERNING TOWARD GOOD CHARACTER

Practitioners of tasawwuf (the Sufis) are people within the Islamic tradition with especially pragmatic concerns for improving character. There's a well-known Sufi adage, ascribed to Al-Kinani: "Tasawwuf is good character, and whoever excels in good character excels in tasawwuf."[3]

For the Sufi, improving one's character involves achieving spiritually imbued excellence in all aspects of one's life (*ihsan*). This pursuit of spiritually imbued excellence through good character gave shape to tasawwuf as the science of character excellence. In the Islamic Sufi tradition, purification of the heart through tasawwuf is crucial to good governance and leadership.

Tasawwuf emphasizes holistic self-governance solutions incorporating all aspects of the human being: body, mind, self, and heart.[4] *Body* represents a person's physical nature informed by diet, rest, exercise, and so forth. *Mind* is a person's mental and intellectual nature informed by language, learning, and knowledge. *Self* is a person's self-concept and identity informed by sociocultural and other influences. *Heart* is a person's emotional and spiritual core guiding decision-making and action.

To explain the interrelatedness of the heart with the other aspects of our being, Andalusian Sufi master Ibn Arabi describes the heart's role as the seat of power. Mirroring leadership structures of his time, he calls it "the castle from wherein the soul rules."[5]

As justification for this powerful positioning, Ibn Arabi refers to a narration (*hadith*) of the Prophet Muhammad☵: "Indeed, Allah (God) does not look at your bodies or outward forms; rather, He looks at your hearts."[6] In other words, the test of the true quality of one's action lies within the heart. In Ibn Arabi's work, the role of the heart as a key determinant of human action is further heightened by it being positioned as the source of fortitude, will, and resolve.

In Sufi thought, the heart has the moral intelligence to distinguish between right and wrong (in Sufi parlance, to differentiate the praiseworthy from the blameworthy). As such, the heart can be a site of corruption or of reformation toward ihsan (spiritually imbued excellence) and must be safeguarded from the oppression of crimes against oneself and others.

The heart must also be safeguarded from excesses of desires and attention seeking, as these obscure its ability to envision correct action (that which is pleasing to God). In positioning the purification of the heart as fundamental to character excellence, the Islamic Sufi tradition perceives good-heartedness and good character as synonymous.

This emphasis on character excellence is further established through two prophetic pieces of advice:[7]

1. Nothing weighs heavier on the scale than good character.
2. The prophetic mission was centered on refining character.

How does this view of the heart (as a seat of power; a site of moral intelligence, fortitude, will, and resolve; and a site for goodness or corruption) inform how we think about what it means to lead?

3 CONSIDERATIONS THAT GOVERN THE HEART

In linking good-heartedness and good character to the governance of good action, the Sufis typically raise three considerations that govern the heart, its decision-making, and what it means to lead (see Figure 1).

1. INTENTIONALITY

The first is intentionality, which refers to being deliberate and purposive in one's thoughts and actions. Islamic Sufi tradition invokes a widely used prophetic narration directing scrutiny of one's intent: "Every deed is judged by its intention."[8] For the Sufi, this intention is about an enduring and persistent consciousness of purpose. With the heart as the seat of true purpose, deeds are judged by what is present within the heart (or, more simply, what the heart desires). The *truest* intent and purpose of an action, and consciousness of that purpose, lie within the heart.

From a Sufi perspective, leading from the heart is about acting intentionally and with consciousness of purpose. It seeks to include *and* move beyond the long-term vision of purpose common in leadership speak today, emboldening each moment of engagement with the world (and the souls that inhabit it) with the intention of doing good for both the here and now and the ever after.

Seen in this way, intentionality armors the heart with temperance and forbearance when expediency might threaten to take hold. It also fosters resolve in the face of hardship and compassion and care when anger might easily rule in a moment of weakness. It regulates and directs character to what is healthier in the moment, in light of a grander purpose.

2. TRUST

In Sufi tradition, leadership is not a station afforded to one by power or authority. Rather, it is the heart's acknowledgement that as carrier and proxy of a divine trust, it is indebted to others to deliver on this trust (i.e., we are not *entitled* to followership).

This is very different from the dynamics that play out, consciously and unconsciously, in the dark recesses of organizational life. Operating from a place of indebtedness imbues the heart with humility and care. It asks us to acknowledge that in as much as we have governing responsibilities for the condition of our own hearts, we also carry a trust and power over the hearts of others. We owe them, and their hearts, a trust.
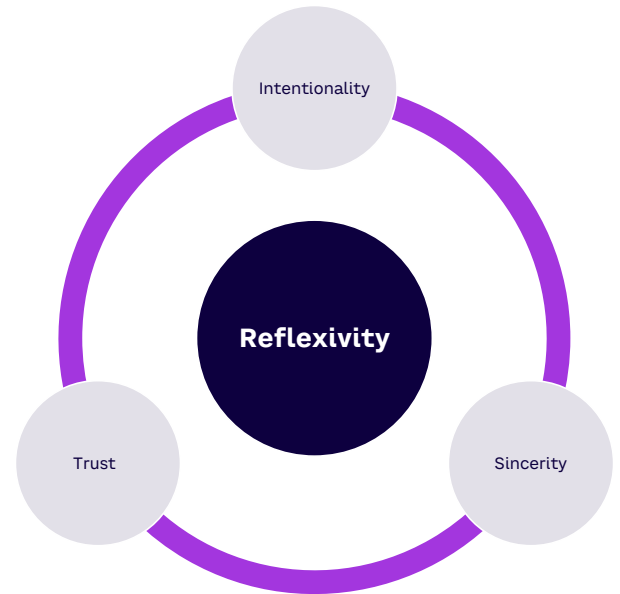

Figure 1. Reflexivity and the three components of heartfelt leadership

In this indebtedness, we are able to invoke our service ethic and spur cultures of clear commitment, rather than callous compliance. When entrustment lives in the heart, and our indebtedness is activated, we genuinely care about the purpose we espouse *and* those we seek to bring along on a journey of goodness.

3. SINCERITY

The third heart-based consideration for leading is an aspect of character excellence called *ikhlas* (sincerity). This is the component that brings heartfelt leadership to the fore. Sincerity tempers the ego and brings to life intentionality and trust. One scholar of tasawwuf was asked: "What is the most severe thing upon the ego? "Sincerity," he replied, "because the ego has no portion in it."[9]

Sincerity cannot easily be measured, but insincere leadership is inherently felt. Insincere leadership manifests as ego-driven desires such as self-ishness, praise seeking, and indifference toward others. Sincere desire for collective thriving, on the other hand, shows up as care and concerted effort in the greater good. It seeks praiseworthy action but does not covet the praise. It touches hearts and encourages lofty purpose. It shows up as unwavering dedication in times of need and going the extra mile when no reward is expected. As one Sufi scholar put it: "Actions are lifeless forms, but their spirit is the presence of sincerity within them."[10]

These three considerations require a unifying practice to make them work coherently. This practice is *muhasabah* (reflexivity).

Muhasabah literally means calling one's self to account by holding one's thoughts, assumptions, feelings, and actions up to scrutiny, against the lens of delivering on trust and indebtedness, all while questioning one's sincerity and motives and thinking about intentionality. It means: (1) taking ownership of our shortcomings and not deflecting bad outcomes to followers or others and (2) leading from within so that others may shine.

Heartfelt leadership grounded in reflexivity is a call to be intentional and sincere about the trust placed in us by our followers. It means working to lead from a locus of care and compassion while maintaining equity and justice. It activates relational trust and care and enlivens the spirit and hearts of those it touches. It requires frequent pauses to reflect; regular stock taking, cleansing, and review; and periodic renewals of intentionality. Heartfelt leadership is more than a change of mindset. It is a change of heart.

ACTIVATING HEARTFELT LEADERSHIP

If the heart brings leadership to life, how does one bring hearts to life? Tasawwuf has a view on this. As a character development system directed to the divine, its recourse for the heart is to connect to the divine. And one of the easiest ways to do that is to serve, not lead.[11] We see this in many examples of CEOs working "undercover" as staff members to better understand organizational workings from the perspective of their staff.[12] But serving from the heart is more than this. It involves paying close attention to how we show up, moment to moment, day to day, and week to week, through our tenure. It means taking stock of ourselves and our organizations. It means being genuinely attentive to the people we serve and caring for them more than we care for ourselves. It means finding ways to be more heart-led.
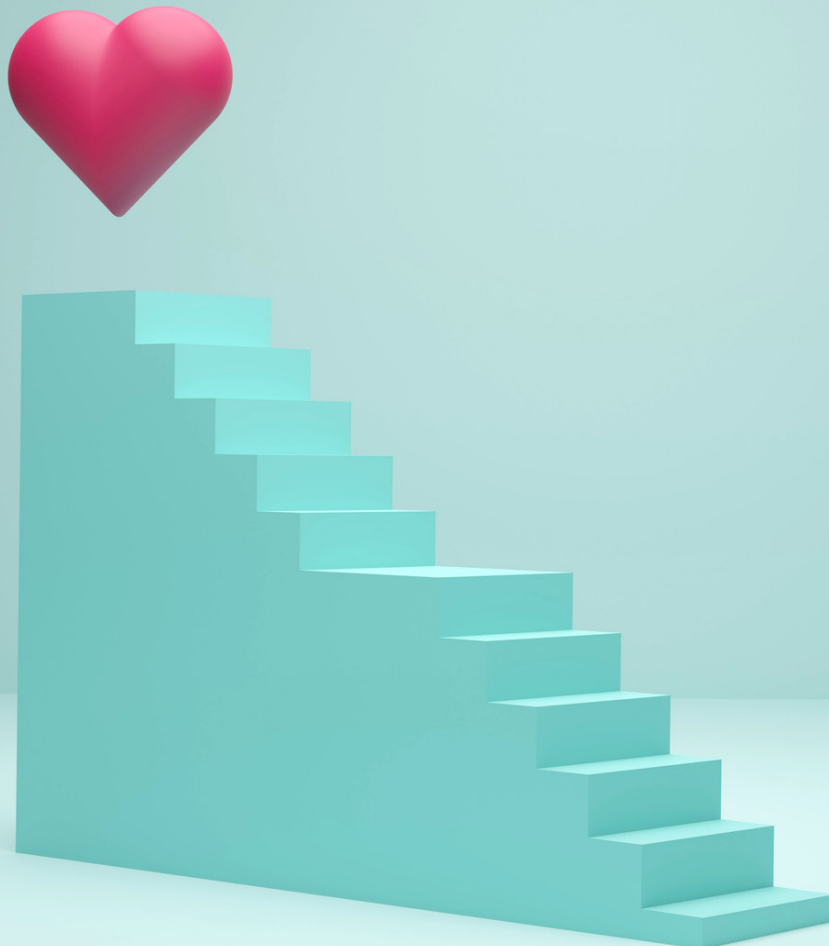
Heartfelt leadership requires directing action to what is praiseworthy — but not for the sake of praise. When the heart accompanies leadership, actions are heartfelt by doer and receiver, leader and follower. Trust follows because one is leading from the castle where care resides, compassion thrives, and equity and justice are subject to morally informed reason.

When leadership is heartfelt, people feel cared for, challenged, safe, and willing to *themselves* lead from the heart. When it is not heartfelt, leadership becomes cold and calculating, self-serving and callous. There is little trust, and true heart (which we so admire and covet) is hard to find.

ASK THE RIGHT QUESTIONS

To build heartfelt leadership, we must determine whether or not we show up in ways that manifest the character of heartfelt leadership as described above and answer with unrivaled internal honesty. Ask the following:

– Why I am doing this? Whom do I serve?

– Does my purpose stretch beyond me to include all of my people and something beyond us?

– How will I live this purpose today?

– Do I operate from a place of entitlement or indebtedness?

– Am I demonstrating real care toward my people? How will I know?

– Do I care more for my people or for myself? How will I know?

– In challenging times, is my intended action praiseworthy? What is my real intent? What does my heart hope to gain here? Is it aligned with my larger purpose?

– Are my actions genuinely heartfelt or are they bereft of heart?

Similarly, the organizational culture and the nature of followers are like an echo chamber. The castle sets the tone for the town. Ask:

– Do my people seem well-cared for?

– Are my people's actions heartfelt and sincere?

– Do they go the extra mile even when no one is looking?

– Do I see entitlement in them or indebtedness?

– Do I sense deep commitment or heartless compliance?

– Do my customers and clients rave about how great my employees are?

WHEN LEADERSHIP IS HEARTFELT, PEOPLE FEEL CARED FOR, CHALLENGED, SAFE & WILLING TO THEMSELVES LEAD FROM THE HEART

The outcome of this scrutiny should reveal the true character of our leadership and our organizations. In heartfelt leadership, if the heart is sound, the body is sound, and the test of our character lies in how we respond in moments of truth. If what we see in ourselves and our organizations seems less than sound, the heart needs reformation and intervention. And rather than prescribe what this intervention should be, consult your heart. The last time a leader touched your heart, what is it they did? What was the character of that action? If you could emulate that action, what would it look like?

To change the heart, do something from your heart for those you lead. We could all do with a little more heart, a little more care, a little less entitle-ment, and little more indebtedness as we deliver on our divine trusts.

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11 This is, of course, not the only way. As Muslims, Sufis pay close attention to fulfilling all their religious and interpersonal obligations, with the aim of earning God's pleasure within the moral framework of Islam. Within this moral framework, the way of service comes from a prophetic narration: Al-Nawawi, Yahya ibn Sharaf. *Riyadh al-Salihin (Gardens for Righteous)*, hadith 896.

12 See, for example, the television series *Undercover Boss*. The novelty of the show is a reminder of the power and counter-narrative nature of serving in this manner.

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SNEAKY PROBLEMS

THE ISSUE OF MORAL AWARENESS

Author

Barbara A. Carlin

The host of a fundraising event exchanges tickets to the event for contract work on his home. This is revealed to his fundraising event partners after an accounting audit reveals discrepancies.[1] MBA students analyzing this situation often acknowledge the possibility of an ethical problem, typically identified as a lack of transparency, but conclude that no one is harmed. The director of quality assurance (QA) in a manufacturing company decides to certify new products as having completed all QA checks, despite not actually completing the process, to get the product to market faster.[2] Students describe this as being an agile organization and say it is necessary to remain competitive. This situation is also perceived to cause no harm.

These two cases represent *sneaky* ethical problems because the harm can be difficult to see. The fundraiser guests that paid for their tickets effectively paid the contractors who worked on the host's home. The customers who bought products that were not fully tested for quality were not getting the assurance for which they paid. In these cases, decision makers and executives failed to notice the moral dimensions of their business decisions.

These problems are sneaky because cognitive biases that creep into our decision-making cause us to overlook their ethical implications. The biases detected in the decision-making problems illustrated in these two cases (and in many current corporate scandals) include nonmonetary transactions, the framing effect, and ill-conceived goals.

Ensuring that sneaky problems are noticed and not overlooked is a function of the character of the decision makers. For example, leaders who collaborate and exhibit humanity are more likely to think about the impact of their decisions on a variety of stakeholders. Stakeholders are more visible to collaborative leaders who tend to look for input from others. Similarly, leaders concerned about the welfare of others are more likely to ask questions about the consequences of decisions on the well-being of stakeholders.

PROBLEMS & BIASES

NONMONETARY TRANSACTIONS

Dan Ariely and colleagues conducted a series of experiments to test whether dishonesty increases when transactions are conducted using tokens rather than cash and found that dishonesty increased dramatically.[3,4] Most people understand that taking cash is theft and is morally wrong. But when a transaction involves a barter, such as the fundraiser, or is one or more steps away from cash, the loss is much harder to see and is often ignored.

> **ENSURING THAT SNEAKY PROBLEMS ARE NOTICED & NOT OVERLOOKED IS A FUNCTION OF THE CHARACTER OF THE DECISION MAKERS**

For example, employees who would never take company money from a cashbox do not think twice about taking home a ream of printer paper for personal use. Such decisions are often seen as harmless because the harm is not as easily perceived. QA affects a product, so it is an engineering issue, not an ethical one.

In 2016, it was revealed that Wells Fargo employees had created millions of fake accounts to reach aggressive cross-selling goals set by management.[5,6] Employees opened savings or credit card accounts without the account holder's knowledge. However, any money transferred from a checking account to a savings account remained safely in the savings account. Since no money was directly taken and all transactions were digital, it was easy to justify the actions as not harming anyone.
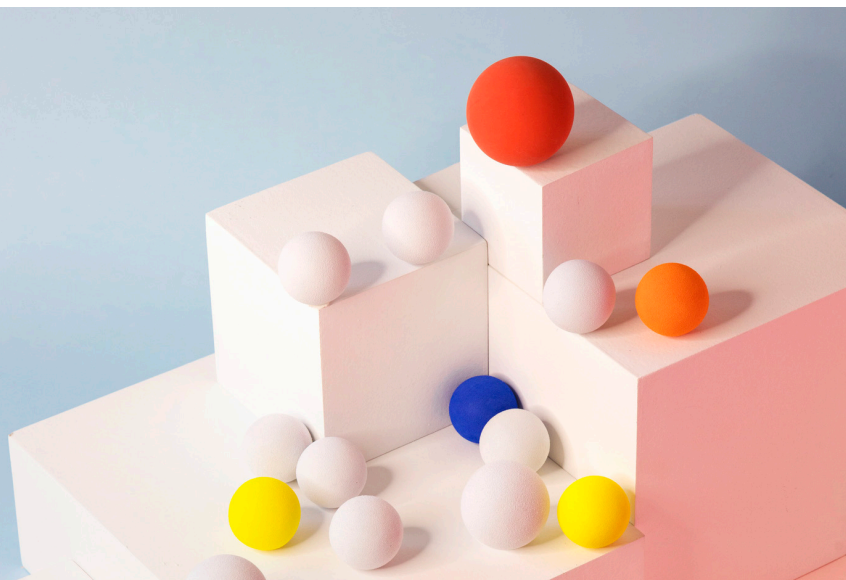
The recent implosion of cryptocurrency exchange FTX and the allegations of fraud against the founder, Sam Bankman-Fried, is another example. Cryptocurrency is a digital currency that is even more abstract than the tokens used by Ariely and colleagues in their experiments.[7] "Federal prosecutors have charged Mr. Bankman-Fried with orchestrating a vast scheme to siphon billions of dollars of FTX customer money into political contributions, real estate purchases, charitable donations, and venture investments," wrote the *New York Times*.[8] It is not hard to imagine that Bankman-Fried had difficulty envisioning how his transfers from one business to another might result in harm since it was just digital manipulation.

FRAMING EFFECTS

Framing is choosing how information is going to be presented to decision makers.[9]

Organizations increasingly need to be able to respond to rapid environmental changes, so a desire for organizations to become more agile is a reasonable response. When cutting corners on QA or safety is framed as organizational agility, employees may fail to recognize there is the possibility of harm. Agility is a positive attribute; it implies resilience and rapid adaptability. When employees are presented with an organizational agility process, they may see it as necessary to help the company change more quickly rather than a reduction in QA or safety.

Similarly, when the fake accounts were detected at Wells Fargo, they were framed as being a consequence of a few bad apples. Then there's the tragic case of the Boeing 737 MAX, which was framed by the need to rapidly develop the MAX as critically important. Despite the significant reengineering required by the rapid development, Boeing released the jet with the assurance it would not require pilot retraining in order to make the plane an attractive alternative to its competition. A few months after its release, two planes crashed because of a software problem, resulting in the loss of 346 lives. Boeing framed the redesign of the 737 and its hasty deployment as an engineering problem.[10] Framing the issue as speed, not quality, caused decision makers to overlook the moral implications of their decisions.

ILL-CONCEIVED GOALS

Business leaders are encouraged to create audacious goals to motivate employees to greater heights of creativity and efficiency. It is not a huge surprise that leaders may develop audacious goals without thinking about their potential negative consequences.[11] There is no evidence that Wells Fargo's CEO or CFO anticipated that their extremely challenging sales goals would result in the creation of millions of fake accounts. Boeing executives set an ambitious date to deliver a new product, resulting in hasty decisions. The recent federal investigation of poultry producers Tyson and Purdue is another example.[12] By encouraging their suppliers to reduce their costs, both companies are alleged to have inadvertently encouraged them to employ low-wage migrant children.

REMEDIES

The most common remedies for overcoming these types of biases and improving decision-making are: (1) awareness of the existence of such biases and (2) collaboration with others when making decisions.[13] Another remedy involves an ethical organizational culture, wherein employees and executives are empowered to notice and raise ethical concerns about important organizational decisions.

Ethical organizational cultures are desirable if only because being ethical is something most people want to be (and there are notable benefits such as reduced employee turnover).[14] There are also potential financial implications, as many unethical organizational activities are also illegal. Wells Fargo and Boeing lost far more money in fines and legal judgments than they earned because of their decisions.

Not all unethical decisions result in scandal, but each unethical decision represents a risk to the organization. Organizations routinely manage risk, but while some risks are beyond management control, ethical decisions are entirely within management control. Reducing one source of risk appears to be a wise course of action.

The scandal of Wells Fargo and the debacle of the Boeing 737 MAX suggest a failure of leadership to recognize that some decisions have a moral dimension. The failure to address the moral dimension led to employees making decisions based on the reward systems of the organization, which led to actions that harmed large numbers of people.

Creating an ethical culture starts at the top. The ethical tone of an organization is established, maintained, and modified by the company's leaders. The willingness or ability of leaders to recognize, address, and openly talk about the moral ramifications of organizational decisions determines the degree to which employees will themselves discuss those issues and act on them.

Leadership character is central to moral decision-making and to ethical leadership. Moral awareness is the capacity to recognize the moral implications of the decisions being made.[15] In an article about leader character, Mary Crossan et al. describe character as a combination of personality traits, values, and virtues.[16] They further identify 11 virtuous dimensions of character: humility, collaboration, integrity, justice, courage, temperance,

accountability, humanity, transcendence, drive, and judgment.[17] It is the existence or absence of these virtues that plays a role in the ability of a leader to detect and appropriately analyze the ethical dimensions of the strategic decisions they make. This model provides insight into the impact of leader character on an ethical organizational culture.

HUMILITY

Humble leaders understand they do not have all the answers and cannot be an expert in everything. Consequently, they are more likely to seek out other opinions and analyze a decision more thoroughly. Humility might have led the QA director from the introduction of this article to discuss the problem of time pressure with her bosses, rather than assume that she knew what they prioritized. An overconfident or arrogant leader is more likely to jump to conclusions using whatever information is easiest to access. Humble leaders are more likely to notice ethical problems precisely because they are aware of their limitations and are attempting to compensate for them. Humility also leads executives into being more open to learning. Openness to learning and the willingness to accept the limits of one's knowledge allow an executive to seek out collaboration.

COLLABORATION

Leaders willing to collaborate are also willing to entertain viewpoints different than their own. Collaboration also often involves some level of compromise. Through collaboration, leaders recognize that their desired outcome may not be the outcome that is in the best interest of the organization or society. The fundraising host who bartered tables for construction work might have reconsidered that course of action had he collaborated with his partners. Similarly, students analyzing the problem might have better recognized the problem had they discussed the case with their classmates. The added perspectives from collaboration also increase the probability that an ethical issue will be uncovered and considered. Information sharing and disagreement within collaborative groups lead to increased data gathering and an expansion of alternative solutions.[18] Leaders who visibly collaborate with others in making difficult decisions model collaborative behavior for the rest of the organization.

INTEGRITY

Leaders with integrity act on their promises and are consistent in their decisions and fair in their judgments. We generally perceive these leaders as people who do what they say they will do and do it honorably. A leader with integrity models positive behavior for the organization. Adherence to a code of moral values means that organizational decisions are measured against that code as one determinant of decision quality.

JUSTICE

A fair leader looks at decisions from the perspective of its consequences for all pertinent stakeholders, not only to the company. An executive-level focus on justice, both organizationally and socially, encourages such a focus by subordinates. A leader concerned with justice will expect employees to act with integrity in their interactions with the company and its stakeholders. When executives ask about the consequences of a decision beyond its potential profit impact, employees learn to think beyond cost and revenue when presenting problems or ideas to executives. When justice is an explicit concern of management, it becomes one of many variables that employees consider when making their case for potential solutions to management.

COURAGE

As we are reminded from a very young age, being ethical and doing the right thing often requires courage. It takes a good deal of courage to explain to a board of directors (and consequently to stockholders) that one misjudged the market and does not have a new product able to be delivered in time to meet a competitor offering, as Boeing might have done. When stockholders and boards of directors demand increased profit, market share, or dividend payments, it takes tremendous courage to delay a product launch until the product meets the promised specifications. Often, courage is envisioned as the persistence of pursuing a bold idea in the face of setbacks and doubt. Just as often, courage is saying no when a potentially profitable idea has the potential to harm. Executives with the courage to require moral decisions and actions create a worthwhile model for employees to follow.

TEMPERANCE

Temperance is the quality of being even-tempered and prudent. Risk taking tends to be a valued attribute in organizations, but it must be tempered by the judgment of feasibility and ethical appropriateness. Prudent leaders are more conscientious and more likely to engage in the type of premortem that Daniel Kahneman (author of *Thinking, Fast and Slow*) recommends as a way of anticipating unintended consequences.[19] A premortem involves brainstorming the ways a plan could go wrong. Actively seeking out opposing points of view and asking not just how a decision will benefit the company but the ways in which a decision might be unethical and risks hurting the company open avenues of inquiry for employees implementing strategic directives.

LEADERS WITH INTEGRITY ACT ON THEIR PROMISES & ARE CONSISTENT IN THEIR DECISIONS & FAIR IN THEIR JUDGMENTS

ACCOUNTABILITY

Accountability means taking responsibility for the outcome of an action, even when that outcome is unintended or unanticipated. Leaders who hold themselves accountable for decisions, regardless of their outcomes, are more likely to think through those decisions carefully before acting on them. For example, an accountable leader would want to understand the potential risk to product quality in skipping QA steps. A leader who holds themselves accountable will also hold employees accountable for their decisions. A leader who values accountability is unlikely to accept or participate in the "blame game" when an unethical decision results in harm.

HUMANITY

Humanity is exemplified by compassion, empathy, and consideration of others. Ethics involve matters of serious consequence to human well-being, and leaders with concern for that well-being are more likely to notice the ethical implications of decisions. A leader high in humanity is more likely to question the wisdom of skipping safety steps or circumventing the QA process because of the implications for human harm those shortcuts might produce.

Too often, the only variables considered when making important decisions are those than can be easily quantified. However, quantifying the cost to a child of forgoing an education to work at a meat-processing plant is much harder than quantifying the savings of employing a low-cost migrant child rather than an adult with legal status. Leaders with a focus on humanity as well as success understand that not all consequences of a decision can be easily quantified. Such considerations will instead be made based on their benefit to human well-being. When humanity is an organizational value, the full implications of sneaky problems are more likely to be noticed because of their consequence for human welfare.

TRANSCENDENCE

A transcendent leader is a future-oriented, inspiring decision maker. A transcendent leader is not just concerned with quarterly revenue targets but with a vision of what the company could be. An appreciation for beauty and excellence in many forms helps transcendent leaders envision a company and a community that is fulfilling not just financially but also aesthetically and even spiritually.

A transcendent leader is dissatisfied with decisions that morally compromise. Sneaky problems will be more noticeable to leaders interested in always being better. Taking customer funds and using them to fund one's investment operations, as Bankman-Fried allegedly has done, is not the path to growth, stability, and creating a sustainable business enterprise. A transcendent leader inspires employees to hold themselves to a higher standard of performance. That higher standard will reduce the number of unnoticed — and unaddressed — sneaky problems occurring in a company.

DRIVE

A leader who exhibits drive strives for excellence, is passionate and results-oriented, and leads employees toward greater achievement. Unchecked by the other traits of leadership success, drive can lead executives into making hasty decisions, especially when the probability of additional profit seems high. Drive, untempered by humanity, integrity, and temperance, may have led executives at Wells Fargo, Boeing, and FTX to overlook or not notice the ethical pitfalls of their decisions. A leader striving for excellence will be interested in excellence in all aspects of a decision, not just the financial ones. The pursuit of new ideas, new opportunities, and new achievements will be moderated by temperance, humanity, and integrity to ensure that the outcomes achieve excellence.

JUDGMENT

Judgment, which Crossan et al. define as situational awareness, cognitive complexity, and pragmatism, helps leaders deal with ambiguity.[20] Ethical situations are often ambiguous. Leaders with good judgment are more likely to notice the potential impact of these decisions and their consequences for a variety of stakeholders. Leaders exercising judgment are not as likely to jump to conclusions or accept the first solution to a problem.

Judgment causes leaders to conduct a deeper critical analysis of the problems they face and to deploy integrity, courage, and temperance in fearlessly examining a problem and encouraging the development of many alternative solutions. Such an analysis is likely to reveal the moral dimensions of each alternative along with their financial implications.

Someone with good judgement would consider the longer-term consequences of skipping QA steps to get a product to market sooner or think through who might be impacted in a barter arrangement. Similarly, better judgment might prompt the students in the introduction of this piece to think about the cases further, rather than accepting the first conclusion that comes to mind.

A leader with good judgment recognizes that moral compromises may lead to a slippery slope that can end in scandal, or worse. In an organization led by such a leader, sneaky problems are more likely to be noticed, examined, and analyzed in ways that permit a pragmatic, ethical solution.

CONCLUSION

Leaders who exhibit positive character traits model those behaviors for their organization and encourage employees to do the same. Ethical organizational cultures are not created through slogans or organizational statements; they arise from the everyday interactions of employees. Employees who observe managers and executives acting with integrity and making business decisions that are both organizationally effective and ethical will, in turn, make ethical and effective decisions. The moral consequences of sneaky problems are more likely to be noticed and openly discussed and debated so that an ethically sound, organizationally beneficial decision can be reached.

Most of us are ethical people who wish to work with people who have high moral character. Leaders who recognize that healthy organizations are not just profitable, but also ethical, will create cultures that sustain an organization over time.

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LEADERSHIP CHARACTER
A HOLISTIC APPROACH

Author

Karen E. Linkletter

There is a plethora of literature on leadership. For years, work on leadership emphasized the importance of performance and results. What kind of leadership was most effective for organizations to achieve their goals? Did leaders need to have a range of styles to pivot as needed when leading different kinds of people? Or did organizations need to bring in specific kinds of leaders (authoritarian, servant, transformational) as the institution faced new challenges and situations?

Every few years, we seem to revisit the topic of leadership and character as we watch leaders guide their organizations toward unethical or downright criminal ends or use questionable means to achieve what might be admirable goals. Sam Bankman-Fried's FTX empire crumbled despite its alleged commitment to altruism and ethical use of wealth. Doctors Without Borders issued a video apology for its racially insensitive fundraising materials that featured white doctors treating Black and brown patients, in spite of the fact that many of the doctors participating in the program come from other ethnicities and cultures.[1]

It's not surprising that many people have lost faith in the prominent institutions such as business, government, and education. If leadership has lost its compass, what does it matter that it is effective in achieving its goals? And what of ineffective leadership that resorts to any means necessary simply to survive? What is the purpose of leadership? What are its key tools?

These questions have revived an age-old conversation about the relationship between leadership and character. We are clearly in a phase where character has reentered the leadership conversation. But how do we, in the 21st century, assess, measure, and develop what we perceive as character? What constitutes character in today's leaders? Can it be boiled down to specific behaviors or traits? Is it a product of one's experiences, worldview, culture, or upbringing? In short: can character be learned or developed, or do leaders come to us fully formed?

This article explores contemporary and historical ways of assessing and developing character with the goal of providing a holistic approach. Contemporary frameworks for understanding and assessing leader character typically involve evaluating individuals using a set of qualities attributed to good leadership. Such models assume these character traits can be learned and developed through training and self-improvement. These frameworks can be effective in leadership character development in organizations, but theories of leadership character rooted in philosophy, psychology, and other disciplines may be just as (or more) effective in identifying and cultivating leaders.

> **IT'S NOT SURPRISING THAT MANY PEOPLE HAVE LOST FAITH IN THE PROMINENT INSTITUTIONS SUCH AS BUSINESS, GOVERNMENT & EDUCATION**

For instance, management theorist Peter Drucker was an early proponent of character as a crucial component of leadership. Drucker argued that values, virtue ethics, and worldview shaped human character over time. Character, he believed, was less about a specific set of traits and more an internal perspective that shapes decision-making. Although contemporary models of reinforcing certain character traits and qualities may be helpful, it is also useful to consider a holistic, interdisciplinary approach that acknowledges the historical context of character and recognizes the role of ethics and experience in developing character.
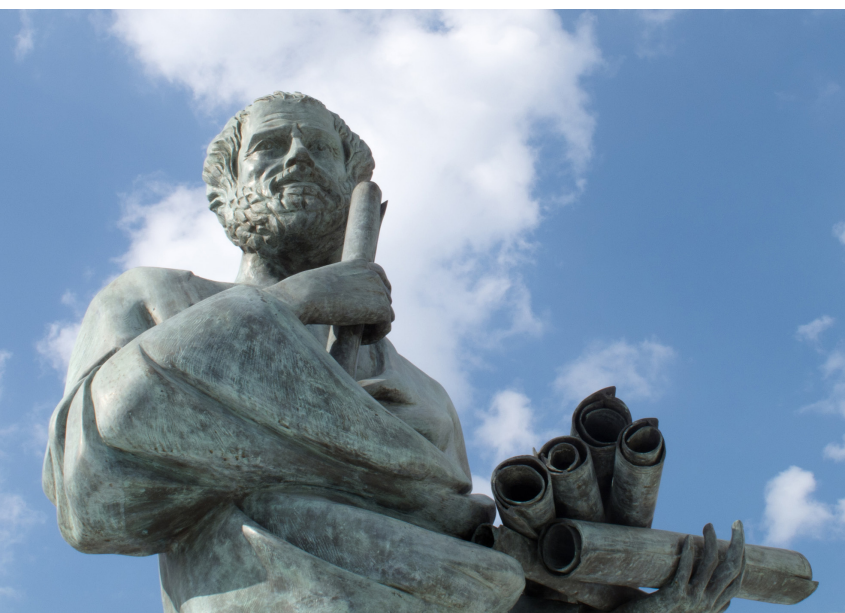
HISTORICAL VIEWS OF CHARACTER

ARISTOTLE & THE NICOMACHEAN ETHICS

Classical Greek society is often referred to as the cradle of democracy. By the 5th century BCE, free males were expected to participate in political decision-making in democratic assemblies. These individuals needed to be educated and articulate enough to take on leadership responsibilities in Greek society.

Philosophical figures presented various approaches to creating such a citizenry of leaders. The Sophists believed in training people to develop arguments using evidence and rational explanations for positions. Contrasting theorists feared this approach would lead to a group of leaders who were gifted orators but not necessarily grounded in truth. These contrasting theorists included Plato and Aristotle.

Aristotle believed the search for truth and wisdom was the foundation of virtue and the key to character in political leadership. He argued that character is a product of education over a long period and requires continual practice — that is, virtuous behavior is formed by habit. An individual embraces virtuous behavior not by following a prescribed set of rules or directions, but by developing a true sense of what is right in a given situation. In other words, character is not developed by reading a list of things to do or not to do; it is developed by inculcating an instinct and a desire to do what is right. People are not virtuous by happenstance; it takes years of deep, personal work and consideration of circumstances and challenges to develop what we today might call a true moral compass that leads to integrity. Rather than a learned behavior, it is an intrinsic part of a person, developed over years devoted to introspection, learning through mistakes, and the study of ideas.

Aristotle's complete list of virtues is complex, but his four essential virtues are:[2]

1. Prudence
2. Justice
3. Temperance
4. Courage

THE LIBERAL ARTS IDEAL

Aristotle's philosophy of virtue ethics assumed people would put their character into practice. That was the whole point: Greek society needed citizens who could lead and participate in decision-making. But, Aristotle pointed out, the leaders needed training and education. What would this look like? This was highly debated, but the idea of a liberal arts education grew out of this early conversation. The concept was that because moral virtue requires education, there needed to be some course of exercise for individuals as society grew larger. What did this education look like? What would lead to the ability to discern the meaning of prudence, justice, temperance, and courage?

Eventually, German, British, and American universities and colleges would embrace the ideal of a broad education, training people (at first, elite males) to be leaders or participants in representative government. In the German universities, the concept of "Bildung" encapsulated not only a course of study, but a spiritual path of self-development and awakening. In the American and British institutions of higher learning, the concept of the "gentleman" reflected the German ideal of Bildung. By the 1800s, a liberal arts education was believed to shape young men's character by instilling values and beliefs that would be needed to participate in free government. These values included modesty, respect for justice and truth, frugality, and discipline of mind and temperament.

As Western societies became more industrialized in the late 1800s and early 1900s, universities emphasized specialized fields of study and research, and the liberal arts ideal began to fade (except at small, elite schools, where the liberal arts curriculum was still valued and offered). Today, some argue that the liberal arts have become irrelevant to modern life, and many students demand that higher education deliver marketable skills. Others take the position that a liberal arts education is even more critical in an increasingly volatile world.[3] At any rate, a liberal arts curriculum today maintains a connection to developing people of character.

DRUCKER'S VIEW OF CHARACTER

Drucker posited that management was a liberal art, tied not only to practice, but also to wisdom, knowledge, and self-knowledge. Character is crucial to Drucker's ideas on management and leadership. For Drucker, management was ultimately about people: "their values, their growth and development … [it] is deeply involved in spiritual concerns — the nature of man, good and evil."[4] He referred to integrity as the "touchstone" of leadership, integral to any effective exercise of leading others in an organization.

Drucker states that although integrity is difficult to define, its absence is often revealed in behaviors and characteristics. Leaders lacking in integrity will, for example, concern themselves with who is right rather than what is right in a given situation. They also tend to fear strong subordinates because they lack the confidence to surround themselves with competence. Leaders without integrity also focus on other people's weaknesses and fail to recognize their strengths.[5]

ETHICS OF PRUDENCE

Drucker also embraced a model of virtue ethics. Although his explanation of ethics was quite sophisticated, he made a case for a Western philosophical perspective based on prudence: the ability to exercise self-control and govern one's behavior with judgment. Drawing on Aristotle, Drucker argued that prudence is an important virtue because it requires one to put character into practice. Similarly, Drucker stated that virtue ethics, in the form of prudence, requires an internalization of what is right: "The Ethics of Prudence does not spell out what 'right' behavior is. They assume that what is wrong behavior is clear enough — and if there is any doubt, it is 'questionable' and to be avoided."[6]

By following prudence, according to Drucker, one becomes a model of leadership character. Integrity and prudent behavior are linked as the two key elements of character for Drucker. In neither case does one learn a set of "right" and "wrong" actions or work toward developing certain strengths. One either has this sense, or one doesn't.

CONTEMPORARY MODELS OF LEADERSHIP CHARACTER

VIA-IS

The Values in Action Inventory of Strengths (VIA-IS) was developed in 2004 by psychologists Christopher Peterson and Martin Seligman.[7] Their idea was to build on scholarship that emphasized developing people's strengths rather than identifying weaknesses that needed to be addressed (the traditional realm of psychology as practiced using the *Diagnostic and Statistical Manual of Mental Disorders*). The VIA-IS (as well as the LCIA tool, described below) allows for both self-assessment and 360-assessment that involves data from peers and others.

Peterson and Seligman identified six virtues aligned with 24 strengths. The model has been updated as researchers have collected data from VIA-IS assessments of more than 13 million people worldwide:[8]

– **Wisdom and knowledge** — creativity, curiosity, judgment, love of learning, perspective

– **Courage** — bravery, persistence, honesty, zest

– **Humanity** — love, kindness, social intelligence

– **Justice** — teamwork, fairness, leadership

– **Temperance** — forgiveness, humility, prudence, self-regulation

– **Transcendence** — appreciation of beauty and excellence, gratitude, hope, humor, spirituality

The goal of this framework is to find character strengths that are trait-like (remain relatively stable over time), are applicable across time and culture, and can be measured empirically. The VIA-IS model recognizes that not every character strength is present in every individual; the point of the model is to focus on the strengths that exist and work with individuals to develop those.

ILCF/LCIA

The Ivey Leader Character Framework (ILCF) is a method used to evaluate aspects of leadership character. In 2015, the Ivey Business School and Sigma Assessment Systems partnered to create the Leadership Character Insight Assessment (LCIA) tool, which is used to measure specific dimensions of leadership captured in the ILCF. The project was the result of research conducted by Ivey related to the 2008 financial crisis. Researchers found that individuals employed by firms engaged in mortgage transactions that precipitated the crisis were either unwilling or unable to halt behaviors that created the problem. Short-term financial gain outweighed better judgment for upper management. At lower levels of organizations, employees felt powerless to speak out against what they knew was wrong behavior.

In essence, Ivey researchers discovered that the problem was not just a lack of character on the part of leadership, but also an organizational inattentiveness to the importance of character as part of the institutional mission. Ivey teamed with Sigma to create the LCIA as a means of: (1) identifying and measuring leadership character

and its components and (2) helping organizations find ways to develop and grow character in their people.[9] ILCF focuses on behaviors rather than specific traits, thus emphasizing the possibility of developing habits that embody character. In this view, character can be developed through acquisition.

LCIA places judgment at the center of its model of character; all other elements radiate outward from that virtue ("leader character dimension," in the wording of LCIA). Drawing on similar components of character from VIA-IS, LCIA has 10 additional leader character dimensions:

1. **Courage** — makes decisions

2. **Drive** — momentum and productivity

3. **Collaboration** — effective in teams

4. **Integrity** — trust, transparency, effective communication

5. **Temperance** — risk management

6. **Accountability** — commitment to decisions

7. **Justice** — fairness, above and beyond

8. **Humility** — continuous learning, acknowledges mistakes

9. **Humanity** — understanding of stakeholders

10. **Transcendence** — inspires innovation, commitment to motivation

For the creators of LCIA, character is not just about ethics and intentions. It is about the ability to make sound judgments in the face of any situation, as exhibited by behavior. Technical competence and ability are not indicative of character under this model. Neither is it always about ethics. Rather, it is about the ability to sustain well-being and excellence. LCIA's model of character is less about virtue ethics than about decision-making capability.[10]

INSIGHTS

WHAT IS CHARACTER?

The concept of character has a long history, and we have adapted the definition of "character" over time to fit cultural changes and perspectives. Character is not a set of behaviors, but rather a mindset, according to Drucker. This is much in

line with Aristotle. Both Aristotle and Drucker established a clear set of virtues that constituted character. Although Aristotle's system of ethics was complex, he emphasized four moral virtues. For Drucker, integrity and prudence were the two virtues that establish leadership.

More modern visions of character focus on personal development. How can one develop behaviors that reflect character? How can self-improvement lead to better character? For these modern leadership models, character is not just about integrity or prudence. VIA-IS takes a very individualized view of character, identifying specific strengths that are unique to each person. Not everyone will have all of the 24 strengths that align with the six virtues.

These strengths have been modified over time by the system's developers based on their experience with assessments. For example, the updated VIA-IS no longer includes integrity as a strength under the virtue of courage; that has been replaced with "honesty" as a strength (perhaps because integrity is difficult to quantify). LCIA includes integrity as one of its character dimensions, but it is not central to the model. Both VIA-IS and LCIA include justice, temperance, and courage, but prudence is either absent or included under temperance. Aristotle's four primary virtues remain elements of modern character, but prudence is minimized in its importance.

Clearly, leadership character can be defined in many ways depending on what one prioritizes. If decision-making ability is most important, then judgment will be central to character. If character is based on the presence of individual and variable strengths, then the development of individual qualities unique to each person will determine that person's leadership abilities. If building trust and consistency of behavior is the primary component of character, then leadership assessment will prioritize integrity and prudence.

The definition of leadership character, however, invites us to ask: what is the purpose of leadership? If the focus is on individual decision-making ability or development of individual strengths, where is there room for consensus development and team building? If leaders only focus on self-development, how do they learn to think in terms of shared values and culture?

HOW DOES ONE ACQUIRE CHARACTER?

This is a question that dates to Greek and Roman societies. The liberal arts curriculum was the subject of much debate in Aristotle's time, for example. And how did one actually practice virtue?

Table 1 presents definitions of character, associated virtues and attributes, and methods of character acquisition for the historical and more contemporary models discussed in this article. There is some overlap between virtues in the

THEORIST/MODEL	DEFINITION	VIRTUES/ATTRIBUTES	ACQUISITION METHOD
Aristotle	Virtue ethics	Prudence, justice, temperance, courage	Habit, inculcation over time through practice
Liberal arts ideal	Virtue ethics	Frugality, truth, modesty, justice, temperance, industry, appreciation of excellence, wisdom	Formal education/ university training
Drucker	Virtue ethics	Integrity, prudence	Lifetime experience & education
LCIA	Judgment	Wisdom and knowledge, courage, humanity, justice, temperance, transcendence	Training/habit formation
VIA-IS	Strengths	Courage, drive, collaboration, integrity, temperance, accountability, justice, humility, humanity, transcendence	Training

Table 1. Character definitions, associated virtues/attributes, and methods of acquisition

LCIA and VIA-IS models. For example, both share courage, humanity, justice, and temperance. The liberal arts ideal includes wisdom, temperance, and justice and adds a few unique traits, including frugality, truth, modesty, appreciation of excellence, and industry.

Older models of leadership character assume that character cannot be acquired by strengthening certain traits or behaviors. For Aristotle and Drucker, character was something formed over one's life (and, in the case of the liberal arts ideal, through formal education). Drucker was very clear about this:

> Character is not something managers can acquire; if they do not bring it to the job, they will never have it. It is not something one can fool people about. A person's coworkers, especially the subordinates, know in a few weeks whether he or she has integrity or not. They may forgive a great deal; incompetence, ignorance, insecurity, or bad manners. But they will not forgive a lack of integrity. Nor will they forgive higher management for choosing such a person.[11]

This is not to say that people cannot grow and change. Drucker advocated focusing on people's strengths and developing them, rather than zeroing in on their flaws and weaknesses. But, like Aristotle, Drucker believed that a true moral compass could not be developed if one had not done so early in life. In other words, integrity could not be formed by leadership training.

Because contemporary models of leadership character assessment do not place as much emphasis on integrity and prudence, they provide room for personal development. VIA-IS allows for individual paths to character development. Because not every person has every strength, the process of character acquisition and improvement will depend on the individual. With its focus on sound decision-making, LCIA lets people identify aspects of their character that may be inhibiting them from exercising judgment on a consistent basis. This will vary considerably from individual to individual. One person may be less willing to admit mistakes while another might not always consider the full range of stakeholders impacted by a decision.

But this begs the question: can people learn the crucial elements of integrity and prudence later in life? Contemporary leadership character models can help an individual learn to exhibit integrity and prudence (via lists of behavioral dos and don'ts), but is this truly a reflection of character? Or is this behavior that is not internalized, not really part of who the individual is? Organizations need to think through the possibility that people who don't have integrity as adults may never be able to learn to be so (save for a life-altering event).

Perhaps Drucker was right. As much as we might want to help leaders improve in this crucial area, it may be wise to weed out those who lack integrity and a sense of prudence before they become a problem in our organizations.

CONCLUSION

Americans have been trained to recognize character through their leaders. George Washington was a leader of character because, as his biographer Mason Locke Weems wrote, Washington was honest enough to tell his father about damaging a valuable cherry tree when playing about with his axe when he was a child. The story is fiction, but it presented Washington as a figure of virtue: one who put integrity and honesty in the fore.

Definitions of character may change, but most people know the absence of what they would define as character when confronted with it.

Contemporary leadership character assessment and development tools, such as LCIA and VIA-IS, emphasize specific dimensions or strengths that can be measured. Although such models are helpful for both self-assessment and leadership development programs, it is probably worthwhile to step back and consider the nature and process of character development from a historical perspective.

In the liberal arts tradition and the view of management theorist Peter Drucker, character is something formed over many years. One's view of the world, perception of people, approach to problem solving, ability to withstand uncertainty, willingness to be honest and admit mistakes, and a host of other qualities we associate with character are not created overnight or in one leadership seminar.

We can certainly work to improve our strengths and augment our toolboxes, but we are indeed byproducts of our pasts, which make us the unique, imperfect individuals we are.

A holistic understanding of leadership character's essence and development will be helpful in facing the challenges of the future.

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CHARACTER LEADERSHIP AT THE INTERSECTION OF BUSINESS, PURPOSE & SUSTAINABILITY

Author

Kimberley Young Milani

As the world becomes more complex, uncertain, and interconnected, so does the realm of leadership. Today's reality requires leaders to not only fulfill their organization's material goals, but also recognize and address the overlapping or compounding impacts of various organizational, social, and environmental effects that define its experience in and on the world. To achieve this, they must embody not only what good leaders do, but who good leaders are. This means leaders need more than certain competencies to successfully run their organizations — they must have the strength of character to cultivate superior performance and a sincere, authentic realization of their organization's purpose and broader goals.

Today's leaders must skillfully sit at the intersection where business, the environment, and society meet, interact, influence, and impact one another. It is at this intersection that organizational purpose is fulfilled, provided a leader can successfully get the traffic from these confluent forces to flow in a way that provides benefit to all stakeholders. In this article, leaders from Unilever and the London Stock Exchange (LSE) share their perspective and approach, as well as the efforts their organizations are undertaking to achieve this aim.

WHAT IS CHARACTER?

Unfortunately, there continues to be an extensive, pervasive nescience of the power and impact of character on leadership. For decades, character received little attention in business schools or leadership development programs, resulting in a lack of emphasis placed on its foundational role in leadership, especially as it pertains to judgment and decision-making.[1]

Research on why character has been neglected in leadership discourse, education, and development programs reveals some key factors. First, there is a myth that character is innate or set at an early age and cannot be developed.[2] Second, there is a misconception that character is subjective and thus cannot be measured. Character is considered a "loaded word" that is deemed extraneous to business, and business culture has not created a common language or consistent lexicon with which to talk holistically about character in the workplace.[3]

As such, it is important to first delineate how character, as it is used in this article, is defined and positioned within a leadership context. Based on the extensive research conducted by the Ian O. Ihnatowycz Institute for Leadership at the Ivey Business School, Canada, character can be understood through two foundational frameworks: (1) the Effective Leader framework and (2) the Ivey Leader Character Framework (ILCF).

The Effective Leader framework posits that leadership is always a function of character, competencies, and commitment in commensurate measure (see Figure 1).[4] Significant performance problems arise when any of these three pillars are deficient.[5] However, although all three pillars must be equally present for effective leadership, character underpins competence and commitment.

Character determines whether one will obtain the competencies necessary to perform (through one's sense of humility and accountability) and influences the effort one puts into the role of leader (through one's drive and courage).[6] Because of this, it is especially problematic that there is a systemic lack of focused learning and development on character. Competencies reflect what a person *can* do, character reflects what a person *will* do, and those can be vastly different things.
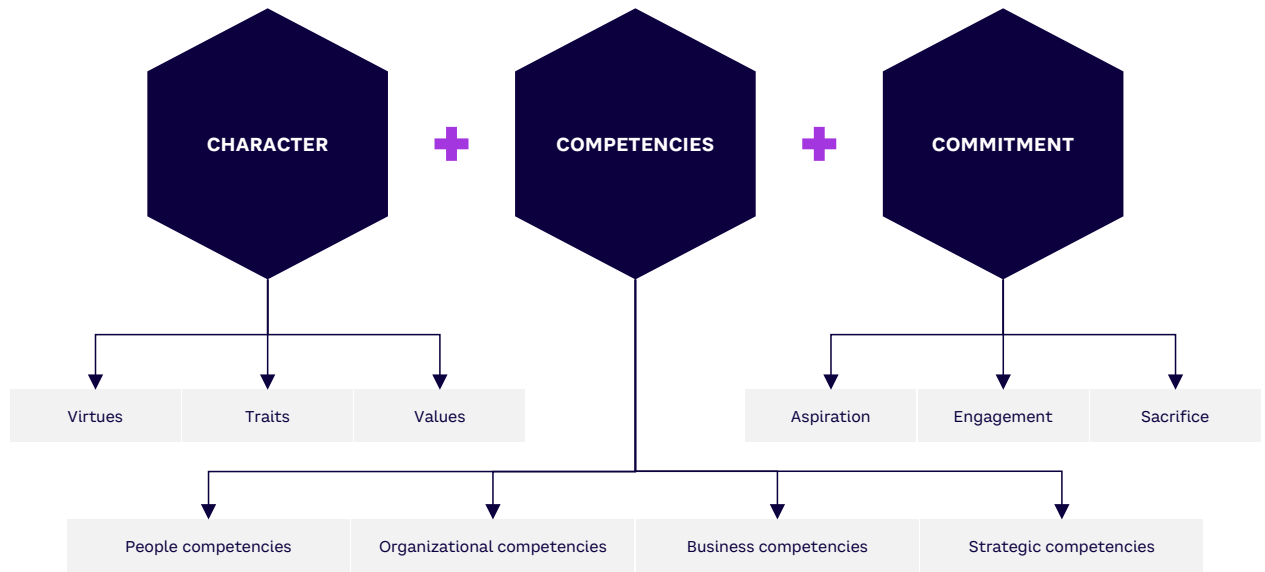
Figure 1. Effective Leader framework (source: Crossan et al.)

Figure 2. Ivey Leader Character Framework (source: Crossan et al.)

ILCF outlines the character dimensions (virtues) and elements (behaviors) that operate in concert to promote good judgment and effective leadership (see Figure 2).[7] In this article, "character" refers to these 11 dimensions operating in a networked capacity.

Although judgment is a dimension in its own right, ILCF reflects how it is influenced and formed through the interconnected relationship between all dimensions of character. As leadership is always contextual, character-infused judgment determines which dimensions are situationally appropriate to draw on, so one consistently makes good

decisions at given moments, leading to elevated performance, enhanced well-being, and positive outcomes. In contrast, when some dimensions of one's character are weak or underdeveloped, judgment is compromised, resulting in poor performance, diminished well-being, and negative outcomes.

CHARACTER-ENABLED PURPOSE

At the Ihnatowycz Institute, we remain committed to bringing the language of character into business schools and organizations, but the phrases "purpose-driven leadership" and "purpose-driven organizations" have swiftly become dominant in the business vernacular.

One could argue that "purpose-driven" has reached buzzword status, becoming so ubiquitous that, for some, it induces eye rolling, cynicism, or the sense that it is a short-term fad rather than the enduring heart that guides an organization's goals and aspirations, culture, and strategy.

This leads to the question of how character contributes to organizational purpose. If better outcomes are realized when performance is infused with strength of character, how can character-infused performance enable and enhance organizational purpose, especially one that serves multiple stakeholders and includes environmental, social, and governance (ESG) commitments? How can character-based leadership contribute to executing on and sustaining an organization's purpose in an authentic and impactful way over the long term?

According to Nick Craig and Scott A. Snook in a *Harvard Business Review* article, "Academics argue persuasively that an executive's most important role is to be a steward of the organization's purpose. Business experts make the case that purpose is a key to exceptional performance, while psychologists describe it as the pathway to greater well-being."[8] If academics, business experts, and psychologists are correct, then to achieve this trifecta of outcomes, strength of character must be present. It is unfathomable that any leader whose character operates predominantly in a vice state, rather than a virtuous one, could possibly steward purpose, maintain performance excellence, or tend to well-being in a consistent, effective manner.

We must also ask how a leader builds a purpose-driven organization without understanding how their personal purpose fits into it. Research shows that fewer that 20% of leaders have a conscious understanding of their individual purpose, and even fewer can articulate it.[9]

Unilever is a multinational corporation renowned for being a purpose-driven organization. Its website states: "We are driven by our purpose: to make sustainable living commonplace. It's why we come to work. It's why we're in business. It's how we inspire exceptional performance."[10] According to Alan Jope, Unilever's recently retired CEO, the intensity of the corporation's commitment to purpose and how it translates into a purpose-driven culture starts with individual employees:

> We have these purpose workshops that we put people through and from which we've got incredible data that shows that the workshops improve their ability to align their own purpose with the purpose of the organization or their job within it. For people who score highly on the alignment of their personal purpose and the job they are doing, their job satisfaction, likelihood to recommend Unilever to a friend or family member, and probability of staying with the company go through the roof.[11]

Unilever uses a top-down and bottom-up approach with their management cadre to foster a purpose-driven culture and organization. This tactic reveals that alignment with personal purpose enlivens Unilever's organizational purpose to ensure it is nurtured and continues to grow.

This is a wise approach, according to organizational/management experts Ikujiro Nonaka and Hirotaka Takeuchi, who wrote: "The organization has evolved from information processing machine … to living organism … to survive in today's world, this living organism must be grounded in moral purpose and guided by the goals of offering value to customers, contributing to society, living in harmony with nature, and creating a better future."[12]

This is a tall order to assign to an organization. Without character leadership, organizations run the risk of their purpose becoming a hollow slogan or a facade, rather than an embodied corporate ethos. Once curious and demanding stakeholders pull back the curtain, so to speak, a lofty purpose without any tangible or sincere actions to fulfill it will appear as disingenuous, pandering, or deceitful.

By underpinning purpose with character (both through the organization's leadership team and cultivating a character-infused culture[13]), an organization's purpose will be transformative rather than performative, and it will have the power to create a better future.

CHARACTER-ENABLED PURPOSE

The following examples show how each dimension can contribute to a character-enabled purpose to generate long-term strategic advantage and the socially responsible outcomes that progressive organizations seek to create.

If purpose is to be an enduring position of the organization, its leadership must employ transcendence in its creation. Behaviors associated with transcendence include being inspired, purposive, optimistic, creative, and future-oriented. Being inspired and purposive helps leaders capture their organization's "why." Being future-oriented ensures that purpose is abiding and enlivening. Creativity sparks unique opportunities to align an organization's profit-based and ESG goals, and optimism fosters the belief that a purpose can be realized and fulfilled.

Humanity and *justice* underpin the behaviors needed to ensure that organizational purpose goes beyond profit to address things like sustainability and equity, diversity, and inclusion.

Drive and *courage* are required to sustain a profit-making strategy while standing up to those who would produce profit at the expense of people and/or the planet.

Integrity and *accountability* help leaders create a corporate purpose that is authentic, transparent, and responsible to all stakeholders, including shareholders. *Temperance* ensures that a multifaceted purpose does not go too far in one direction or another, bouncing over any organizational guardrails.

Collaboration fuels a sense of interconnectedness between the employees who work daily to fulfill the purpose and the stakeholders the purpose seeks to serve. *Humility* facilitates continual learning, knowing when to listen to stakeholders and acknowledging when it might be time to recalibrate a purpose-built strategy to create greater alignment and ensure the long-term viability and profitability of the organization. Finally, *judgment* ensures that the intricate and consequential decisions needed to successfully achieve an organization's purpose are made wisely and efficiently.

A character-based approach to purpose also helps address the strategic paradoxes that tend to emerge when an organization simultaneously pursues profit and an environmental and/or social agenda. It can also help reframe an organization, helping it shift away from negative elements of its reputation or operations by providing a purpose that connects with the needs and attitudes of today's society.

For example, Julia Hoggett, CEO of the LSE, is committed to changing how the UK's capital markets are viewed, moving away from being "seen as something that 'enables bankers to drive Lamborghinis' to something that can help companies grow."[14] She stated:

> It comes back to purpose … I describe the purpose of the LSE as a convener of capital. Our job is to bring together those who have capital with those who need it, in service of an objective — and the most important objective [today] is the just transition to net zero. We have transformed our business model over the last year to being one that is purely focused on the listed market, where our mission statement is to now be the first global exchange group in the world that is genuinely indifferent as to whether a company is public or private. Our job is to create the venues to facilitate the flow of capital. That is a purpose-led business model. It is not fluffy. It fundamentally changes the way you think about what your job is there to do. I've the privilege of trying to transform what I described as a 300-year-old fintech. My job is to make sure that it is just as viable, just as vibrant, and just as effective in another 300 years as it is today. That isn't by doing the same thing, it's by changing it. These sorts of concepts have been integrated into the way I think — not just about myself, but the way I think about what is the job of capital markets, and how we frame our job. Purpose is utterly critical in these things. It isn't a soft, soppy concept in my head.

Many dimensions of character emerge in her response, including the courage to change an age-old system, the creativity to design a new one, the justice and integrity to ensure it serves everyone from pensioners to the planet, and the transcendence and judgment to ensure a new business model can withstand the test of time.

Hoggett credits character with helping her become the successful executive she is and informing her creation of a character-infused purpose for the LSE that can serve a wide range of stakeholders:

> I had the Leader Character Framework … stuck on my computer screen for years when I was at the Financial Conduct Authority … the components of the framework make absolute sense and are central to how I think and act, or try to. The dimensions are comforts rather than challenges, you know? It's always easier to do the right thing, even if it is harder. You learn that the more crises you've had to manage. Even if it's difficult in the moment, the comfort and the confidence that it is the right thing to have done is much more sustaining than having done the convenient thing in the short term.[15]

Jope echoed Hoggett's assertion that purpose is not fluffy or soft when responding to the accusation from Terry Smith of Fundsmith that Unilever had "lost the plot" for declaring a purpose for Hellmann's Mayonnaise:[16]

> Of course, that is catnip for newspapers, absolute gold, so it got blown out of all proportion. What Terry was really saying was, 'I'm not happy with your share price performance.' Unfortunately, he picked the wrong root cause, because right now, Hellmann's is one of our most campaigning brands on the platform of 'Make taste, not waste.' It is our effort to help tackle the issue of food waste because if food waste itself was a country, it would be the third-biggest carbon emitter in the world … Unilever has 13 brands with sales of more than €1 billion — and through the first half of this year [2022], the pattern continues; Hellmann's grew 19% and was the fastest growing of all of our billion-euro brands. In large part, it is because of this cool campaign that has been on for a while now.[17]

It is reasonable for Smith, as a major shareholder, to be disappointed in Unilever's share price, but the "lost the plot" story grossly misrepresented Unilever shareholders' commitment to sustainability. In 2020, the Unilever executive team created a Climate Transition Action Plan it put before shareholders for a nonbinding advisory vote.

Jope shared, "In the end, it went through with 99.6% shareholder approval, so we were rather pleased about that. I can tell you this … stereotype of shareholders not caring about sustainability is absolute nonsense. Shareholders overwhelmingly want to see companies raise their game in this."[18]

Embedded in this story is how character dimensions like transcendence, courage, accountability, and justice are foundational to Unilever's executive team and its shareholders' dedication to the company's purpose.

CONCLUSION

The world is in dire need of leaders who can tackle the grand challenges of our time. By turning character-infused performance toward the fulfillment of organizational purpose, leaders can thrive at the intersection of business, society, and the environment — raising company profits while improving the prosperity, well-being, and security of people and the planet.

We need to generate greater awareness of the power of character, bringing it into our collective consciousness and our understanding and expectations of leadership. By infusing performance and purpose with character, we can create citizens, organizations, communities, cultures, and countries of character. In short, we create a better world.

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CHARACTER DIMENSION	UNDERWEIGHTED	STRONG CHARACTER	OVERWEIGHTED
Judgment	Indecision; lack of insight, rigor & understanding; resistance to change	Insightful & adaptable; situationally aware & current; solid decision-making	Analysis paralysis; overcomplicating decision-making; no clear sense of priorities
Courage	People don't speak up; fear prevails; giving up; little innovation	Determination & perseverance are prevalent; high resilience; "speak truth to power"	Reckless, stubborn & arrogant; risk-taking
Drive	Lethargy & low productivity; lack of initiative; apathy	Sustained momentum around focused priorities; high productivity	Tunnel vision; perfectionists inhibit productivity
Collaboration	"Every person for themselves" mentality; lack of information sharing; silos	Effective teamwork enhancing productivity; diversity & inclusion drive success	Conflict avoiders; people pleasing; too many people clouding decision-making
Integrity	People operate from a position of self-interest & mistrust; lack of transparency	Trust, transparency & effective communication; aligned principles & values	Uncompromising, rigid & dogmatic interactions; exclusionary practices
Temperance	Impatience & agitation prevalent; stressed & anxious; emotional outbursts	Effective risk management; thoughtful consideration; calm even under duress	Risk-averse inaction; lacking urgency; indifferent about outcomes
Accountability	Failure to deliver results & take responsibility; blaming culture; low ownership of issues	Ownership of problems; commitment to decisions; act in organizational interest	Difficulty delegating; obsessive & controlling; little room for learning failures
Justice	Inequities; favoritism & nepotism	Fairness fostering trust; clear understanding & action around systemic inequities	Rigid rule-based procedures that do not consider individual differences
Humility	Arrogance & overconfidence; complacency; lack of learning & development	Willingness to identify & discuss mistakes; support of learning & development	Overwhelmed; ruminating about mistakes; pushover; lacking focused learning
Humanity	Lack of empathy, compassion & consideration	Deep understanding of what's important; people feel seen & heard	People feel overwhelmed & suffer compassion fatigue
Transcendence	Narrow goals & objectives; failure to acknowledge & appreciate; not inspired	Commitment to excellence; clarity & focus; inspiration motivates innovation	Always thinking things will get better but no tangible sense of how to get there

Appendix. How character manifests in organizational culture (source: Crossan and Crossan)

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15 Seijts and Milani (see 11).

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17 Seijts and Milani (see 11).

18 Seijts and Milani (see 11).

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MOVING TOWARD MORE RESPONSIBLE DECISION-MAKING

Author

Kanina Blanchard

Leaders of all ages and at all stages of their careers are being asked to make better, more responsible decisions. This involves seeing themselves as part of the communities in which they live and work and recognizing that they are accountable to more than just themselves and their organizations.[1]

Needing to develop dimensions of not just competence, but also character and judgment, individuals in formal, informal, emerging, and existing leadership roles are realizing they must step up to address the challenges of our time.[2] Whether it's rampant corruption, growing inequality, local or large-scale climate change disasters, global pandemics, wars, or displacement, the challenge remains — how?[3] How can leaders make more responsible decisions in a world where economic metrics predominantly determine success in both work and life?

Thanks to new research, a graduate education course at a leading Canadian business school is reframing responsible decision-making. Rather than focusing on theoretical discussions or creating a checklist of to-dos, the course "Leading Responsibly" at the Ivey Business School teaches individuals to become more responsible by helping them unpack their lived experiences.

CHARACTER AS THE FOUNDATION

The work of researchers and practitioners who recognize that teaching competencies alone are insufficient underpins Leading Responsibly.[4] Skills that individuals can do and or learn to do have traditionally been the focus of leadership education. This myopic approach helped create the crisis in which the world finds itself: a world with skilled leaders primarily measured on their ability to deliver on profit and growth.

Without education that challenges students to aspire to become responsible global citizens, they are not prepared to engage. Without education that emphasizes character building, students don't learn to develop humility or humanity. Unless they learn how to build enough courage to make choices that confront conventional norms, they do not step in and challenge them.

Leading Responsibly begins with students exploring the importance of character in leadership. They are encouraged to move past cognitive knowledge and tap into the emotions that emerge as they try to improve their decision-making (decisions that consider the needs of all stakeholders, even those without an economic connection to them or their organizations).

Students share their feelings of failure and success, as well as memories of the critical role of others in their efforts to date. The journey toward making more responsible decisions cannot be solitary, so students listen to their classmates' stories about "trying to be responsible" and begin to understand the necessity of developing a support network.

Choosing a decision-making path that focuses on "we" not "me" involves reframing responsibility, not as a badge of honor or a framed certificate, but a way that understands how one's competencies and character dimensions interconnect to support purpose-driven judgement (see Figure 1).[5] Doing so helps one strengthen resilience, challenge conventional norms, prioritize values, and become more responsible in day-to-day decision-making.

Figure 1. Ivey Leader Character Framework (source: Crossan et al.)

Making responsible decisions, then, is not about becoming something or someone. Rather, it is a choice to be made in the moments when disparate, often paradoxical, pressures bear down. It is in these moments that character matters most.

MAKING GOOD JUDGMENTS & RESPONSIBLE DECISIONS

Making good judgments or decisions as a leader is defined as being able to draw on relevant information and make a critical analysis of facts in a timely manner, appreciate broader and more complex contexts, pivot when confronted with new information or situations, reason effectively in uncertain or ambiguous situations, and see beyond the obvious and into the heart of challenging issues.[6]

Recognizing that having good judgment is the result of leaders not only developing their competencies, but also dimensions of their character, students discuss how such a journey involves commitment to achieving challenging goals. This requires prioritizing differently, engaging with a variety of stakeholders, and recognizing that sacrifices may be required. Responsible

decision-making is grounded on the three components of exemplary leadership: character, competencies, and commitment (see Figure 2).[7]

FEELING RESPONSIBILITY IN DECISION-MAKING

That "responsibility" in leadership matters is not in question. That responsibility requires leaders to elevate priorities beyond themselves, their organizations, and economic metrics is also not in question. The questions that loom large include:

– What can I possibly do?

– What impact can I really have?

– Am I too low in the organization to do anything?

– What about the risks of not putting profit first?

Drawing on learnings from Leading Responsibly, participants who wish to make more responsible decisions are encouraged to follow Gandhi's advice: "Be the change you want to see in the world." Moving away from judging others and toward self-reflection stirs action on the one

Figure 2. Three components of exemplary leadership (adapted from: Seijts and MacMillan)
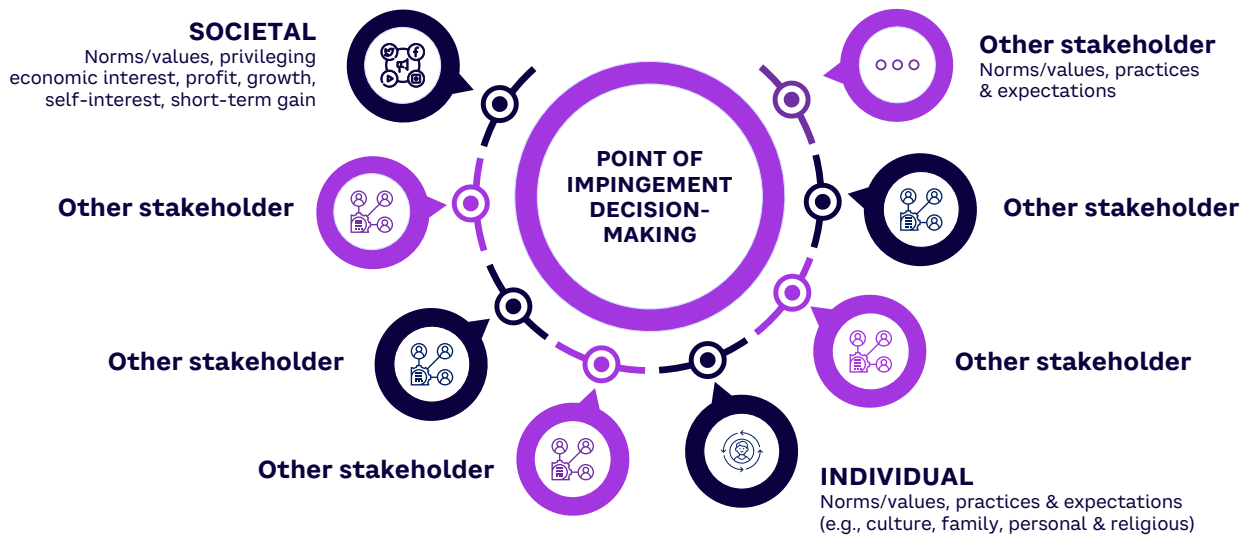

Figure 3. Point of impingement

thing in the world we have control over: our character. Making more responsible decisions requires commitment and involves taking risks. However, the skills it involves can be learned.

Moving past the rational approach to decision-making in which people use facts, information, analysis, and a step-by-step process, students are encouraged to reflect on moments in time when they found themselves at the *point of impingement* (see Figure 3).[8,9] It is at these pressure points that we experience conflicting norms and values (e.g., juggling the pressure to increase profit and

support growth in the short term while adhering to norms and values around long-term environmental sustainability goals).

Instead of learning theories, students are asked to engage with their memories, their senses, and their experience of feeling these tensions. Talking about how it feels to be responsible offers a deeper understanding and the possibility of change. Participants in the course describe feeling stuck or trapped, needing to put a stake in the ground, or feeling ill at the point of impingement. A few said they felt as though they were drowning.

UNPACK YOUR RELATIONSHIP WITH RESPONSIBILITY

Research shows that having the courage to reflect on how and why responsibility matters personally is an essential step to to making more responsible decisions. Considering one's origin story related to responsibility leads to reflection on events dating back to childhood, education, and/or work experience.

Some students recall learning about responsibility in a formal setting (school, religious classes, books, exposure to other cultures, or extracurricular activities). Others recollect memories from informal, unplanned (and often unwelcome) experiences they had to navigate (significant life changes, traumatic events).

Participants share how the loss of a parent led them to step into roles of responsibility early in life, how their upbringing (volunteerism, religious practice) resulted in normalizing "doing good works" or giving back, and how failing to take responsibility in their work resulted in harm to others. Reconnecting with our first memories of responsibility ignites not only interest and curiosity, but a drive to learn more.

> ## EMBRACING RESPONSIBLE LEADERSHIP AS A JOURNEY RATHER THAN A DESTINATION OPENS THE DOOR TO RECOGNIZING THAT IT IS A STRATEGIC ENDEAVOR

INVEST IN SUPPORT SYSTEMS & NETWORKS

Striving to make more responsible decisions is a journey to take with others. The importance of building a support system and creating a network of like-minded people is discussed at length in the course, in part because choosing to make responsible decisions can pit one against normalized expectations (e.g., making money). There are risks, challenges, and possible negative consequences to taking a more responsible path.

As part of this exploration, students identify individuals, institutions, and resources from their past and present. Some recognize the possibility of seeking the support of counselors or psychologists to help them understand their experiences of the tensions associated with being at the point of impingement.[10] Others note how their partner, a friend, a colleague, or members of their family have been a consistent presence, standing with them and accepting any consequences that may arise. Some talk about a book or an author whose work provides motivation to face the tensions associated with challenging the "normal" way of doing things.

PREPARATION & PRACTICE

Embracing responsible leadership as a journey rather than a destination opens the door to recognizing that it is a strategic endeavor. It requires negotiation and compromise, such as knowing when and where to push, how and when to lobby stakeholders, and even when to recognize the time and context isn't right. In discussions, students share stories of focusing on listening skills, building connections, and understanding the viewpoints of stakeholders with vastly different experiences and priorities.

Being more responsible in decision-making also requires building dimensions of character (e.g., temperance, humanity, and justice). Choosing to emphasize long-term, nonfinancial priorities (e.g., diversity, equity, and inclusion or the environment) means being deliberate, measured, and patient, as well as finding ways to calibrate your expectations of yourself, your organization, and others. It requires sacrificing time, energy, effort, and short-term gains.

Preparation and practice are central to this endeavor. This includes engaging with humility, being realistic about the context in which one works and one's positionality, and being prepared for negative consequences such as slower promotion or even job loss. Being prepared personally and professionally (including mental and financial health), having a support system, being willing to "fail forward," and cultivating a growth mindset are all key.

BRINGING LEARNING TO LIFE

Participants are encouraged to express their learnings in a form they can share and use on their journey. Some write stories or poetry, often drawn from their feelings about being responsible or irresponsible, to serve as a reminder or touchpoint. Some draw or adapt pictures; others create an object that holds meaning for them. These physical objects embody participants' goals and serve a variety of personally relevant functions. In sharing and discussing their artifacts, students are able to express a narrative. They can identify the dimensions of their character they continue to build, skills and competencies they wish to learn or improve, and the origin of their commitment.

KEY INSIGHTS

After several years of teaching the course, we've gained insight into multiple issues relevant to educators and mentors. For example, young professionals regularly express fear of "rocking the boat" too early in their careers. Counteracting this is a matter of reinforcing the idea that having a responsible mindset is the first in a spectrum of actions they can take. Being strategic involves considering an array of next steps and possible consequences, including engaging in conversation with members of a safe network, researching best practices, and identifying and offering alternatives. Although whistleblowing or quitting are also options, it is important to present these as being on the far end of the spectrum, not a go-to.

We have also discovered the importance of self-disclosure. Asking others to do the emotional, challenging work related to building character dimensions and understanding the consequences of taking the road less traveled requires vulnerability from the educator or mentor. Practicing humility, sharing your own story, discussing how you have invested in a support system, and relating how you have succeeded and failed forward set the stage for a safe, collaborative learning environment.

Finally, we learned to meet participants where they are. Experiential learning is predicated on individuals making meaning from what is offered, and life/work circumstances impact the pace, timing, and depth of individual engagement. As educators and leaders, imagine yourselves as gardeners creating a safe, healthy place for growth. You must cultivate the space and actively feed the ideas you see germinating. Allow each seed to follow its own path. Some will sprout immediately; others will take longer. Appreciate the efforts made, knowing that, for some, it may only be in the longer term that these ideas and practices will blossom.

CONCLUSION

Until society and organizations shift so that profit/growth is only one measure of success, leaders will continue to face challenges, risks, and barriers as they strive to make more responsible decisions.

Although change at the individual level is only a piece of a much larger puzzle, it is worth pursuing. If responsibility matters to you, invest. Be clear about your purpose. Recognize that your commitment will involve sacrifice and choice. Be strategic about preparing and planning, with an emphasis on the long term. Be intentional about transforming your perspective, and focus on your actions, behaviors, and decisions: this is where responsibility emerges and is demonstrated. Responsible action requires doing, not just knowing. It involves engaging purposefully, having prepared for the challenges and issues that may emerge. Knowing the right thing to do is very different than taking action.

Making good judgments is inherently challenging and requires developing one's competencies and character. Doing so under pressure and in situations where you may be testing conventional norms and expectations requires commitment.

Leaders must be prepared to face the challenges and complexities that accompany alternative approaches. They must recognize that this magnitude of change requires relationships with like-minded individuals and a strong support system.

Understanding why responsibility is a priority for you is central to generating personal definitions of important concepts, including what success and failure look and feel like, what your nonnegotiables are, and how you will develop the skills and competencies to engage strategically. Investing energy and attention in continuous learning, remaining humble and able to learn from failure, and developing a resilient mindset are all key to making good decisions at the point of impingement.

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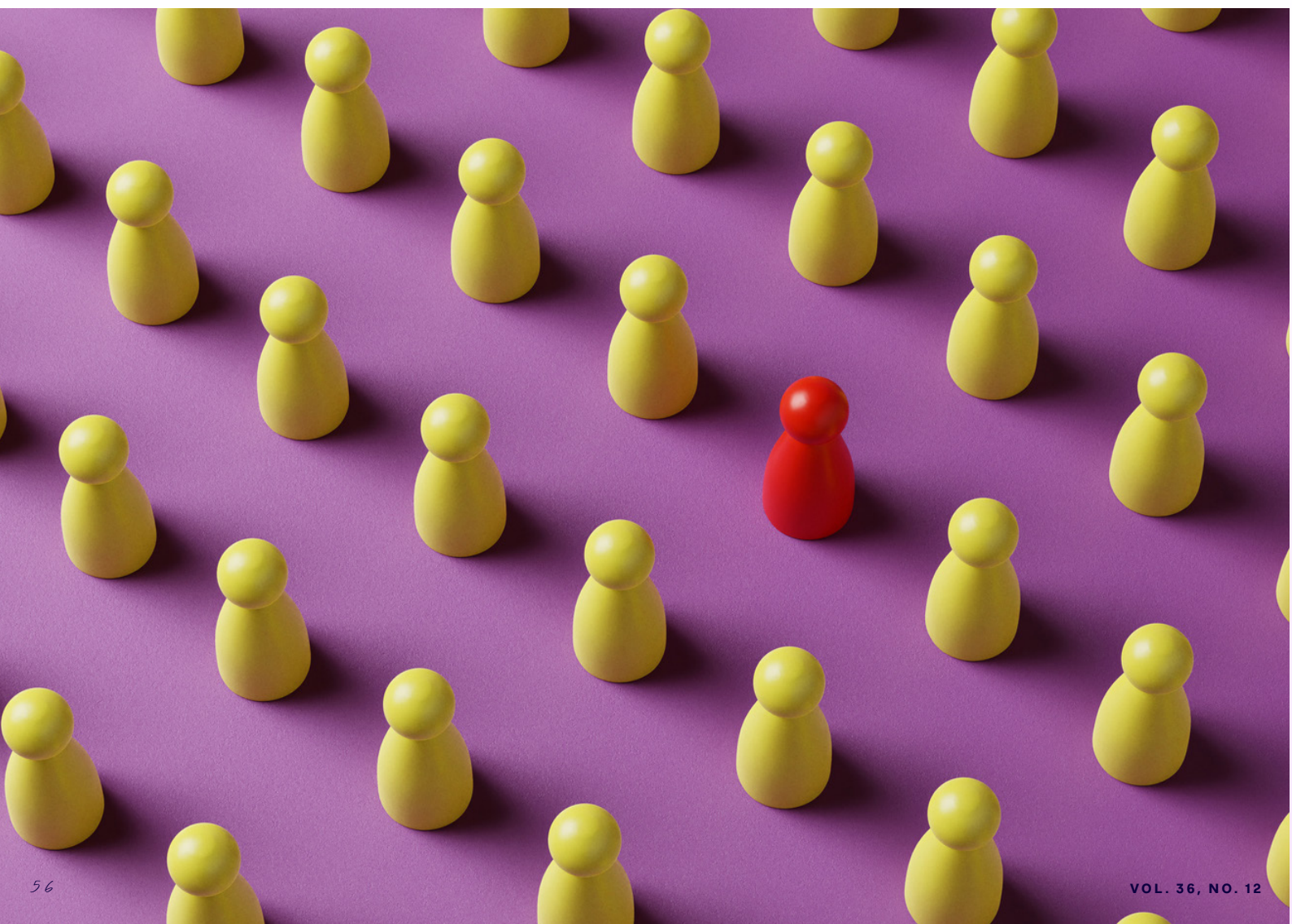
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