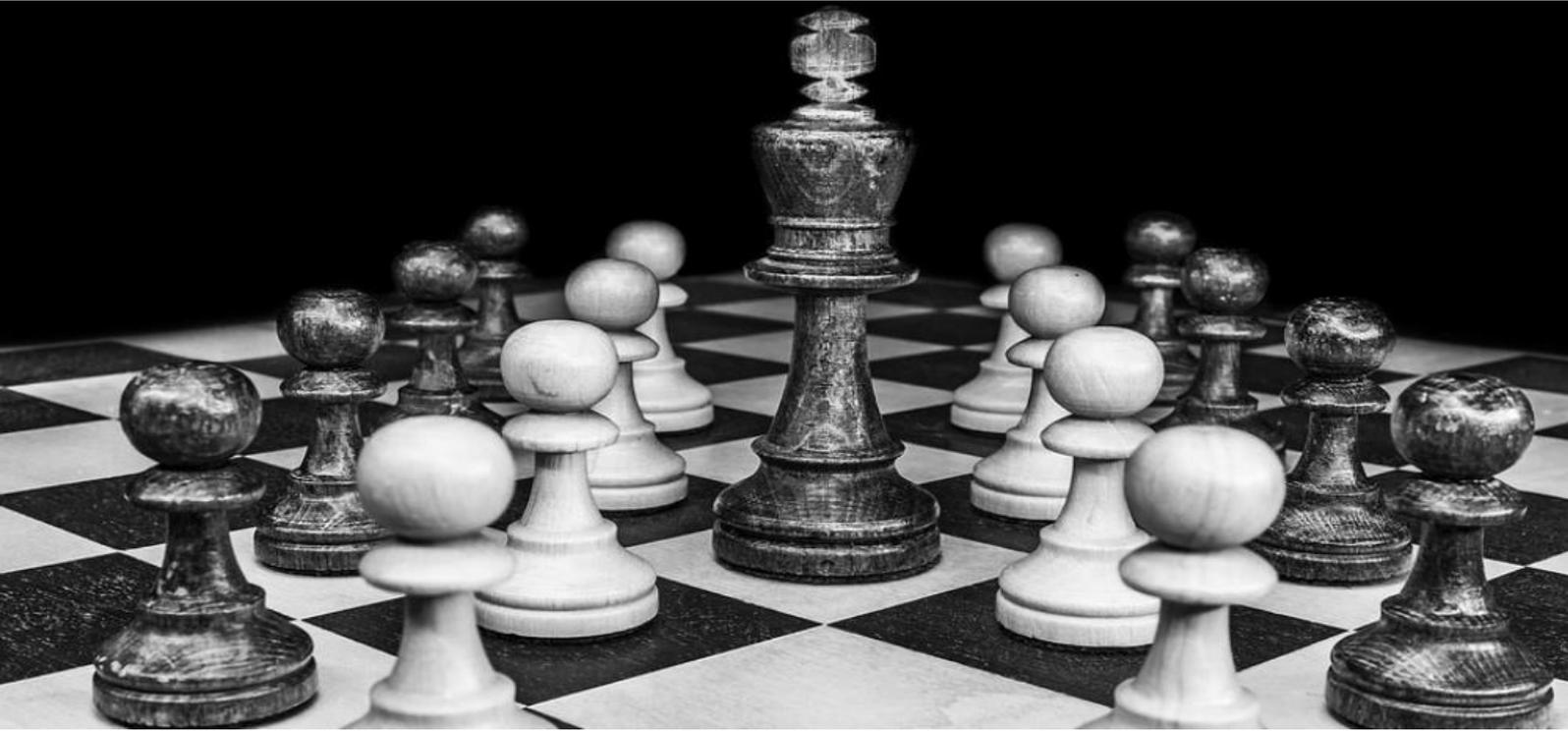Colvin
Consulting
Group

Insight

Ringing in the New Year with Our Upcoming Paper on Character

Authors

John Colvin
Principal

Elizabeth MacGregor
Consultant

Samantha Mikhael
Research Assistant

CEOs highly rated on key character dimensions deliver approximately 5x financial returns.

Introduction

The selection of leaders for their character is fundamental for building good culture, strong boards and successful purpose-driven organisations. In this paper, we introduce our upcoming thought piece on leader character, with a brief overview of the main insights derived from extensive research from secondary sources.

An Overview on Leader Character

The lessons in recent years are that boards need to have much more focus on the character and values of the key people in the business.

In our upcoming thought paper, we appraise Character as the cornerstone for shaping the culture of an organisation, and, specifically, Leader Character as pivotal for organisational success.

It follows that the character of all key roles in the business ought to be more fully explored and of high priority to sustain an appropriate culture. However, addressing character can often be a challenging task, given the lack of clarity surrounding the term within the business community[1].

For this reason, Professor Gerard Seijts and Colleagues at Ivey Business School in Ontario have developed a character-based framework to facilitate practice-focused vocabulary needed to address character in organisations[2].

The framework identifies 11 key dimensions: Transcendence, Drive, Collaboration, Humanity, Humility, Integrity, Temperance, Justice, Accountability, Courage and Judgment.[3]

All dimensions are important to execute effective decisions in various situations. If one dimension is undermined, leadership effectiveness can be hindered.[4]

Today, in order for organisations to succeed, it is imperative that critical character-based behaviours are identified, especially those which align with a company's core values, and that these are clearly stated as guiding principles for employees.

In short, based on the latest academic research, we have found:

- Leader Character is pivotal for organisational success[5]

- Organisations with leaders who are well-rounded in three critical dimensions – Character, Competency and Commitment – are better poised for long-term success[6]

- When Character is overlooked, there are detrimental consequences with considerable associated costs such as reputational, performance and damage to relationships with stakeholders. For example, a bad hire can cost two-to-three times their salary[7]

---

[1] Seijts, G., Crossan, M., & Carleton, E. (2017). Embedding leader character into HR practices to achieve sustained excellence. *Organizational Dynamics*, *46*(1), 30-39; Seijts, G., Byrne, A., Crossan, M., & Gandz, J. (2018). Leader character in board governance. *Journal Of Management And Governance*.; and Difference Between Personality and Character – Key Differences, from https://keydifferences.com/difference-between-personality-and-character.html

[2] Seijts, G., Gandz, J., Crossan, M., & Reno, M. (2015). Character matters: Character dimensions' impact on leader performance and outcomes. *Organizational Dynamics*, *44*(1), 65-74.

[3] Ibid.

[4] Ibid.

[5] Seijts, G., Crossan, M., & Carleton, E, op. cit.

[6] Seijts, G., Gandz, J., Crossan, M., & Reno, M, op. cit.

[7] The Real Cost of a Bad Hire, from https://newtonsoftware.com/blog/2016/07/06/the-real-cost-of-a-bad-hire/

- Character can be defined: Character differs from personality, as it (1) is based on learned behaviour, (2) specifies strengths and weakness, and therefore can be changeable and developed based upon environmental experiences[8]

- When measuring the Return on Character, an average return on assets (ROA) of 9.35 per cent was evident for CEOs rated highly on character-related dimensions compared to a ROA of 1.93 per cent for CEOs who rate low on these dimensions of character[9]

- Organisations should be positively reinforcing and strengthening key character-associated behaviours and embedding these reinforcers in reward regulations. In other words, the behaviours which produce high rewards in the workplace ought to be behaviours which are reflective of the core organisational values

- Character should be explicitly brought to the forefront of governance decisions, and boards should consider:[10]

  o Defining the key character-associated behaviours that are aligned with the company's values and purpose

  o Focus on character should be reflected in HR processes, especially reward regulations. That is, the assessment and development of leader character should be implemented and this in turn would provide an index for accountability when considering character in leadership roles

  o Senior leaders should serve as role models for appropriate character-based behaviours and be held accountable

  o Opportunities should be given, and clear communication provided, for leaders to embrace their strengths whilst continually building upon their weaknesses, to encourage character development.

Last Words

Results do matter – but so does character – and it is the character of senior leadership which upholds a workforce culture, maintains an effective reputation, and works towards success in the long-term.

We look forward to sharing with you our finalised Leader Character thought paper in the upcoming months.

---

[8] Seijts, G., Crossan, M., & Carleton, E, op. cit.

[9] Findings reported in this thought piece, were obtained from an article from Harvard Business Review on Measuring the Return on Character, however, it is worth noting that the article was influenced by the findings from "Return on Character: The Real Reason Leaders and Their Companies Win by Fred Kiel (2015).

[10] Seijts, G., Crossan, M., & Carleton, E. (2017). Embedding leader character into HR practices to achieve sustained excellence. *Organizational Dynamics*, *46*(1), 30-39; Seijts, G., Byrne, A., Crossan, M., & Gandz, J. (2018). Leader character in board governance. *Journal of Management and Governance*; Seijts, G., Gandz, J., Crossan, M., & Reno, M. (2015). Character matters: Character dimensions' impact on leader performance and outcomes. *Organizational Dynamics*, *44*(1), 65-74.

Colvin Consulting Group

January 2020

www.colvinconsulting.com.au

jcolvin@johncolvin.com.au