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Embedding leader character into HR practices to achieve sustained excellence



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Good leadership is a function of competencies, character and the commitment to doing the hard work of leadership. Of these three, character has traditionally received the least attention – both in research as well as in our day-to-day conversations and practices – even though it has long been thought to be foundational to good leadership. For example, Fred Kiel and his colleagues found that CEOs who scored high on four aspects of character – integrity, responsibility, forgiveness and compassion – had an average return on assets (ROA) of 9.35% over a two-year period. In contrast, CEOs with low ratings had a ROA of 1.93%.

Character is a combination of virtues, personality traits and values that enable excellence. Virtues refer to situationally-appropriate behaviors that are widely seen as representative of good leadership. Virtues encompass personality traits such as resiliency and openness, two relatively stable dispositional variables. Virtues can also be seen in an individual's values, such as behaving equitably.

Research on character is currently burgeoning and has begun to be incorporated in mainstream leadership research. This development is, in part, the result of recent crises and scandals in business, politics, and sports. For example, we conducted a qualitative study to understand the role of leadership in the lead-up to the 2008–2009 financial crisis. Questionable character was a recurring theme in our conversations with senior leaders from the public, private and not-for-profit sectors in Canada, Hong Kong, the United Kingdom, and the United States.

Character has been shown to affect both an individual's and an organization's performance. While our research revealed that senior leaders, including board members from public and private companies, believe that character is critical to good governance and organizational success it remains underdeveloped in the practice of management. Hence, two questions: What prevents executives, leaders and HR professionals from developing good character in

employees? How can leader character be translated into HR practices so as to build organizational excellence?

We seek to make two core contributions in this article. First, our objective is to elevate leader character alongside core competencies in HR practices. Competencies include the knowledge, understanding and skills employees are expected to demonstrate in order to be deemed successful in their roles. Competencies reflect what employees can do whether due to natural talent, developed skills, or both. The competency-based perspective – focusing attention on those HR activities, functions and processes that enhance or impede the development of strategic, organizational, business and people competencies – is currently a dominant force in HR. We contend that organizations need to pay as much attention to leader character as they do to competencies. This is because a shortfall in one of the pillars of good leadership – competencies, character and commitment – will undermine the other pillars and, ultimately, lead to performance problems for leaders, their organizations and related stakeholders. Second, we suggest ways to embed leader character into HR practices and offer thoughts on how character can be developed in employees and leaders. The question as to whether character can be taught is often passionately debated. Our view is that, similar to learning new skills or competencies, character can be developed through deliberate practice. Every situation presents a different experience and opportunity to exercise, apply and develop character.

There are several explanations for the gap between understanding the importance of character and implementing initiatives to develop character in employees. First, character is often seen as an overly subjective concept. Second, a vocabulary or contemporary language that helps executives, leaders and HR professionals to focus on good and bad examples of character in organizations is largely lacking. Consequently, many people find it challenging to

include character in workplace conversations. Third, HR professionals don't have access to reliable and valid tools to measure leader character.

Our work on leader character revealed a major gap between the scholarly account of character and the understanding and application of character in practice. Therefore, we set out to demonstrate that leader character can be expressed as a set of behaviors and that it can be assessed through self-assessment and 360-degree assessment instruments. This enables HR professionals to develop character in employees. In this article, we translate research on character into practice, and then consider a number of questions. What are the implications of a focus on leader character for recruitment and selection? How can selection practices be applied to hire people with good character into the organization? What developmental interventions are effective for cultivating good character in current and future leaders?

We start this article with a brief overview of research findings on character in organizations. We then introduce the leader character framework depicted in Fig. 1. We also introduce the leader character insight assessment (LCIA). This assessment is a behaviorally-based instrument that we

developed for measuring character. Finally, we describe how good character can be brought into the organization through hiring, performance management, and leadership development processes.

LEADER CHARACTER

Character influences not only how competencies are exercised by an individual, but also whether they are exercised at all in a particular situation. There are many examples of leaders who are highly competent in their jobs, but derail as a result of character deficiencies. For example, Chip Wilson is the founder of Lululemon Athletica. Over the course of his impressive career he mastered myriad business challenges. Yet, he created problems for himself and his organization by losing control over his tongue. For example, in 2013 Lululemon came under fire when some of its women's yoga pants turned out to be unexpectedly transparent under workout conditions. Wilson's response was that some women's bodies simply were not appropriate for Lululemon's products. He was savaged in the media for such comments. Despite being the founder and largest shareholder of Lululemon, the board

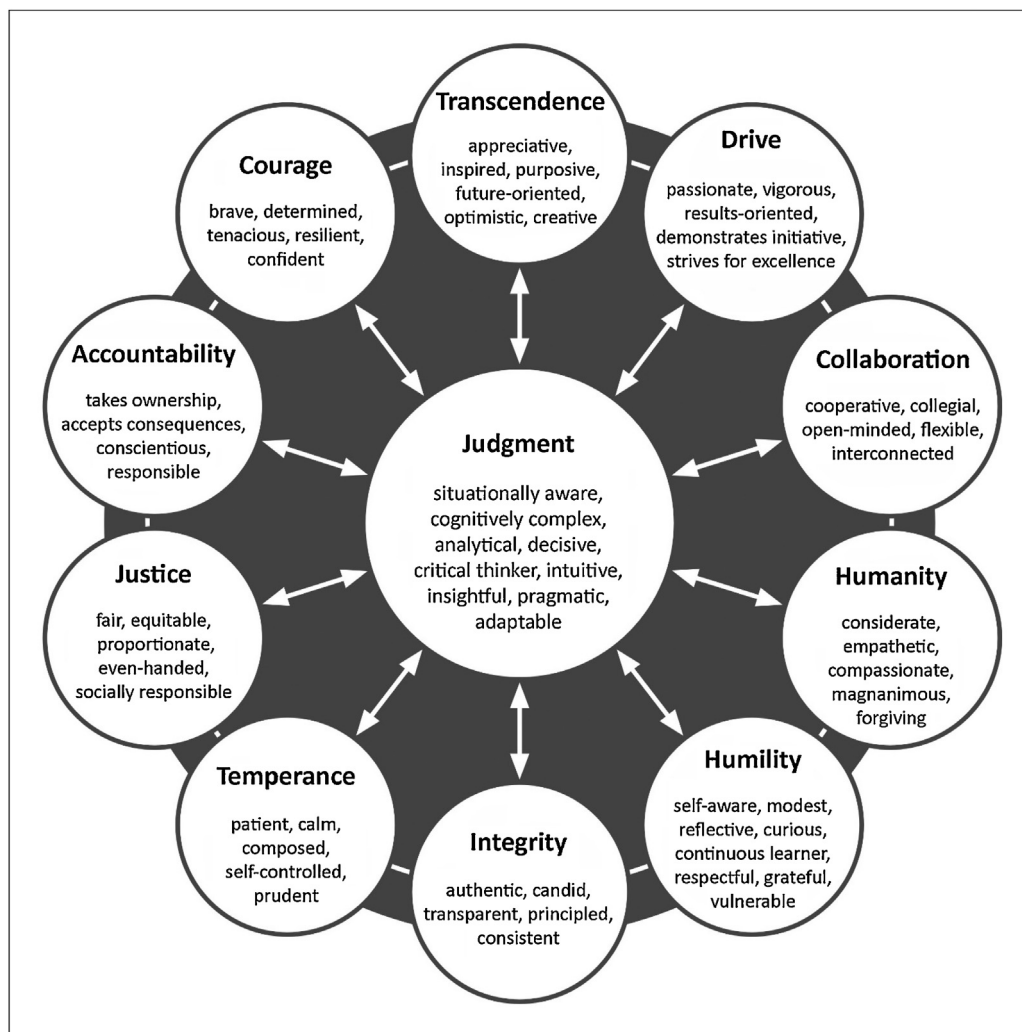


Figure 1 Character Dimensions and Associated Character Elements

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