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Anticipate, Innovate, Transform



**Embedding Character Leadership
into Organizational DNA**

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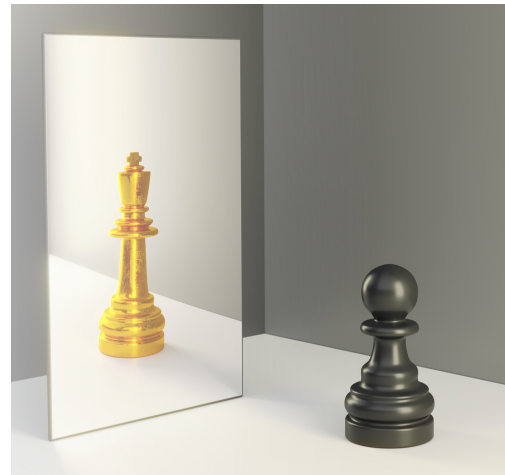
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EMBEDDING CHARACTER LEADERSHIP INTO ORGANIZATIONAL DNA

BY DUSYA VERA AND ANA RUIZ PARDO,
GUEST EDITORS

In the first issue of our two-part *Amplify* series on character leadership, we highlighted the many ways character matters at the individual, group, organizational, and societal level, and we positioned character as a differentiating factor in terms of the quality of judgment it supports.¹ In this second issue, we bring you examples of how character leadership goes beyond the individual to become part of organizational DNA. In this sense, we can talk about groups and organizations as having *strong* or *weak* character.

Think about the implosions at Enron, Wells Fargo, Boeing, and Volkswagen: their falls were not the product of one person (a “bad apple”) but of negative character contagion from individuals to groups, leading to corrupted cultures that ended up collapsing.² Character, for better or for worse, can reside in groups such as boards of directors, top management teams, high-performance teams, and any group of people working together. Furthermore, character can become embedded in an organization’s non-human repositories, including culture; systems such as HR recruitment, selection, promotion, and performance management;³ practices such as diversity, equity, and inclusion (DEI); and training on things like employee well-being and stress management.

The idea is to embed character in culture (i.e., “how we do things around here”) and strategy (i.e., “where do we want to go and how do we get there”) such that character becomes a foundational pillar that supports quality decision-making and sustains broad initiatives.

DEI is a key theme in this issue. Character supports DEI, and DEI tests and builds character.^{4,5} Eliminating unconscious bias, eradicating racial and gender inequality, and embracing neurodiversity (among the many social justice challenges of our times) require organizational cultures rooted in humanity, justice, courage, humility, drive, collaboration, temperance, transcendence, accountability, integrity, and judgment.⁶ Importantly, striving for strength of character in different character dimensions does not negate the uniqueness of our character development journeys and the distinctive ways character is expressed, given differences in gender, age, background, culture, country of origin, etc.

Character can also be embedded in strategic leadership groups, such as the board of directors. Character is seldom explicitly addressed or used in board processes or functions like hiring the right CEO or selecting/renewing board members.⁷ Selection processes at this level often consider only a vague sense of “Is this person a good fit?” or “Does this candidate have a good reputation?”

Imagine the benefits of boards formed of members with (1) a highly developed self-awareness of their character strengths and weaknesses and (2) board systems and processes that contribute to character-based organizations.⁸

A common problem in organizations is that they “hire for competence and fire for character.” Nevertheless, some organizations like the Canadian Revenue Agency (CRA) are already relying on character-based interviews (in addition to competence interviews) for recruitment, selection, performance management, and promotion.⁹ Typical competence questions/requests, such as “Provide an example of when you did something” or “What would you do in a particular scenario,” are not geared toward understanding one’s character. These questions get at what someone will do, not at who they are. Character-based interviews are about “peeling an onion” and can be described as basic life conversations in which the interviewer keeps probing to better understand the essence of who someone is and why they are that way.¹⁰

This *Amplify* issue portrays the various levels in which character resides — individuals, groups, and organizations — and the processes that show how character manifests in organizations. Individuals develop and activate character when they have the awareness and intentionality to exercise character on a daily basis. Character contagion means that character activation in one person can lead to character activation in others (for better or worse). Finally, character embedding means that character can be institutionalized in organizational repositories when practices reflect the set of character-related behaviors (e.g., the CRA example above).¹¹

While it is crucial to first acknowledge the importance of character at the individual level, the articles in this issue illuminate the transformative power of embedding character, shaping a future in which character is not just an individual goal but an organizational imperative, intricately woven into the DNA of a character-based organization.

IN THIS ISSUE

This issue of *Amplify* crosses through three themes. The first is well-being and stress management, proposing that character leadership development and mindfulness training help individuals navigate complex organizational environments more effectively. The second theme is the strategic embedding of character to advance DEI initiatives and foster a culture of inclusivity. Finally, the third theme recognizes that character resides in strategic leadership teams and high-performance teams, which has important implications for decision-making, the pursuit of excellence, and performance.

Multiple strategic leaders and teams are covered in this issue. Some articles highlight the importance of embedding character at the board level, where character enhances the board’s ability to fulfill its duty to stakeholders. Additionally, high-performance teams rely on embedding humanity and collaboration in their cultures. Lastly, CEOs are the ultimate strategic leaders because organizations are often a reflection of their CEOs. Thus, it is important to examine the virtues and vices of CEOs, including the interplay between CEO humility and CEO narcissism and how it impacts CEOs’ behavior and firms’ outcomes.

Our first article, by Cassandra Ellis, Lucas Monzani, and Sonja Bruschetto, argues that exercising leader character alongside mindfulness techniques has the potential to enhance leaders’ ability to reduce stress and burnout and to motivate individuals, groups, and organizations toward the pursuit of collective objectives and goals. Emphasizing the importance of workplace well-being initiatives, the authors advocate for a tailored mindfulness-based strengths practice (MBSP) that is rooted in character development, offers insights on enhancing decision-making, protects well-being, and helps companies gain a competitive edge.

Next, Tiffany Maldonado, Tanny Carmona, Jordan Jessup, and Montserrat Sanz Mondragon explore the role of CEO humility in shaping inclusive environments within organizations. Acknowledging the progress made by organizations in embracing inclusivity, the article discusses the concept of an inclusive environment, emphasizing the importance of valuing uniqueness, promoting belongingness, and integrating

differences in decision-making. The authors suggest that humility is a key character dimension of inclusive leaders, impacting the development of an inclusive environment both internally and externally.

Continuing the topic of DEI, Natacha Prudent and Mary Crossan propose embedding leader character into organizations, asserting that the sustainability of DEI efforts depends on leaders reaffirming their commitment to character, suggesting it as a foundational element for both organizations and DEI initiatives: “corporate DNA.” The authors underscore the financial benefits of gender and ethnic diversity in leadership roles and use the Ivey Leader Character Framework (ILCF) as a tool aimed to guide leaders in introspection and development, emphasizing the role of character in driving comprehensive, sustainable change in DEI.

Next, James R. Rychard explores the essence of high-performance teams, emphasizing the role of collaboration and how it is rooted in social intelligence as part of the character dimension of humanity. After examining the threat of “dark triad” personalities to team dynamics, the article presents an exemplary case of socially intelligent leader Kazuo Inamori, former CEO of Japan Airlines, and extracts important lessons for the public sector. Rychard underscores the importance of investing in leadership development and fostering a culture of character to support collaboration in the public sector.

Following that piece, Karen Fryday-Field and Marlene Janzen Le Ber acknowledge systemic challenges impacting governance and highlight the influence of board culture on interactions and decisions, emphasizing the role of implicit rules, values, and past stories. They propose redefining effective governance through collective board character. The article adapts ILCF from the individual to the board level and presents a case study involving a breakdown in communication and trust that underscores the transformative power of board leader character.

Next, Trevor Hunter continues the topic of board governance to argue for the importance of leader character and instrumental skills in nonprofit organization (NPO) boards. The article explores distinctive duty-of-care expectations for NPO

boards, emphasizing their role in protecting the organization’s mission and the quality of judgment required to navigate nuanced decisions. Hunter asks, “What are the implications for NPO performance if the board is not demonstrating leader character?” Examples illustrate how each of the ILCF dimensions can manifest in NPO board behaviors to safeguard the mission.

In our final article, William Spangler delves into how CEOs’ humility and narcissism influence their behavior, focusing on dysfunctional behavior like fraud, crime, corruption, and bribery. With a sample of 190 CEOs and data collected from interviews and public sources, Spangler introduces a set of diverse CEO archetypes. The article differentiates between professional CEOs and entrepreneurial CEOs. Spangler describes how humility and narcissism can coexist in CEOs and shows how humility moderates narcissistic tendencies, reducing the propensity to engage in dysfunctional and negative leader behaviors.

Our aim is to bring character to the forefront of what it takes for organizations to be prosperous and sustainable, by elevating character alongside competence and commitment in the practice of leadership.¹² Echoing the sentiments of longtime football coach Bill Belichick, “Talent sets the floor; character sets the ceiling.” As you navigate the insights offered in this issue of *Amplify*, we hope they encourage your character development journey and guide you in embedding character into the fabric of your organizational initiatives, strategy, culture, systems, and processes.

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CHARACTER DEVELOPMENT & MINDFULNESS

**A SUSTAINABLE COMPETITIVE
ADVANTAGE FOR LEADERS &
EMPLOYEES**

Authors

Cassandra Ellis, Lucas Monzani,
and Sonja Bruschetto

Leader character is the combination of virtues, values, and traits that enables individuals to lead other people and organizations effectively. However, developing character-based leadership requires intentional dedication, time, and energy, which most leaders have in limited supply. We propose that leveraging mindfulness-based techniques to discover and activate leader character dimensions can create a competitive advantage for leaders and the organizations they lead.

There are many ways leaders can leverage leader character and mindfulness practices as a source of competitive advantage. In this article, we focus on two pathways. The first is leveraging character and mindfulness to promote a “culture of care” that fosters employee well-being. The second is enhancing leaders’ decision-making by incorporating character and mindfulness.

Mindfulness can assist leaders to extend awareness of their leadership behaviors and their consequences, specifically regarding perceptions, responses, actions, and reactions. Practices and interventions aimed at enhancing self-awareness provide leaders and practitioners with practical resources and exercises that shape an avenue for growth and mindful living even when operating in organizational settings. This growth encourages deeper self-discovery and the creation of habitual exercise of virtuous behaviors. Specifically, exercising leader character alongside mindfulness techniques has the potential to enhance leaders’ ability to motivate individuals, groups, and organizations toward the pursuit of their collective objectives and goals.

We propose that leaders’ stress and burnout reduction are the health-oriented mechanisms by which a mindful character-based leadership can drive employees to alter their work-related behaviors and stimulate more collaboration and flexibility. Mindfulness interventions can play a significant role in the future of health and well-being, especially in the everchanging and stressful world for leaders.

WHY WE NEED A CULTURE OF CARE IN THE POST-PANDEMIC ENVIRONMENT

A 2017 report by the Society for Human Resource Management (SHRM) found there was a US \$1-\$4 ROI for every dollar invested in workplace well-being initiatives.¹ This is not a small figure considering that in 2019 US organizations spent an average of \$3.6 million on workplace well-being initiatives.²

This dynamic changed after the pandemic — investing in well-being initiatives is now seen as a way to reduce the resulting high rates of employee absenteeism and turnover.³ A report summarizing data from the US Bureau of Labor statistics shows that in 2022 there were 5.9 million employee separations, 40% of workers changed jobs within the first year of employment, and replacing a full-time employee cost up to twice the amount of that employee’s salary.⁴

**MINDFULNESS
CAN ASSIST
LEADERS
TO EXTEND
AWARENESS OF
THEIR LEADERSHIP
BEHAVIORS
& THEIR
CONSEQUENCES**

Mental health support and other types of workplace well-being initiatives are no longer seen by employees as perks; they have become an expectation.⁵ Thus, as the “war for talent” rages on, promoting well-being at work aids companies in attracting and retaining employees, helping to reduce recruitment and streamlining onboarding costs. This article explores what leaders and talent managers can do to sustain leaders’ and employees’ well-being by creating and protecting a culture of caring.

LEADER CHARACTER AS A COMPETITIVE ADVANTAGE IN VUCA CONTEXTS

Character is usually defined as the “the habits of cognition, emotion, and behavior that embody human excellence and produce social betterment.”⁶ This definition positions character as an important competitive advantage for leaders who wish to have a positive impact on the followers and organizations they lead, in addition to providing an impact in the larger societal context.

We believe leaders can leverage nontraditional approaches to develop their own strength of character while developing character in their colleagues and employees (e.g., collaborators, reports, peers) — see Figure 1.⁷

Organizational life in the post-pandemic years is increasingly complex. Today, volatile, uncertain, complex, and ambiguous (VUCA) captures the nature of environments in which global

organizations operate. A leader who is very effective in managing within a given cultural context (face-to-face workplace, local cultural context) may not be as successful in other global cultural contexts.

However, character is a source of competitive advantage in VUCA contexts. First, the underlying universal principles collected in current leadership character frameworks (e.g., the Ivey Leader Character Framework⁸ described fully in the previous *Amplify* issue) are grounded on virtuous ethical principles that tend to transcend cultural contexts and temporal epochs.⁹

The universal nature of these principles helps leaders make better judgment calls in the face of incomplete or ambiguous information. For example, activating the character dimension of humanity might inform budgetary and operational decisions. Similarly, activating the character dimension of transcendence might future-proof the organization to the changing nature of work. A recent study substantiated the association between leader character and follower well-being.¹⁰

Second, certain risk factors can hinder or short-circuit leader’s character-infused decision-making.¹¹ In this article, we focus on the role that stress and anxiety can have on reducing leaders’ quality of decision-making and propose mindfulness-based interventions as countermeasures.

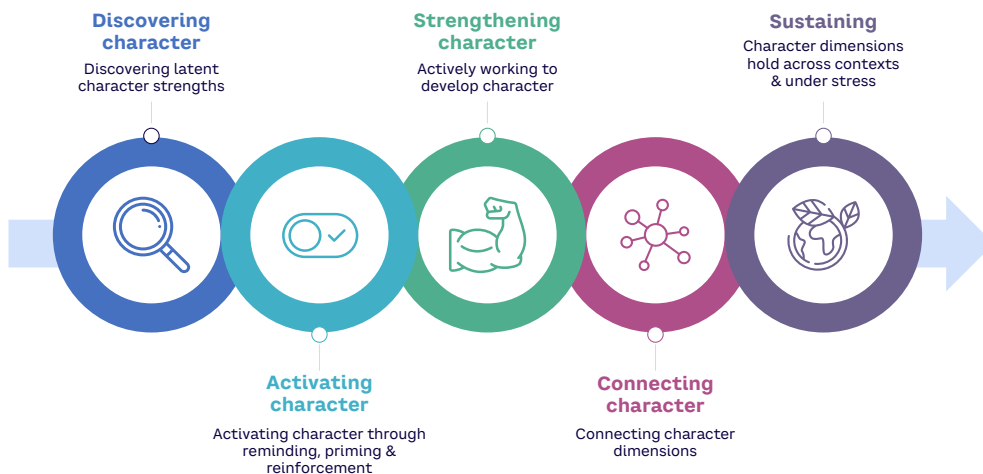


Figure 1. Model of character development (adapted from: Crossan, Ellis, and Crossan)

There is ample evidence that this cost-effective approach not only reduces negative emotional states but also increases individuals' overall well-being.¹² Finally, we propose that a leader-tailored version of a mindfulness-based strengths practice (MBSP) program can be a more effective alternative to protect leaders' mental health (and, thus, their quality of decision-making) than interventions designed for the general population.

UNDERSTANDING SOCIETAL, ORGANIZATIONAL & INDIVIDUAL COSTS OF WORKPLACE STRESS

Conditions like depression, anxiety, and chronic stress cause significant strains on society, both from an economic and a well-being perspective. In Canada, mental health issues cost the country about CA \$51 billion annually, as reported by the Centre for Addiction and Mental Health (CAMH).¹³

These illnesses increase work absenteeism and joblessness while causing higher insurance rates and increasing the need for medical treatments and legal advice. According to a CAMH report, people dealing with severe mental illnesses face unemployment rates between 70% and 90%. The report reveals that around 175,000 full-time workers miss work due to mental health reasons each week, with more than 500,000 employed Canadians potentially unable to work because of mental health concerns.¹⁴

Stress and anxiety are pervasive among both middle and upper management.¹⁵ We believe leaders and managers should consider this as a competitive disadvantage because stress hinders a leader's ability to make decisions in critical moments as well as their collaborators' ability to execute them as needed.¹⁶

Stress is the body's natural response to perceived threats or challenges, whether physical, emotional, or psychological. When we encounter it, our bodies release stress hormones like cortisol and adrenaline, which trigger the fight-or-flight response.¹⁷ High amounts of stress impact health and are associated with adverse psychological and physiological health effects.¹⁸

Stressors include negative life events and chronic work stress and predict increased mortality risk.^{19,20} An individual's perception of his or her health status is an important indicator of health outcomes: negative expectations of life events are predictive of poor physical and mental health.²¹ How we respond to stress has important consequences on our PABC (physiology, affect, behavior, and cognitive) functions, which can lead to an overload of the body's adaptive mechanisms, and result in negative health outcomes.²²

Changing the way that we think about our bodily responses can improve our physiological and cognitive reactions to stressful events.²³ Individuals who report having more stress and perceive the stress to affect their health negatively incur the health consequences of an increased allostatic load (the cumulative burden of chronic stress and life events), inciting negative physiological and psychological responses.²⁴ In contrast, when we perceive a situation as a challenge in which we are equipped with the necessary resources to successfully manage, the sympathetic nervous system is activated, causing increased cardiac efficiency, blood flow, and cognitive function.²⁵

BEYOND COPING: MINDFULNESS AS PROTECTIVE FORCE AGAINST WORKPLACE STRESS

Mindfulness, a Western adaptation of an ancient Eastern practice, was popularized in the West by Buddhist monk Thich Nhat Hanh.²⁶ Mindfulness involves the self-regulation of attention with curiosity, openness, and acceptance.^{27,28} The integration of mindfulness into everyday life is referred to as "mindful living" and is described as a way of life, a means of effecting positive change, and a tool for enhancing well-being and reducing stress.²⁹

Unlike meditation, mindfulness is not about becoming relaxed, breathing in a certain way, or entering a particular state. It is a state of awareness without judgment, purpose, or intent. It is about being present in each moment and observing what is happening within without preconceptions or distortions, helping us connect to our authentic self.

The introduction of mindfulness to Western psychology began with Jon Kabat-Zinn's collaboration with Thich Nhat Hanh, which led to the development of the first mindfulness-based intervention (MBI) program, known as "mindfulness-based stress reduction" (MBSR), in 1979. Since then, mindfulness has rapidly spread in psychology research and practice, largely due to the success of standardized MBIs.³⁰

MBIs serve as the foundation for various interventions and therapies, such as mindfulness-based cognitive therapy, mindful self-compassion, MBSP, and MBI. Over the past two decades, research on MBIs has grown exponentially with increasing scientific rigor.³¹ Despite promising findings, empirical research on MBIs in work settings is still new and offers a rich avenue for further investigation.³² Several mindfulness programs have been scientifically validated, offering substantial evidence that mindfulness practices and MBIs can significantly improve mental and physical well-being.³³

One of the most well-known and empirically supported MBIs is Kabat-Zinn's MBSR program. It was initially designed to address physical health and pain, but early participants reported significant stress reduction.³⁴ Mindfulness has been shown to increase our awareness of our internal environment and states, helping us recognize and address self-knowledge gaps.³⁵ It also has the potential to bridge the gap between our perceived self and our aspirational self.³⁶

Given our interest in making leader character a competitive advantage, we turned to the work of Ryan Niemiec, chief science and education officer at the VIA Institute on Character. Niemiec is an expert in the field of positive psychology and has published several books and academic articles connecting character strengths, mindfulness, and well-being. Specifically, we are interested in Niemiec's MBSP, which is applicable to diverse work contexts and (with some tailoring) could be applied to leadership development. The MBSP was validated by measuring the positive impact of an MBI that combines character strengths (the analog to character elements in the Ivey Leader Character Framework with mindfulness practices like strengths spotting, developing signature strengths, and targeting specific strengths).³⁷

We believe the MBSP could be modified to develop leader character behaviors, based on the findings

of MBSP-based research. Character dimensions are made up of character elements that serve as foundational personal resources, which contribute to optimal functioning while in a leadership role.³⁸⁻⁴⁰ Specifically, a recent study showed that an MBSP approach is more effective in enhancing employee well-being compared to an MBSR approach.⁴¹ Thus, MBSP emerges as a valid intervention for promoting human excellence at work.

ENHANCING LEADERS' DECISION-MAKING

Although there is evidence supporting the positive outcomes of MBSP in the workplace, it remains essential to explore the potential benefits that leaders can derive from a dedicated MBSP leadership program. If making a judgment call is the "ultimate act of [organizational] leadership," then any program that strengthens leaders' judgment would give them a competitive advantage over leaders who are not aware of their leader character and, thus, may not be optimally exercising their judgment.⁴²

We believe that there are two main pathways by which an MBSP might enhance leaders' decision-making: alleviating stress through self-awareness and strengthening judgment.

ALLEVIATING STRESS THROUGH SELF-AWARENESS

The first pathway involves alleviating stress and anxiety through self-awareness. This would be particularly useful when navigating crisis situations and other leadership crucibles. As stated, there is ample evidence that MBIs help individuals (1) reduce negative emotional states; and (2) develop coping mechanisms to deal with stressful situations.

Protecting leaders' well-being is not just a peripheral business issue. Research suggests CEO burnout:

- Is often related to missing crucial cues when making important decisions under stress⁴³
- Can be a cause of abusive supervisory behaviors⁴⁴
- Can negatively affect a firm's EBITDA (earnings before interest, taxes, depreciation, and amortization)⁴⁵

Mindfulness can increase leaders' competitive advantage by protecting them from making poorly informed decisions or undermining their influence by mistreating collaborators, both of which can lead to them hurting their firm's bottom line.

STRENGTHENING JUDGMENT

The first pathway would prevent leaders from making poor choices, but there is still a need to elicit leader behavior that fosters human excellence and social betterment. We believe an MBSP tailored for leaders would contribute to bringing more than one character dimension to leaders' stream of consciousness, enhancing decision-making, unleashing innovation, and delivering sustainable and veritable performance to stakeholders.

There is evidence to support this. For example, a 2015 review shows practicing mindfulness at work can elevate one's everyday experience from cognitive processing and problem solving to complex experiential processing that covers a larger array of situational cues.⁴⁶

We believe that informing leaders' decision-making processes with principles of positive leadership will activate their judgment-based character elements. Moreover, their awareness and ability to activate and exercise judgment will enable them to process informational cues more effectively, including their intuition, rational analysis, and situational awareness.⁴⁷

Strengthening one's judgment and connecting it with future-oriented character dimensions, such as transcendence, helps leaders consider both the short-term implications of a judgment call and its longer-term consequences. Similarly, connecting judgment to character dimensions like humanity and collaboration can enhance decision-making to ensure the decision protects the interest of stakeholders other than shareholders.

How can leaders strengthen their judgment and connect it with other character dimensions? We believe a leader-tailored MBSP program could help. Such a program would focus on employing mindfulness to discover latent character dimensions and bring them into leaders' stream of consciousness. In this way, leaders might expand their repertoire of behaviors when rational decision-making is insufficient.

Leaders might find that they have, for example, more courage, integrity, and temperance than they originally thought and incorporate these dimensions into their habitual leadership practice. Similarly, by meditating in a nonjudgmental way on previous situations and crucibles, leaders can activate their humanity. This might result in them being compassionate enough to learn from past mistakes without eliciting negative emotions associated with unaccomplished personal or professional goals.

CONCLUSION

There are many ways leaders can make character a competitive advantage. One way is ensuring that an organization's decision makers, and those who will execute their decisions, experience well-being at work. Our premise is that "burnt out" employees are less productive and that MBIs (specifically MBSP) are valid approaches to reduce stress and foster well-being at work. We believe a tailored MBSP solution, targeted for a specific stakeholder group (leaders), can be beneficial not only to protect leaders' well-being, but to create a competitive advantage by ensuring their collaborators also experience well-being.

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THE INTERSECTION OF CEO HUMILITY & INCLUSIVE ENVIRONMENTS

Authors

Tiffany Maldonado, Tanny Carmona, Jordan Jessup, and Montserrat Sanz Mondragon

In today's changing environment, stakeholders are demanding more than just financial results from organizations. They're increasing the pressure on CEOs to encourage strong ethical behaviors in their organizations, address social problems, and take a stance on current events. The worldwide increase of social injustice, both inside and outside organizations, demands that CEOs establish cultures and processes that are inclusive of all people.¹ This article positions humility as a character trait that helps leaders impact organizational success by developing and maintaining an inclusive environment.

Inclusivity is not a new concept, but organizations have struggled to integrate existing findings due to the challenges leaders face as their organizations become more diverse in perspectives, backgrounds, and demographics.² Top leaders can be highly influential in shaping the outcomes of their organizations in this area, with firms such as Fenty Beauty by Rihanna, Aerie, Crayola, Gap, and Nike paving the way for others to embrace more inclusive environments.

Fenty Beauty by Rihanna, which includes Fenty Skin and Savage X Fenty, is an exceptional model, having provided inclusive environments before consumers began demanding diverse options (instead of making do with what was available). Fenty seeks individuals of various shapes, sizes, gender identities, races, and abilities to join the company and appear in its marketing. The company's products include gender-neutral clothing in a wide range of sizes and styles and a foundation line in a large range of skin tones and undertones.

Singer Robyn Rihanna Fenty, Fenty's founder, has been vocal about the brand's message, stating in an interview with the Associated Press:

We don't believe in division. We do not believe in excluding anyone. That has been our message from day one and it's not going to change now because everyone is having that realization.³

Inclusion is rooted so deeply in the Fenty brand that its marketing focuses on ensuring individuals from all walks of life know they are seen. Sandy Saputo, former marketing director of Kendo Brands, which includes Fenty, explained in an interview on the podcast *Think with Google*:

The best way to break through with inclusive marketing is to share authentic stories that are rooted in culture and are emotionally meaningful to the consumers you serve.⁴

WHAT IS AN INCLUSIVE ENVIRONMENT?

It can be difficult to nail down exactly what an inclusive environment is. In part, our sense of inclusion depends on what we experience with our leaders, peers, and team members. We can probably all agree that inclusion is not a one-size-fits-all approach — what one person considers acceptable, others may not.⁵

IT CAN BE DIFFICULT TO NAIL DOWN EXACTLY WHAT AN INCLUSIVE ENVIRONMENT IS

Before we go further, we must note the difference between diversity and inclusion. HR expert Neelie Verlinden explains that workplace diversity refers to a workforce made up of people representing different ages, cultures, geographical locations, abilities, disabilities, religions, and sexual orientations. She notes that true workforce diversity extends beyond these social categories to include everything that makes individual employees unique from one another.⁶

Put simply, diversity is the *what* and inclusion is the *how*. Diversity in an organization refers to differences in age, gender, ethnicity, education, and so forth, and occurs by the very nature of gathering different people together. Inclusion refers to the removal of obstacles such that all individuals in the company are treated fairly and respectfully while providing equal opportunity, leading to advancement and organizational success. Diversity and inclusion work together to create organizational success.⁷

Research conducted by Renate Ortlieb et al. describes inclusive organizations as an ideal entity where social minorities feel valued, unique, and have a sense of belonging.⁸ Additional research conducted by Beth Chung et al. finds there is a need to understand under which conditions inclusive practices and values are most likely to be beneficial.⁹ Armed with this information, CEOs and managers will be able to prioritize the values and practices that best benefit the conditions of their organization or department.

Indra Nooyi, former CEO of PepsiCo, frequently noted that due to the war for talent, PepsiCo prioritized creating an inclusive environment. In the company's 2014 annual report, she wrote:

Our proud legacy of diversity and inclusion continues to this day. It is our strength. Indeed, PepsiCo's focus on a diverse and inclusive workforce has only heightened in recent years, as the war for talent among leading, global companies has escalated.¹⁰

PepsiCo committed to attracting the best talent available and found that becoming an inclusive organization made that goal more achievable. Individuals want to feel a sense of belonging and safety in being unique, and this is one reason inclusion has become a critical factor of employee retention.

Inclusive environments require CEOs and managers to go beyond valuing and appreciating all groups. Leadership can prioritize creating a climate in which diverse members have the opportunity to be themselves, are treated as insiders, and can learn from the differences of other team members based on the conditions of their organization.¹¹

Leaders like Lenora Billings-Harris, president and CEO of UbuntuGlobal, engage in techniques that create psychologically safe environments to reap the benefits of innovation:

Diversity, inclusion, respect, and fairness are concepts that make some people reluctant to discuss them. I work hard to create a safe, nonjudgmental, and uplifting environment that makes exploring sensitive topics a positive journey for all.... All programs, processes, and resources reflect my belief that we are all more effective, productive, and innovative when we honor and value our own uniqueness while at the same time valuing and respecting the differences of others.¹²

Clearly, organizational leaders are seeing the benefits of having their organizations recognized for inclusivity and the practices that build such climates. As other organizations see this, it seems likely that they will follow suit, creating a snowball effect and setting standards for all companies to follow.

HOW HUMBLE LEADERS IMPACT THE INCLUSIVE ENVIRONMENT

To create an environment in which all are included, acknowledged, and valued for their uniqueness, leaders must learn to lead across differences and find ways to value and leverage all for organizational success.¹³ We believe that humble leaders exhibit behaviors that not only help create inclusive environments, but provide positive impacts on existing inclusive environments.

Leader behavior strongly influences the amount of support members of an organization receive. An inclusivity study conducted by Amy Randel et al. found one characteristic increased the likelihood a leader would display inclusive leadership behaviors more than all others: humility.¹⁴ Humility can be seen as accurate self-awareness, openness to feedback, appreciation of others, low self-focus, self-transcendent pursuits, and teachability.

If organizations do not possess humble leaders, such leaders can be developed (with active management support) and reinforced by an organizational culture that supports humility.¹⁵ This creates a cyclical effect where the more top management is instrumental in developing inclusive leaders, the more refined and entrenched the organization's inclusive environment becomes.

HOW TO BUILD AN INCLUSIVE ENVIRONMENT

Leaders can build an inclusive climate using a variety of techniques that prioritizes the unique values of the organization. An inclusive environment has two dimensions: one that involves integrating differences and a second that involves including those differences in decision-making.¹⁶ Leaders can build these dimensions by: (1) supporting individuals as group members, (2) ensuring justice and equity, (3) encouraging shared decision-making, and (4) valuing uniqueness by encouraging diverse combinations.¹⁷

Leaders that encourage group members to fully contribute have employees with higher psychological empowerment, more creativity, better job performance, as well as reduced turnover.¹⁸

**SHARED
DECISION-
MAKING LETS
STAKEHOLDERS
PARTICIPATE
& CONTRIBUTE
WHILE BEING
AUTHENTICALLY
THEMSELVES**

Leaders can include these differences in decision-making by ensuring that individuals of all backgrounds, not just members of powerful identity groups, are included in core decision-making.¹⁹ When various perspectives are included, companies produce better products and/or services. For example, American Girl's diverse winter collection includes clothing and accessories for winter holidays such as Hanukkah, Diwali, Eid, and Lunar New Year. Similarly, Barbie's Fashionistas line includes dolls of varying heights, abilities, shapes, skin tones, hair colors, and hair textures, and Crayola's Colors of the World series "are formulated to better represent the growing diversity worldwide."²⁰ These products help children engage in imaginative play and create art that is a more accurate representation of themselves and society.

Shared decision-making lets stakeholders participate and contribute while being authentically themselves. Organizations that focus on this enjoy increased profitability, growth, and business impact.^{21,22}

CONCLUSION

An inclusive environment is not only beneficial to individuals; it can boost an organization's overall performance and help firms effectively align business strategies.²³ Humble leadership is the gateway to inclusive environments because it improves the work experience for all employees and the effectiveness of the organization.²⁴ If no such leaders exist within an organization, these humble behaviors can be developed — leaders can be taught to recognize and value everyone's talents and ideas. When leaders provide opportunities for all members of an organization to contribute and be a part of shared decision-making, they allow staff to reach their full potential.²⁵

Organizations will continue to become more diverse due to demographic and societal changes. Soon, having an inclusive environment will be more than a source of competitive advantage for organizations — the lack of such an environment will send a strong message about indifference and build an organization's reputation for being an unwelcoming workplace.²⁶ It is imperative that leaders develop these skills sooner rather than later so they're ahead of the competition instead of facing skepticism as society views their efforts as a desperate, insincere attempt to survive in the market.

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INFUSING LEADER CHARACTER INTO WORKPLACE DEI PRACTICES



Authors

Natacha Prudent and Mary Crossan

“I have a dream that my four little children will one day live in a nation where they will not be judged by the color of their skin but by the content of their character.”

— Martin Luther King, Jr.

The business case for gender and ethnic diversity in leadership roles is stronger than ever, as evidenced by the substantial number of diversity programs being implemented in organizations globally.¹

Companies with more diverse workforces with higher percentages of women managers perform better financially.² Organizations with more women on their boards outperform those without by a significant margin and report better effectiveness.^{3,4} Companies with greater gender diversity among senior leaders are more profitable.⁵

Women from diverse backgrounds are rising to positions never previously held by a woman.⁶ They include Jillian Broadbent, retired board Chair of Swiss Re Life & Health Australia and former Director of Woolworths Group after an extensive career in banking in Australia and overseas; Roya Mahboob, founder and CEO of Afghan Citadel Software; and Yvonne Chia, who made history as the first female CEO of a commercial bank in Malaysia.

In Canada, Mary Simon became the first Indigenous person to be appointed to the governor general role in 2021.⁷ In the US, Ketanji Brown Jackson became the first Black woman to sit on the US Supreme Court. The number of women leading *Fortune* 500 businesses hit a record in 2021: 41.⁸ However, only three Black women have headed a *Fortune* 500 company on a non-interim basis. In Canada, although the proportion of women and visible minorities on boards of publicly traded corporations has increased, among Indigenous peoples and persons with a disability, there has been little to no progress.⁹

Additional work is required to create a level playing field for all women — staying the course is unlikely to result in substantial progress.¹⁰ We offer a new path based on instilling leader character as the bedrock for organizations, generally, and diversity, equity, and inclusion (DEI) efforts, specifically. We believe that for DEI efforts to be sustainable, leaders must continuously reaffirm their commitment to leader character and its embedment in corporate DNA.¹¹

**ADDITIONAL WORK
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FOR ALL WOMEN**

CHARACTER SUPPORTS DIVERSITY

The complexity of today's social justice movements makes leader character essential, but it is often overshadowed by leader competence.¹² Competence is the ability to do something, based on natural talent or developed skill (often both). In contrast, character results from habitual behaviors anchored in virtues. Character influences not only how competence is exercised, but whether it is exercised at all.¹³

Organizational training programs meet the baseline DEI competency-development needs of managers by defining the knowledge skills and abilities needed to create an inclusive workplace with a focus on compliance. Consideration for character runs deeper, looking at who we are as individuals as it affects character development.

Leader character frameworks, like the one from Ivey Business School explored in detail in the previous issue of *Amplify*, provide an excellent tool for leader introspection and individual development while providing a way to examine how an organization may be privileging some dimensions of character while underweighting others.¹⁴



Leader character has been shown to influence individual well-being and sustained excellence, as well as key performance metrics in organizations.¹⁵ In the Ivey Leader Character Framework, it is composed of 10 interrelated dimensions that are dependent on the 11th: judgment. All 11 character dimensions contribute to strength of character and, ultimately, the quality of the decisions leaders make. Character dimensions and elements operate in concert to promote effective leadership.¹⁶

Each dimension has a set of observable behaviors that satisfies a set of criteria establishing them as being universally virtuous.¹⁷ Note that the behaviors can either be deficient or operating in an excess “vice state” when they are unsupported by the other behaviors. For example, courage can operate as a vice when not supported by the other dimensions. It manifests in reckless behavior when not supported by temperance or as lacking consideration of others when not supported by humanity, humility, and collaboration.

Character develops over a lifetime; individuals can enhance it through deliberate practice. The essence of character is found in individuals who have developed strengths across the 11 dimensions and exercise superior judgment. Judgment enables individuals to navigate complex, challenging situations.¹⁸ As psychologist Benjamin Schneider puts it, the people make the organization; therefore, we must attend to people first to address the root causes of gender and racial inequalities in our organizations to lead comprehensive and sustainable change.¹⁹

DIVERSITY TESTS CHARACTER

Character’s focus on who the individual is involves constant examination of how the person can overcome situational forces and navigate the complexities of DEI. With this said, developing strength of character enables individuals to learn in ways that challenge, rather than maintain, the status quo. The questions in this section are a tool for self-reflection, serving as a starting point for inspiration and a guide to activate various character dimensions in the practice of DEI.

AM I EQUIPPED WITH TRANSCENDENCE THAT PROVIDES A SENSE OF PURPOSE IN LEADING DEI EFFORTS?

DEI has evolved from “nice to have” to a mission-critical component ensuring an organization’s progress and competitiveness in the global market. Diageo, a global leader in beverage alcohol, developed a motto to promote a message of valuing everyone, irrespective of background, religion, sexuality, or ethnicity: “Celebrating life, every day, everywhere and for everyone.”²⁰

A command-and-control approach to diversity that boils expected behaviors down to dos and don'ts can create a "checkbox" culture that doesn't support the achievement of diversity outcomes. Leaders with transcendence have a deep sense of purpose and link DEI efforts to specific organizational mission, values, and goals to enact change. For example, in 2019, Meta announced the goal of increasing the number of its US-based leaders who are people of color by 30%. In 2021, the company reported that in just one year, it achieved a 38.2% increase in Black leaders.²¹

DO I HAVE THE DRIVE TO LEAD DEI THROUGH MEANINGFUL ACTION?

Representation of minority groups is important, and their treatment once they enter organizations is equally so. It's imperative to address processes like performance management, which can disadvantage the way minority employees progress within organizations.

Research shows a far-reaching tendency in organizations to evaluate the performance of minority ethnic employees much lower than that of white colleagues.²² Because performance management underpins most other career-progression decisions, it can be seen as the root cause of much of the disadvantage that minority ethnic employees experience. The Jeffersonian idea of "the cream rises to the top" (also known as meritocracy) is ironic because the color of the "cream" that usually "rises" is white.

Addressing persistent gaps and increasing representation of all women in leadership positions require systematic approaches and bold actions. Leaders with drive have a wellspring of energy to achieve excellence in leading their organization's DEI agenda. They challenge inaction and make the advancement of all women a top business priority. GSK, a global pharmaceutical company with a woman at its helm, delivers new inclusion training on an annual basis with specific content aimed at recognizing and acting on discriminatory behaviors.²³

AM I USING COLLABORATION TO UNCOVER & ADDRESS KEY AREAS OF BIAS & DISCRIMINATION?

Individuals with a strong collaboration dimension ensure their organization's inclusion agenda contains a grassroots movement fostered by employees who want to make their workplace a diverse and inclusive environment. Employee councils create helpful feedback loops that enable positive change. GSK's DEI efforts are supported by global ethnicity, gender, 2SLGBTQIA+ (two-spirit, lesbian, gay, bisexual, transgender, queer and/or questioning, intersex, asexual), and disability councils chaired by a member of the leadership team.²⁴

Character leaders develop strategic partnerships with interested parties like unions. Recognizing that it's an employer's duty to prevent and/or deal with any forms of harassment and discrimination and that unions negotiate terms and conditions of employment, they are keen to work with unions on these issues and to help infuse the principles of DEI into all aspects of the work to promote sustainable change.

CHARACTER DEVELOPS OVER A LIFETIME; INDIVIDUALS CAN ENHANCE IT THROUGH DELIBERATE PRACTICE

IS MY HUMANITY STRONG ENOUGH TO LET ME SEE UNDERNEATH SURFACE DIFFERENCES & IDENTIFY COMMON ELEMENTS?

The essence of DEI is a deep desire to promote respect and dignity for all. Humanity creates the aspiration that underpins our collective and continuous pursuit of respect for human rights. The American Psychological Association (APA) has incorporated humanity in its vision: "APA strives for an accessible, equitable, and inclusive psychology that promotes human rights, fairness, and dignity for all."²⁵

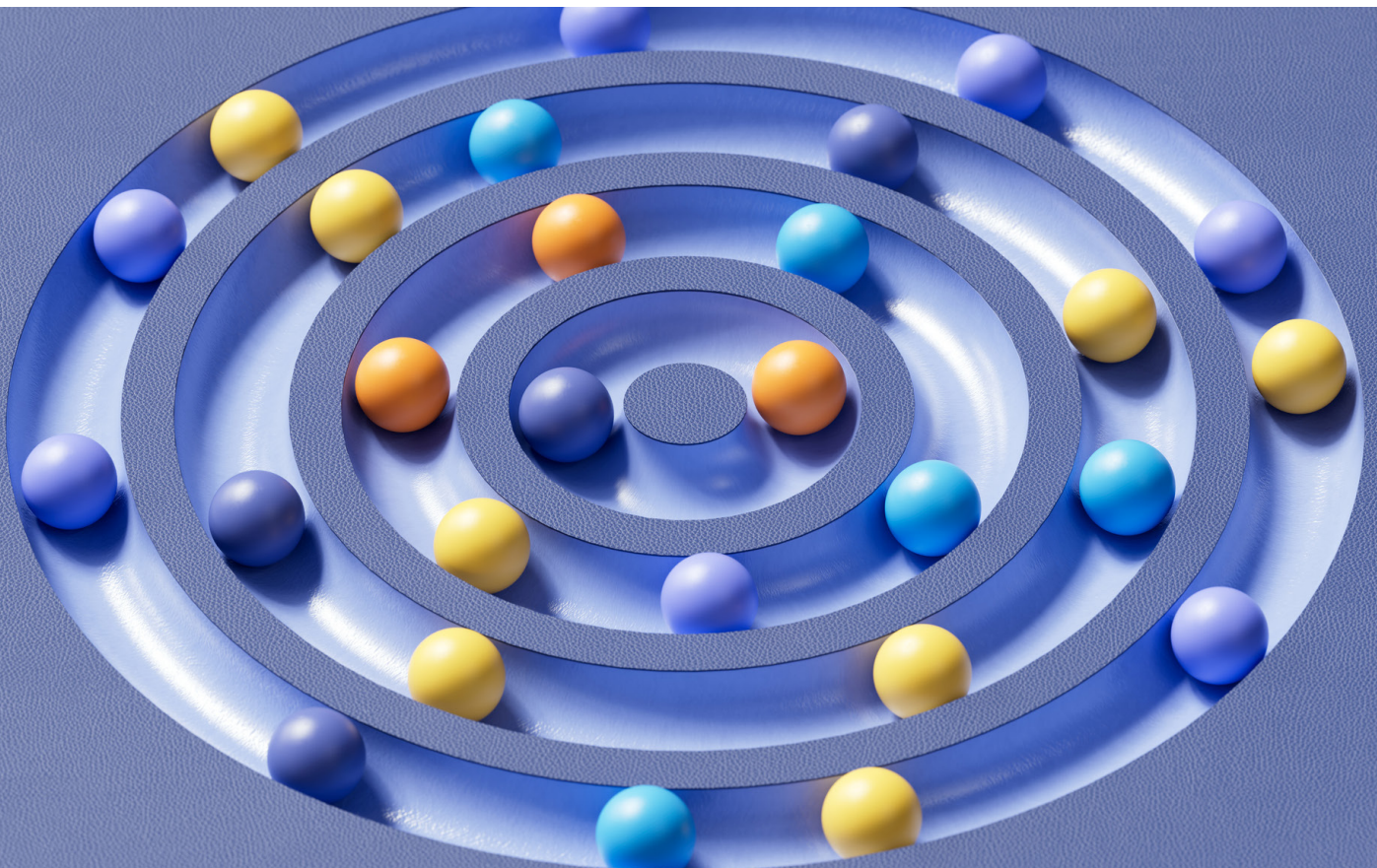
Humanity is not a soft or weak dimension of leader character. Rather, it's a fundamental strength often at the core of fostering quality, candid conversations and is essential in supporting other dimensions of character. Individuals exercising humanity show empathy, which allows them to deepen their interactions with others. Although no one can fully capture the harm and barriers experienced in the workplace by members of underrepresented communities, as Brené Brown puts it, "empathy fuels connection" and deepens the interaction.²⁶ For leadership expert Annie McKee, being empathetic "allows us to influence, inspire, and help people achieve their dreams and goals."²⁷

Humanity also makes leaders more inclined to understand what is important to interested parties and to focus on what unites them versus the differences that divide. This can generate unique perspectives that are a catalyst for making the case that diversity matters.

DO I DEMONSTRATE INTEGRITY & INVITE OTHERS TO BRING THEIR WHOLE SELVES TO THE WORKPLACE?

Individuals who exercise integrity have cultivated being authentic, candid, transparent, principled, and consistent. They ensure the organization fosters that in others by championing policies and programs supporting the building of a respectful workplace free of barriers (e.g., harassment, discrimination, racism, sexism, ableism, and homophobia) and ensuring all individuals have equitable access to opportunities.

They understand that authenticity is critical for effective leadership and continually seek new experiences to test their perceived beliefs, values, and principles. They evolve because of the culmination of personal experiences throughout their lifetime that informs their individual moral development. They make others feel a sense of belonging by inviting them to be their authentic



selves at work. Strengthening character helps women resist the tendency to shift their identities to mitigate the negative outcomes associated with microaggressions.

DO I CULTIVATE TEMPERANCE TO EXHIBIT LEADERSHIP STAMINA FOR SUSTAINED EXCELLENCE IN DELIVERING ON THE DEI AGENDA?

DEI champions and professionals bring sustained high levels of energy and tenacity to their work. However, research finds unique features of DEI work are related to burnout.²⁸ Cultivating temperance can help leaders and marginalized individuals take care of themselves. It can also help them to be patient with their development and that of others.

Cultivating temperance allows managers to successfully leverage frequent interventions to ensure workforce diversity and workplace inclusion. For example, to guarantee progress is being made, British broadcaster Sky established six key checkpoints at which the company expects a production to report on its current commitment to targets and the support it will provide the talent brought into its teams.²⁹

DO I EXERCISE JUSTICE & ACCESS THE FULL POTENTIAL OF ALL TALENT?

Women in entry-level positions are promoted to managerial positions at much lower rates than men due to the “broken rung.” For every 100 men promoted from entry-level roles to manager positions, only 87 women are promoted, and only 82 women of color are promoted.³⁰ The effect from this ripples across organizational levels, resulting in disproportionately fewer women in higher levels of the organization.

Women looking to climb to the top of the corporate ladder also face a “glass ceiling.” They find themselves having to face stereotypes, including being viewed as too emotional to be in positions of power. There is also evidence that East Asians hit a “bamboo ceiling” due to low assertiveness (i.e., failing to match the American norms on how leaders should communicate).³¹

DEI CHAMPIONS & PROFESSIONALS BRING SUSTAINED HIGH LEVELS OF ENERGY & TENACITY TO THEIR WORK

Justice allows leaders to understand the differences among cultural groups and diversify their leadership prototype. The concept of leadership in Western theory and practice do not necessarily apply in Indigenous cultures and traditions and may have negative connotations for Indigenous people.³²

DO I SHOW ENOUGH HUMILITY TO INCREASE SELF-AWARENESS & PURSUE ONGOING LEARNING ABOUT OTHERS?

The growth mindset pioneered by psychologist Carol Dweck is a relevant framework for individual and organizational culture change. Applied to DEI, this framework provides an opportunity for learning and improvement. Following the murder of George Floyd, Tony Bates, chairman and CEO of Genesys, a call center technology solutions company, wanted to reach out to the company's 5,500 employees around the world. He was seized by feelings of anxiety about the right words to use as he sat down to write the email: “Am I going to offend someone? Am I pushing my own agenda?”

Humility helps us to be self-aware, to acknowledge our own deficiencies, and to understand that there is room for growth. Bates's message was followed by a town hall that he called a watershed moment for the company.³³

DO I HAVE A SENSE OF PERSONAL ACCOUNTABILITY FOR DEI & IS IT INSTILLED IN LEADERS ACROSS THE ORGANIZATION?

Although everyone should be treated with respect and have an opportunity to succeed, history has shown the limits of moral conviction around DEI.³⁴ A heartfelt buy-in of leaders who may never have experienced discrimination is required to walk in solidarity with underrepresented groups of employees and relinquish power and work through tensions.

Leaders drive organizational culture change. Moreover, their actions and language model accepted behaviors and have broad influence. As such, it is important to ensure their behavior aligns with the mission, vision, and direction. Otherwise, the organization will fail to “walk the talk” in delivering on long-held promises to further diversity and inclusion.

DO I HAVE THE COURAGE TO CONFRONT THE BACKLASH AGAINST DEI?

Johnny Taylor, CEO of the Society for Human Resource Management, says: “Diversity’s really hard — and inclusion is harder.”³⁵ Many DEI initiatives face backlash, such as when United Airlines announced its goal to train 50% more pilots who are women or people of color in the next 10 years. Author and activist Brigitte Gabriel tweeted her opposition: “United Airlines is now prioritizing race and gender over qualifications for hiring future pilots. They are literally putting the lives of their customers at risk in the name of being woke.”³⁶ With courage, individuals are able to do what they believe to be the right thing even in the face of adversity, navigate through social pressures, and stay committed to see things through.

Over time, employees may experience diversity fatigue, and some may not believe their organization is committed to advancing diversity and inclusion. To overcome these challenges, leaders must invest time in educating employees and managers on ingrained workplace inequalities, with the goal of removing barriers and tying all DEI initiatives to measurable outcomes. Ultimately, character activated in individuals will spread throughout the group, creating character contagion. Leaders’ and marginalized groups’ courage, determination, and resilience can influence employees and managers who will display resolve and stay committed to DEI priorities.

DO I CHALLENGE BELIEFS & LET GO OF ASSUMPTIONS & STEREOTYPES USING STRENGTH OF JUDGMENT?

Our modern society perceives itself as having achieved gender equality, and this makes it challenging to address sexism and discrimination in the workplace. The denial of everyday sexism makes it impossible to solve and difficult for women who speak up.³⁷ There is a hidden problem in our workplaces, evidenced by the 100,000 worldwide everyday sexist experiences captured by Laura Bates, founder of the Everyday Sexism Project.³⁸ Most entries relate everyday run-ins with discrimination and sexual harassment.

Situationally aware, analytical leaders collect and interpret talent data, identify pain points, analyze gaps or opportunity areas, and go beyond representation data. They explore the root causes of unconscious biases and sexist and racist beliefs and how they are ingrained in the culture and systems of their organization. They seek meaningful insights from qualitative and quantitative data to develop a deep diagnostic that informs their action plan.

CONCLUSION

The status quo is not an option — companies risk losing not only the current leaders of their marginalized groups, but also the next generation of leaders. The younger generation is much more ambitious and places a higher value on working in an equitable, supportive, and inclusive workplace.³⁹

In summary, the interconnectivity of the character dimensions supports DEI practices. For example, courage to tackle systemic discriminations needs to be balanced by temperance to avoid recklessness but must be supported by justice and accountability. It is only then that we may be able to reach Martin Luther King, Jr.'s dream. Our organizations can be the instrument for societal change in diversity, equity, and inclusion.

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HUMANITY, SOCIAL INTELLIGENCE & HIGH- PERFORMANCE TEAMS

CHARACTER LESSONS
FOR THE PUBLIC SECTOR



Author

James R. Rychard

When we think of a high-performance team, what comes to mind? A Super Bowl champion football team, an eight-person Olympic rowing crew, or maybe a Formula 1 racing team and its pit crew? Probably all the above. But what exactly are the ingredients that make a team high-performance?

If nothing else, we know this: building one takes significant effort and does not happen overnight. High performance does not occur until all members of the team are working together like a well-oiled machine. Whether they're athletes, firefighters, or corporate executives, people are the essence of any team — how they get along (or do not) influences the degree to which it succeeds.

For the most part, organizations tend to focus on competencies rather than communications and relationship skills when recruiting talent. Regardless of the competencies team members are recruited for, having a collaborative team with strong interpersonal communications is fundamental to organizational success. And it is the character of the team members that largely determines the outcome of those interpersonal communications.

In public sector organizations such as fire services, how we relate to one another can be the key to whether initiatives are carried out effectively and goals are achieved. In fact, when it comes to creating a healthy organization, alignment at the top dictates how effective divisional/departmental teams will be.

Providing responsive services to the community requires integrating the fire services into a high-performance team. But there is a caveat: it is vital to be aware of potentially destructive personalities, including those who appear to be on board but who actually have differing intentions. When those personalities are vetted accordingly and a team of individuals who exude character are being governed and led by a socially intelligent leader, the ingredients are in place to create a high-performance team.

In this article, we explore four aspects of high-performance teams: (1) the importance of leaders who display social intelligence when leading and putting the team together; (2) the need to look out for personalities endemic to poor leadership and team cohesiveness (known as the "dark triad"); (3) seeking examples of leadership models outside the public sector; and (4) being open to using unconventional practices in addition to conventional ones when developing leaders and striving for high performance.

**ORGANIZATIONS
TEND TO FOCUS
ON COMPETENCIES
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& RELATIONSHIP
SKILLS WHEN
RECRUITING
TALENT**

**SOCIAL INTELLIGENCE
AS INTEGRAL TO THE
VIRTUE OF HUMANITY**

In 1920, Columbia University psychologist Edward Thorndike noted the importance of studying a person's ability to understand and manage men and women effectively.¹ He conceptualized the first iteration of a discipline called "social intelligence," and it goes beyond how emotions affect

our relationships with other people and ourselves. Social intelligence is about how we relate to one another and the biology behind it.

In a 1920 article, Thorndike wrote that “the best mechanic in a factory may fail as a foreman for lack of social intelligence.”² In other words, how we get along (or do not get along) with others has been a strong indicator of leadership as far back as the early 20th century. Unfortunately, due to its association with social situations, the idea of social intelligence as an important leadership quality lay dormant for decades, dismissed as unimportant.



In the early 2000s, the VIA Institute on Character wanted to explore the positive traits of human character, including whether they could affect outcomes. After a comprehensive three-year study involving 55 distinguished scientists, it formalized the 24 key traits that make a person morally good and included social intelligence.³ After being dismissed for years, scientists finally accepted social intelligence as integral to human character. Social intelligence, along with kindness and love (valuing others), make up the theme of humanity. Humanity is one of six themes that capture the values/virtues/traits explored in the study (with wisdom, courage, justice, temperance, and transcendence being the others).

Expanding further, Daniel Goleman, known for popularizing EQ (emotional intelligence) as being more important than IQ (intelligence quotient), wrote in his seminal book *Social Intelligence: The Revolutionary New Science of Human Relationships* that “we might think of social intelligence as a shorthand term for being intelligent, not just about our relationships, but also in them.”⁴ One determinant of how someone interacts in relationships has to do with their personality. In the end, social intelligence encompasses behaviors of the character dimension of humanity.

BEWARE THE DARK TRIAD

In a 2019 Massachusetts Institute of Technology (MIT) Sloan School of Management article, three personality traits were identified as endemic of toxic employees and leaders. Known as the “dark triad,” (unhealthy) narcissism, Machiavellianism, and psychopathy are destructive to teams and go against the character dimension of humanity (specifically, social intelligence). The authors wrote:

[Narcissism is] defined as an excessive interest in or admiration in oneself. [These individuals] often have trouble connecting to the organization’s values and adopting a cooperative, team-focused mindset because they are overly focused on their own needs and ambitions. Up next is Machiavellianism, the power-hungry and ethically dubious mindset made famous by Niccolò Machiavelli’s 16th century work *The Prince*.... These people often keep to themselves valuable information that could help others in the organization, pit different groups against each other, and build an “in group” of friends while excluding others from their orbit.... Last is psychopathy ... an inability to appropriately deal with one’s negative emotions and impulses ... you might see bouts of anger, yelling, and aggressiveness.⁵

These personality traits not only prevent one from being a socially intelligent leader, they also have a propensity to create psychologically unsafe work environments. According to Cutter Fellow and Harvard University Professor Amy Edmondson, “Psychological safety is ... a climate in which people are comfortable expressing and being themselves.”⁶ Leaders who practice the character dimension of humanity through their social intelligence create the psychological safety needed to build high-performance teams.

LOOK OUTSIDE THE INDUSTRY FOR A SOCIALLY INTELLIGENT LEADER

When seeking notable examples of socially intelligent leaders for the public sector (i.e., ones who are morally good, do not exhibit dark triadic personality traits, and have successfully built high-performance teams), it's advantageous to look outside the public sector, not just inside it.

For example, Kazuo Inamori used untraditional business practices to save Japan Airlines from bankruptcy. The airline threw good money after bad in response to global disasters such as the 2003 SARS breakout and the 9/11 attacks. In a desperate attempt to stop further loss, executives slashed the workforce and sold assets. Sadly, this impacted the entire nation: a once very profitable airline struggled to remain afloat in large part because the board of directors had developed terrible practices over the years.

According to University of Singapore Business School Professor Jochen Wirtz, Japan Airlines had "a lot of bureaucracy (and) complacency, very slow decision-making, and not really the guts and energy to make the deep-seated changes needed to the airline."⁷

Japan Airlines was on its way to Chapter 11 bankruptcy, and the country faced losing a big stake in international travel. Without a doubt, the culture needed to be changed. To do that, the Japanese government needed someone who thought differently. The airline needed a CEO who was unconventional yet intelligent, had successful tenures, and could make important decisions without damaging the workforce or the company's values. After decades of loss and profits, mostly the former, Inamori was brought in to bring about a corporate turnaround early in 2010.

A former Buddhist monk, Inamori prioritized people over profits. As someone who understood the nuances of business and successfully paired it with being a good human being, Inamori was the epitome of social intelligence and an expert in building high-performance teams.

Having studied Buddhism, Inamori understood philosophy, ethics, spirituality, and psychology. He had a humbling management style that was regarded as unconventional for the business world yet was surprisingly effective. Inamori was known for challenging common business beliefs: he valued people over profits and placed the well-being and livelihood of all his employees and their families first. He began this practice at his first company, Kyocera, a ceramics and electronics manufacturer.

Inamori believed that a corporation needed to be something employees were happy to be a part of, to the point where they could make significant contributions. This speaks to his character of humanity and his social intelligence. Inamori loved and valued people, and he recognized that taking care of them would positively affect his company's bottom line. This belief is strongly supported by research.

Ron Friedman, author of *The Best Place to Work*, did extensive research around what constitutes a great place to work. His research showed that:

Psychological needs are at the base of an engaged workforce. It enables them to feel competent at work, helping them connect with their colleagues, and allows them to experience choice identifying the outcomes but also allows employees to determine the process.⁸

When building a high-performance team, understanding the needs of employees is vital to overall success.

Inamori's social intelligence helped him recognize that employees had been forgotten about in Japan Airlines's excessive expenditures over the years and that this had to be corrected. During a press conference, Inamori said:

This kind of situation where the financial is not so good, it caused a lot of problems to the employees. This concerns many people. As people in management, we must be conscious of profitability because we must be responsible for the livelihood of employees. We must really work hard and overcome this problem.⁹

Despite the pressures he faced as a new CEO and chair, Inamori knew that an organization cannot survive a crisis without its people. One of his first goals was to build up the team and create an esprit du corps to help get employees excited about the new Japan Airlines. (This falls in line with Friedman's research showing that elevating feelings of status and pride are key to creating great places to work.) Inamori's turnaround plan introduced a management philosophy he had conceptualized while at Kyocera with significant outcomes: Amoeba Management.

**WHEN A PERSON
FEELS THEIR
OPINIONS MATTER,
IT DEMONSTRATES
THAT THE
ORGANIZATION
RESPECTS &
VALUES THEM**

INAMORI'S PHILOSOPHY OF BUILDING A HIGH- PERFORMANCE TEAM

Amoeba Management gives voice to those "on the ground." Rather than every decision coming from the top, the workforce is divided into small units. Each unit is led by a manager with an extraordinary degree of decision-making power.

At Japan Airlines, Amoeba Management meant every worker felt they had something to contribute to the company's success. From pilots to custodians, everyone had the freedom and support to share their contributions and demonstrate how their actions related to the company's bottom line. According to Inamori, each amoeba and its respective staff members add value and contribute to the whole company.¹⁰ Although instilling this level of trust is not new, it is uncommon when the stakes are high.

Research by Gallup underpins the importance of this. Gallup's groundbreaking research, captured in the book *Wellbeing at Work: How to Build Resilient and Thriving Teams*, found that followers need four things from their leaders/managers/supervisors to thrive: hope, stability, compassion, and trust.¹¹ The data showed that employees look for these things as a signal that everything will be OK, especially during pressing times. Moreover, when a person feels their opinions matter, it demonstrates that the organization respects and values them.

Gallup's research showed that two-thirds of employees who think their opinions count are thriving in their overall lives. This dovetails with what Inamori alluded to in a press conference shortly after joining the airline: he stressed the importance of employees feeling a sense of purpose contributing to the bottom line. Gallup also found that "the best managers use their team as the key resource for better decision-making. They encourage [dialogue] and debate and create a team culture of problem solving."¹²

Gallup's research also shows why Inamori's Amoeba philosophy was so successful. For years, Japan Airlines leaders had focused on profits over people, and Inamori instituted the reverse with remarkable results. Some may infer that previous leaders' dark triadic personality traits led Japan Airlines into these crises. In any case, Inamori was the right leader to help save the airline: he exuded the opposite end of the spectrum because he activated his character strength of humanity by focusing on people.

This practice of focusing people over profits not only yielded exceptional success for Japan's flagship carrier, it reignited employee enthusiasm — everyone aspired to be a part of the new Japan Airlines. "People over profits" proved a successful mantra and business strategy.

IMPLICATIONS FOR THE PUBLIC SECTOR

In Canada's municipally owned corporations, staff are the largest part of the budget and the most important asset. At an Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO) leadership conference, Rob Adams, CEO of Town Hall Consulting and a former CAO (chief administrative officer), witnessed a discussion focused on the lack of harmony between council (locally elected officials) and staff. To his surprise, this included growing concerns about council members behaving badly.

The audience of CAOs, executive directors, and directors were asked: "How many of you conduct values, leadership, and team training with your senior leadership?" All hands in the room went up. Great! Interestingly, when the same group was asked, "How many do the same training with their council members," only a single hand went up. Not so great!

According to Adams:

We cannot expect our council members at the top of the organization to lead and work as a cohesive team, with good values, without investing in their development. While many municipal staff may have education and training on these subjects, it is common to have inexperienced or first-time council members elected to office.

Choosing to provide these council members with the correct toolbox is not only integral to success, it also sets the tone for the corporation and its operations.

Sometimes, we do not have to look far too find solutions to our problems. Inamori's management models at both Kyocera and Japan Airlines can be implemented to help fix a culture without taking multiple courses. For example, should problems like high turnover and poor morale exist at various levels inside an organization, focusing on staff well-being is an excellent way to start turning things around. Reviewing case studies like Japan Airlines can help leaders jump-start useful discussions about changing the culture. For a leader, having a toolbox filled with so-called soft skills along with political and business acumen can go a long way toward building value for taxpayers and municipal staff. Soft skills like humanity, kindness, valuing others, and social intelligence are critical for team success.

When building a high-performance team inside your organization, having a socially intelligent leader is foundational. These leaders create the culture of psychological safety needed to champion diversity of thought and recognize that each person has a unique strength to contribute to the organization's success.

Leadership based on character strengths elevates performance and enables success. These leaders help mitigate and/or manage emergencies when they occur. Research shows that fostering an environment where members are proud, excited, and feel as though they can contribute impactfully leads to incredible outcomes. This begins with a socially intelligent leader, and social intelligence is one extract of the character dimension of humanity.

CONCLUSION

Building a high-performance team begins with having a socially intelligent leader — one who embodies and champions the virtue of humanity. An organization does not necessarily need a leader who practices Buddhism to see the value that employees can create. Rather, they can implement the core values of these lessons from those who have. As Adams states, "Once you have created a culture of efficient innovation, that top-down directed innovation becomes undirected bottom-up innovation."

Inamori successfully rescuing the country's struggling flagship airline is proof of what can happen when social intelligence leads a high-performance team. Despite what seemed to be an impossible task, Inamori successfully turned Japan Airlines around in 24 months. By focusing foremost on an organization's most costly budget item (employees), Inamori exceeded the government's expectations and turned Japan Airlines into the most profitable airline in the world.

For the public sector, profits do not factor into the equation, but people do. When leaders act with social intelligence and focus on building high-performance teams throughout the organization, the outcome is high value. Working in local government is a noble calling for those who care about their community and want to make a difference. Being socially intelligent and building high-performance teams is not only essential, it is a duty to tax-paying citizens.

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**BOARD LEADER
CHARACTER
& EFFECTIVE
GOVERNANCE**

Authors

Karen Fryday-Field and Marlene Janzen Le Ber

Systemic challenges that affect governance such as growing societal polarization, multiple and overlapping global crises, generational differences, and intersectional inequities require reimagining/redefining not only what effective governance is but also how to lead as a board entity rather than a collection of individual members. Board leader character (BLC) addresses this question.

That leader character matters in an organization and in society is demonstrated with each successive high-profile leadership failure. There is a growing body of literature that examines the development of leader character; however, the level of analysis remains at the individual leader level. Even where governance is the focus, leader character of a board is viewed and measured as an aggregate of the individual board members.¹⁻³

Based on consultations with hundreds of boards (public, private, and for-impact/nonprofit) over 20 years and ongoing informal validation with board leaders and consultants, we propose a BLC framework where the level of analysis is at the board as a whole. Using a case study, this framework investigates the premise that boards develop a character as an entity and that entity's leader character can positively or negatively influence the board's results and, ultimately, the impact of the organization.

BOARD CULTURE & LEADER CHARACTER

A board's culture influences how its members interact with each other and how decisions are made.⁴ There are implicit rules that pattern the behaviors of board members and the board as a whole. These patterns can contribute to a healthy, high-performing board or stand in the way. Values and beliefs combined with assumptions, mind-sets, and group norms all contribute to its rules of engagement. Over time, these become the habits and traditions of how board members individually and collectively think and act.

Stories of failure and success are powerful forces that continue to shape board decisions beyond the current membership. At the same time, external forces can change the culture and leave the board vulnerable to dominant and/or dysfunctional board members or groups of members. BLC creates a protective culture that changes destructive patterns and enhances effective behaviors. The BLC framework can help board members identify areas of deficiency and overuse and be a catalyst to more effective ways of interacting, collaborative generative thinking, and decision-making.

A BOARD'S CULTURE INFLUENCES HOW ITS MEMBERS INTERACT WITH EACH OTHER & HOW DECISIONS ARE MADE

BLC DIMENSIONS & ELEMENTS

In this article, we draw on the Ivey Leader Character framework (discussed in great detail in the previous issue of *Amplify*) and its 11 interdependent character dimensions that work together to define strength of character.⁵ These dimensions are virtues that can operate as vices if used in excess or deficiency when combined with

other dimensions. Judgment (wisdom) is core to this model, in which various dimensions are intentionally used to meet the needs of the context and situation. We explore these 11 dimensions at the board level:

1. **Accountability.** Governance is about holding the organization accountable. Equally important is the board holding itself accountable for conscientiously carrying out its governing role. It unanimously takes responsibility for its decisions and actions, and all members agree to support shareholders, “careholders,”⁶ stakeholders, and the public, even if the decision is not their preferred option.
2. **Collaboration.** Collaboration is both internally and externally focused for a board. There is cooperation and collegiality among board members who are open-minded, flexible, and interconnected. The board conducts its interactions with careholders/owners⁷ and other stakeholders in the same manner. The board is neither confrontational nor conflict-avoidant.



3. **Courage.** Boards with courage are willing to challenge the status quo. Based on intentional, authentic monitoring of board and organizational progress, they let go of traditions that no longer serve the board, organization, and/or community. They ask questions of subject matter experts as well as voices that have been silenced or absent from the conversation. From this deep collective understanding, unpopular actions and positions

contrary to the loudest voices can be undertaken. The board authentically engages with the members of the community and collaborates in polarized situations. The board fulfills its governance role and does not abdicate to the CEO or staff.

4. **Drive.** Drive is evident when the work of governance is met with passion, energy, and enthusiasm, creating momentum for the organization without overstepping the role. The board strives for governance excellence, doing the work itself and not over-relying on others. Drive is shared among board members — where there is individual dominance and little collaboration, expectations can become unrealistic, and drive becomes a vice for the board. With too little drive, the board loses focus and little progress is made toward its goals.
5. **Humanity.** Empathetic toward each other, careholders/owners, and other stakeholders, a board with humanity connects authentically with others. Neither overwhelmed nor oblivious to others' needs, the board models human flourishing in which individuals and teams feel supported and are (re)energized by their work together. Generosity of spirit and forgiving attitudes keep grudges and retaliation in check.
6. **Humility.** Similar to individual humility, where one is aware of one's role and impact in the larger world, boards with humility are self-aware, admit mistakes, and request feedback without defensiveness. Board members encourage all voices to be heard and are intentional about continuous learning. New board members are welcomed for the strengths they bring.
7. **Integrity.** Well-articulated and agreed-upon values and principles are consistently used in decision-making and board processes. Transparency and authenticity guide situations that require calling out aberrant behavior or manipulative/misleading communication. A board with integrity can be trusted to deliver on its promises.
8. **Justice.** Although a diverse board composition and a framework with an inclusive lens are needed to make just decisions, psychological safety within the board is critical to having all perspectives and lived experiences heard. Without it, transparent dialogue and dissent cannot be trusted and is too risky. There is recognition when perspectives are missing and an understanding of how to ensure that they are included. Being responsive to the needs of the careholders means the board must be in touch with the social issues

being faced. Justice also means that there are consequences when policies and decisions are not adhered to.

9. **Temperance.** A strong chair sets the foundation for fulsome discussions in which each member is allocated time to discuss their thoughts. The conversation includes difficult topics and treats all views with respect without wandering into unrelated soapbox opinions. All members are given an opportunity to speak without being interrupted and their viewpoints are met with thoughtful consideration. Dominant voices are managed by the chair, who keeps the current conversation on task. Humor is often used to reset tensions.
10. **Transcendence.** A transcendent board is outward-facing and future-oriented. It consistently looks to appreciate others, inspiring confidence and commitment both within the board and the organization and contributing to a culture of excellence and learning. Innovation is understood to include calculated risks and is considered not incongruent with fiduciary duties. Failures are viewed as opportunities for learning. Patience with incremental progress on long-term objectives keeps optimism and purpose at the forefront.
11. **Judgment.** Accumulated over time and across individual board members, the wisdom of a board is specific to the situation, context, and time in history while remaining adaptable and flexible. Complexities are understood, and decisions demonstrate deep analysis and critical thinking. The board also assesses which leader character dimensions are needed to lead itself, the organization, and the community in the situation being addressed.

CASE STUDY

The authors were privy to the following situation involving a board. The situation is real, but the company and some specifics have been anonymized. This case is similar to hundreds we have experienced in a 20-year consulting practice.

As part of an intensive board discussion designed to lead to a decision regarding early capital investment in a project to replace runway X, the board passed a motion (7 to 9) to move ahead. This meant the project would launch two years earlier than originally planned.

This decision made good business sense to the board because an early launch was projected to save the overall project approximately 15%, which equated to US \$3 million. The savings would be generated by reduced temporary repairs and maintenance, plus a contractor discount for the early start.

The day after the decision, the board chair secretly called five out of nine board members to lobby for a new vote that rejected the early start. The chair had not voted in the original vote but made it clear that he did not agree with it. He did not provide rationale for this, and several board members believed he was aggravated that the CEO approached the full board with the proposal without seeking board chair buy-in.

Phone calls went back and forth between board members all the next day, with people sharing perspectives and lobbying other board members in both directions. This process of secret lobbying and individuals sharing information with just certain friends on the board resulted in a rapid disintegration of board communication and trust.

The board chair failed to recognize that the board as a whole had been significantly vested in its integrity (i.e., transparency in truth telling) and trusted everyone to provide open communication so that all board members could benefit as a single entity. At the end of the second day, several board members threatened to resign from the board, and two members threatened to contact the media to expose the lack of integrity and justice in how the board chair had behaved. (His was a public appointment at the regional level.)

Resolution came when the vice chair of the board called an immediate board meeting (there was provision for this under certain conditions in the bylaws). All board members were invited to attend. The board chair was asked to share the full extent of all his conversations with all the board members with whom he spoke outside of the appropriate initial board meeting. He was also asked to fully share his reservations about an early start on the runway replacement.

Not previously disclosed, the chair was lobbying the government to extend his term by two years to lead the board as it provided oversight on the \$20 million runway-renewal project. The chair genuinely believed he was the best person to lead the board in the governance role during the project.

The vice chair did not begin the special board meeting by discussing the runway-renewal plan and the timing matter at hand. Rather, she asked the board to reflect and discuss how it believed it could have led more effectively in this situation. The vice chair asked each board member to weigh in, and she did not make any accusations regarding the events that had transpired.

After substantial debate and productive appreciative inquiry, the board produced the following overview:

- When board members were asked to speak outside the boardroom in a secret manner, each member who was approached should have had the courage to decline such a conversation.
- The board recognized that board leadership during an upcoming significant capital expenditure phase, which was not an agenda item at the time, should have been determined through due process and collaboratively (i.e., not by the one person in the group directly affected and in conflict with that decision).
- They agreed that if a board member is genuinely concerned about how the board is leading or will lead in the future, that person should be transparent with the board rather than manipulate the board. The board recognized that its own integrity set the values for the whole organization.
- The board, including the current chair, agreed that the board group, not just the chair, is accountable for making just, effective, and responsible decisions.
- Further, members recognized that the board needed to be accountable and speak with one voice for all its decisions.
- The board chair shared that although he initially thought he was acting in the best interest of the organization and its outcomes, he had not demonstrated humility, which pulled the board team into a state of chaos.
- The rest of the board listened to him and decided that rather than staying angry with the chair, they would be empathetic and recognize the chair's actions as a mistake. Together, they agreed to forgive the mistake and continue to work with the chair as the first among equals. There was agreement that some trust had been eroded, but everyone said they would work hard to rebuild their interconnectedness, transparency, courage, and trust.

So that cool heads could prevail, the board agreed to gather in two days to further explore the decision to move ahead on the early launch of the project and discuss innovative ways to explore board leadership over the next few years.

CONCLUSION

The board in our case study came close to becoming completely dysfunctional: unable to lead and make decisions. One of the critical tipping points toward improved board performance was the vice chair's decision to engage the board in evaluating its leadership approach and character, rather than jumping back into a debate on the technical decisions at hand.

Sometimes, boards solely focused on the content of their work ignore the nature of the board as an organization that must actively choose, develop, and practice strong, healthy BLC. Through emerging BLC, this board transcended some negative individual board member behaviors. It constructed a path to strong, honest, engaged leadership that recognizes that a collection of board members can become an entity that develops effective leadership by attending to its leader character.

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- ⁶ "Careholder" is a relatively new term used to describe people who have a legitimate interest in and care about the capacity of an organization to fulfill its purpose and critical outcomes over the long term. Careholders are one type of stakeholder.
- ⁷ Owners are individuals (and organizations/ companies) who make up the ownership or who own the organization or business. These people are now sometimes referred to as the "careholdership" in governance systems.

In most organizations, the ownership or careholdership is relied on to provide input and sometimes to vote on the purpose and expected results at a high level for the organization/ business. The ownership or careholdership is often also consulted regarding the values related to ethics in an organization. As the owners, they often have the right to vote on decisions about purpose and ethics. Typically, the board of directors reports to the owners (i.e., careholders).

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HOW LEADER CHARACTER CAN HELP NONPROFIT BOARDS PROTECT ORGANIZATION MISSIONS



Author

Trevor Hunter

The boards of directors of nonprofit organizations (NPOs) are required to fulfill a fiduciary duty of care. This requirement has meant that boards — and board members — are expected to possess instrumental skills like financial literacy and strategic planning. Although these skills are critically important, this article argues that, given the board’s role in protecting an NPO’s mission, demonstrating leader character should be an equally important expectation of NPO directors.

NPO BOARD EXPECTATIONS

In Canada and the US, every incorporated NPO must have a board of directors to “manage or supervise the management of the activities and affairs of a corporation.”¹ Although there are few specifics about the behaviors directors must demonstrate in this function, what guidance there is generally focuses on duty of care. For example, the Canada Not-for-Profit Corporations Act states that:

Every director and officer of a corporation in exercising their powers and discharging their duties shall:

- (a) act honestly and in good faith with a view to the best interests of the corporation; and
- (b) exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.²

Given the statutory and regulatory NPO governance requirements of most North American jurisdictions, meeting duty-of-care expectations means NPO boards are required to perform many important governance functions, including:³

- Participating in the strategic planning process and approving the strategic plan
- Partaking in the budgeting process and approving the budget
- Causing an audit of the organization’s financial statements to occur and then approving it
- Hiring and (in some cases) dismissing the executive director

- Evaluating the executive director’s performance and setting their compensation
- Approving and participating in fundraising plans and overseeing the investment or management of funds raised

IN CANADA & THE US, EVERY INCORPORATED NPO MUST HAVE A BOARD OF DIRECTORS

These governance functions mirror those of for-profit organizations (FPOs), but the purposes of governance for each type of organization are very different. The FPO governance function and structure emerged as an attempt to provide a solution to the “agency” problem of professional managers working to serve their own best interests (as opposed to those who hired them and own the business [i.e., shareholders]), where the notion of “interest” essentially means maximizing profits for the firm’s owners.⁴ NPOs, not having owners, do not have the same agency problem, so the NPO governance functions focus on protecting the organization’s mission.

Despite the lack of an agency problem in the NPO context, the FPO governance model and mindset have been applied to NPOs. Because of this application, formal institutional legitimacy expectations for what constitute governance best practices have led to the notion that the criteria for board membership must prioritize the possession of instrumental skills relating to the corporate aspect of governance (e.g., strategic planning, financial literacy, executive performance evaluation).⁵

WHAT CONSTITUTES GOOD NPO GOVERNANCE?

Focusing on instrumental skills as criteria for NPO board membership ignores an obvious (but sometimes forgotten) difference between NPOs and FPOs: NPOs are created to fill a need in society not being filled by any other means, not to turn a profit.⁶ The need to be filled is articulated through the NPO's mission, which is essentially a social contract with the community it serves (and from which it receives support). That mission becomes the guide for everything the NPO does. As trustees acting on behalf of the community, an NPO board's main role is determining whether the activities the NPO undertakes adheres to its mission, known as "protecting the mission."⁷

There are many perspectives on what constitutes "good" NPO governance. Some point to the Carver model as a template for NPO governance that is widely applicable; others argue that the process and function are much more contextual.^{8,9} Even so, most agree that, given the behavioral expectations faced by NPO board members, strong judgment (informed by the dimensions of leader character) must combine with instrumental skills to underpin all decisions made by the board.^{10,11}

A study published in 2018 suggests that "a deeper understanding of how character affects individual behaviors and subsequent board processes is an important step in understanding how boards add value and contribute to organizational performance."¹² The study's authors proposed that leader character was key to helping board members assert independent judgment while contributing to the team aspect of corporate boards in their governance role, which until the recent past had been focused on maximizing shareholder wealth. The study focused on how leader character among corporate board members could drive improved

organizational performance, but insights on how leader character applies to governance of NPOs can also be gleaned.

Most people consider an NPO's mission equally important as the pursuit of profit (some might say more important). Thus, if leader character is important to ensure an FPO board member is doing his or her job,¹³ then leader character is central to an NPO board and the ability of each board member to properly fulfill his or her role.

The mission-driven nature of NPOs means their board members' behavior is held to a different standard than that of FPO directors. The notions of caring for the vulnerable and community service underpin the fiduciary duty and duty of care NPO board members must uphold.

Public trust in NPOs is difficult to earn and easy to lose. Board members play an important role in both, so it is critical for their behavior (and thus their judgment) be beyond reproach.

CHALLENGES FACED BY NPO BOARDS

If the main job of an NPO board is to protect the mission, it must decide whether every proposal put forward by management fits that mission. Research by Mary Crossan and colleagues demonstrates that the central aspect of leader character is judgment since "how an individual's character influences their actual behavior in a particular context depends upon their judgment."¹⁴ The ability to possess and use proper judgment at the NPO board level is challenging.

Unlike FPOs, NPOs often have stakeholders with disparate and potentially conflicting interests.¹⁵ For example, government funders may have political aims they wish to advance, while donors often have more personal goals. Volunteers may have a sense of ownership that creates views about the NPO's objectives that differ from the community or even the individuals the NPO serves. Stakeholders' emotional connections are often stronger toward NPOs than FPOs, so the behavioral expectations they place on NPO boards may be unclear. NPOs risk mission drift as they chase funding or try to please multiple stakeholders. They may end up either straying from their mission or amending it to the point where it provides little or no guidance.

Although there tend to be good intentions from those who serve on NPO boards, sometimes basic skills are lacking in some members, creating deficits that make it hard for the board to effectively complete its essential functions.

Sometimes, people who think they want to be NPO board members actually want to be either volunteers for, or employees of, the NPO. Not understanding the role and process of NPO governance, they want to do what the organization does, rather than to govern it. These are two very different things, and good governance involves knowing the difference. Further, although there are organizations that provide NPO governance training, most NPO board members receive little formal NPO board member training/orientation and are left to their own devices to figure out how to do the job.

NPO board members are often pushed and pulled in multiple directions in terms of the perspectives they must consider when exercising judgment. The demands of instrumental compliance governance functions, combined with the need for vigilance in protecting the mission, can make an NPO board member's job seem overwhelming.

PUBLIC TRUST IN NPOs IS DIFFICULT TO EARN & EASY TO LOSE

HOW DOES LEADER CHARACTER HELP NPOs PROTECT THE MISSION?

The need for strong leader character at the board level is clear, and it is up to the board to examine whether its governance policies, structure, and functions demonstrate leader character. Fortunately, the Ivey Leader Character Framework (explored in detail in the previous issue of *Amplify*) provides self-reflective NPO boards with a "checklist" to gauge the extent to which they are demonstrating leader character behaviors. Below are examples of how leader character can manifest in NPO board behaviors:¹⁶

- **Courage.** Decisions are made following a formal structure in which dissent and discussion are encouraged and directors (1) speak up if they feel an activity is counter to the organization's mission; and (2) stand up to stakeholders who try to coerce them to stray from that mission.
- **Drive.** Directors believe in the organization's mission and are willing to do what it takes to support the NPO in its work. The directors do the work they are supposed to do for the sake of the mission. Board members fully leverage their skills, expertise, and experience in the pursuit of the board's work.
- **Collaboration.** Individual directors work as a team on the various committees of the NPO board. The skills of the individuals are leveraged and complement others to create a synergy to produce better, carefully thought-out recommendations and decisions.
- **Integrity.** Members understand what constitutes "the right thing to do" in their roles as individual directors and for the board as a whole. Real and perceived conflicts of interest are disclosed. Pecuniary interests are avoided. Directors trust each other, allowing the work of the board to be effectively delegated.
- **Temperance.** Although board members trust each other, they provide proper oversight of each other and the executive director. The board addresses board issues (as opposed to operational issues), and all proposals are vetted to see whether they fit the NPO's mission.
- **Accountability.** All directors are well informed about board responsibilities, activities, and deadlines. They have access to necessary information for thorough analysis and discussion, presented in suitable formats and content. Additionally, the board chair monitors committee progress according to each committee's mandate and the annual work plan.
- **Justice.** Decisions and activities are made with consideration for fairness to the stakeholders within the community to whom the NPO has made a commitment.
- **Humility.** The directors believe in continuous improvement of their individual capabilities, overall board governance capabilities, and capabilities of the organization. Boards engage in effective board evaluation and communicate the results, which are then used as the basis for governance training.

- **Humanity.** Directors empathize with those the organization was designed to serve and strive to ensure that the NPO's operations function with a respect for, and appreciation of, their rights and needs.
- **Transcendence.** The board has a grand mission that looks for the betterment of some important element of society in which all directors believe.
- **Judgment.** Directors are free of personal agendas and use both logic and emotion to do their work; they make decisions always in the best interest of the organization and those it serves.

These examples beg an important question: what are the implications for NPO performance if the board is not demonstrating leader character? Insight can be drawn from research on FPO boards suggesting that "without judgment, decisions are not just ineffective, but often disastrous."¹⁷ In the nonprofit sector, where mission-driven NPOs potentially face conflicting or bias-motivated agendas, serve community stakeholders, deal with performance outcomes difficult to predict and measure, and regularly find their funding is precarious, it is easy to see that decisions made without judgment informed by leader character can pose existential threats. Boards must ensure that they demonstrate leader character when they undertake their duty of care as a matter of organizational survival.

In contrast, NPO boards that demonstrate leader character tend to be self-reinforcing in using good judgment, since directors that exhibit leader character can bring it out in their fellow directors in a synergistic munificent cycle.¹⁸ A board culture based on leader character facilitates governance behaviors that NPO boards need to follow to protect their missions.

Furthermore, leader character can be developed and taught, so if an NPO board believes some of these characteristics are lacking, it can do something about it.¹⁹ Here again, board members can work together to discuss what behaviors demonstrate leader character in their own context and seek help from the literature or consultants. NPO boards that want to do better, can.

CONCLUSION

In their role as fiduciaries, it is incumbent on NPO boards to ensure that they possess the right mix of instrumental skills. It is equally important that they possess and demonstrate leader character. Research has shown that character can be developed,²⁰ so although it is a resource that current board members should seek when engaging in board-succession planning, it is good practice to nurture character as part of a board's professional development. Boards can and should measure the extent to which character is being displayed in their actions and decisions as part of their regular board-performance evaluations.

Protecting an NPO's mission requires board members to make decisions supported by good judgment. Quite often, given the multifaceted nature of what constitutes mission protection in the nonprofit sector, the decisions that boards face cannot be distilled into a clear outcome. Judgment supported by leader character allows NPO boards to make decisions based on nuances that may go beyond what their instrumental skills may tell them, helping them better focus on protecting their mission. Protecting the mission is the singular purpose of NPO boards, a job in which leader character is essential, rather than nice to have.

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CEO HUMILITY, NARCISSISM & COMPETITIVE ADVANTAGE

Author

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Humble leaders are self-effacing, empathetic, able to recognize the contributions of others, and can admit their mistakes.¹ Hamdi Ulukaya is a humble leader. He immigrated to the US in 1994 from Turkey. In 2005, he founded a company in upstate New York. Ulukaya contracted to buy raw materials locally and hired local people. He provided above-minimum wages, healthcare, and other benefits to full-time employees, started a 401(k) plan, and gave 10% of the company's profits to charity. Since then, Ulukaya has been a prolific philanthropist.² Perhaps because he is self-effacing, his name is unknown, but his company, Chobani, has a worldwide reputation.³

Now, some leaders combine humility and narcissism.^{4,5} Steve Jobs is an example.⁶ He exhibited narcissistic behavior: self-focus (black turtleneck and blue jeans to distinguish himself from suited executives⁷), grandiosity (a super yacht named "Venus"), along with stunning cruelty and lack of empathy toward subordinates, friends, and family.⁸ In justifying his theft of the basic ideas for the Macintosh personal computer from Xerox, Jobs compared himself to Picasso: "Picasso had a saying — 'good artists copy, great artists steal' — and we have always been shameless about stealing great ideas."⁹

According to Alexander Kaufman, writing in the *Huffington Post* (reprinted in *Inc.*):

Until he was fired in 1985, Jobs was known for being extremely demanding on people around him, including then-CEO John Sculley. "That was part of his greatness," William Simon, coauthor of *iCon: Steve Jobs, the Greatest Second Act in the History of Business*, told ABC News in 2011. "But he drove people too hard ... Being gentle was not part of his demeanor." By the time Jobs returned to Apple in 1997, he had learned to balance his leadership style.¹⁰

It is tempting to see two forces at work in this story. Due to his narcissistic tendencies, Jobs was able to take risks, innovate, and indulge in a truly grandiose vision of his place in the world. Yet, due to some degree of humility, he was able to effectively work with people and avoid the narcissistic self-destruction that befell other leaders. A mystery remains. Jobs was either an important but solitary historical figure or an example of a class of visionary leaders who have shaped the future. The purpose of this article is to solve this mystery.

SOME LEADERS COMBINE HUMILITY & NARCISSISM

METHODS

The origin of this investigation was a randomized list of 400 upper-echelon CEOs that had been used in previous research. Beginning at the top of the list, eight trained research assistants collected documents and coded them for CEO humble behavior. The final database consisted of the first 190 CEOs on the list.

Researchers and practitioners typically gain data from students, employees, clients, and lower-level managers using surveys, questionnaires, interviews, observation, formal tests, and focus groups. Acquiring data from upper-echelon leaders such as CEOs is difficult. Standard techniques are usually not available, and leaders are wary of giving out proprietary information that may be used by competitors.¹¹ However, leaders make speeches, give out selected interviews, conduct conference calls, publish press releases, communicate via annual reports, and make use of social media. These materials can be analyzed by content analysis. Content analysis involves two phases: (1) the development of procedures to reliably and validly analyze documents and (2) the actual coding of the materials.¹²

In previous CEO research, trained research assistants and I had developed a list of descriptors of humble CEOs. Using the descriptors, the assistants examined biographical materials on the Internet and collected instances of humble behavior. They coded texts using the items, eliminated some items, and created a 35-item checklist of humble CEO behavior. For this project, a different group of eight research assistants eliminated some items from the original list, collapsed some, and added new items. They prepared an eight-page coding manual with 31 items, item definitions, and examples from Internet documents. A subset of these items appears in Table 1.

The research assistants collected seven or fewer third-party documents for CEOs on the randomized list. These documents did not include CEO interviews and conference calls in the database. We wanted appraisals of CEO behavior from observers, not the CEOs themselves.

Using the coding manual, the research assistants coded the documents. Four students coded one subset of CEOs; the second set of four coded a second subset. That is, four students coded each CEO in their subsample. I found that the coding of one student was unrelated to the coding of other members of the student's team coding the same materials. The data from this student was eliminated.

The result was independent scores for 190 CEOs. I examined the scores for each CEO. In a few cases, scores deviated substantially among coders for the same CEO. Two research assistants then

recorded the scores for these CEOs. Once the coding was finished, the final 31-item scores for each CEO were averaged. CEOs with a total score less than one were labeled *low humility*. CEOs with a humility index between one and 12 were labeled *high humility*.

Using content analysis procedures and Internet materials, I created measures of narcissism, dysfunctional behavior, and entrepreneurial status. Table 2 summarizes the content analysis procedures used.

RESULTS

Eight homogeneous, mutually exclusive groups of CEOs emerged from the data analysis (summarized in Table 3):

1. **Traditional CEOs (low humility, low narcissism, non-entrepreneurs)** — individuals who had worked their way up the ranks of traditional companies, such as ExxonMobil, Valero Energy, Archer Daniels Midland, Johnson & Johnson, Kraft Foods, and Coca-Cola. Four of 46 had been implicated in one or more forms of dysfunctional behavior.
2. **Entrepreneurs (low humility, low narcissism, entrepreneurs)** — included Robert Walter (Cardinal Health), Charles Ergen (Dish Network), Shawn Fanning (Napster), and Chad Hurley (YouTube). Two of seven reputedly had engaged in dysfunctional behavior.
3. **Destructive narcissists (low humility, high narcissism, non-entrepreneurs)** — included Joseph Nacchio (Qwest), Mark Hurd (HP), Brian Krzanich (Intel), and James Cayne (Bear Stearns). Five of the six CEOs in this group had been implicated in dysfunctional behavior, including decisions leading to the demise of their organization, toxic policies, sexual harassment cover-up, conviction on 19 counts of insider trading, and resignation after an affair with an employee.
4. **Destructive entrepreneurs (low humility, high narcissism, entrepreneurs)** — included Kenneth Lay (Enron), Steve Eells (Chipotle), John Rigas (Adelphia), and Travis Kalanick (Uber). Fraud, conspiracy, toxic culture, sexual assault, stealing from the company, and a US \$25 million fine to resolve criminal charges distinguished five of seven entrepreneurs in this group.

ITEM	DEFINITION	EXAMPLES
01	The CEO earns a reasonable salary as compared to employees of his organization (e.g., 12x), or he takes a pay cut.	Edward Rust (State Farm): "While he doesn't draw US \$50,000 a year in salary the way Buffett did for many years, Rust's compensation is modest by insurance industry standards." Herb Kelleher (Southwest Airlines): "I always turned down pay increases, bonus increases, to set a good example for all of our people."
04	The CEO exhibits inspirational charismatic behavior.	Richard Kovacevich (Wells Fargo): "Kovacevich was known for inspiring employees, sometimes resorting to theatrical antics to fire up team spirit."
08	The CEO provides major benefits, such as health/medical insurance and pensions/stock options, to part-time employees. This is a big deal because employers don't have to pay these benefits to part-time workers. Code this only when the CEO provides these benefits to part-time workers. Code benefits separately for workers/employees in general. Code both general benefits and part-time benefits if the CEO provides benefits for both groups.	Howard Schultz (Starbucks): Schultz offers all his employees (including part-time workers) complete healthcare coverage and stock options.
11	The CEO engages in advocacy. Advocacy = support of efforts to change people's minds on social and political issues. This is different from giving to charity or research. The same CEO may do both or only one.	Howard Schultz (Starbucks): "Now he [Schultz] wants Starbucks to be the place where people can get excited about voting again, where people can courteously discuss tough issues such as gun rights and race relations — and where we can elevate citizenship and humanity." Ron Shaich (Panera): Lived on \$4.50 a day for four weeks as an experiment and show of solidarity.
14	The CEO puts others' concerns, safety, or well-being before his own.	Hamdi Ulukaya (Chobani): Made Chobani yogurt without preservatives, artificial flavors, artificial colors, or gelatin and used only milk from cows not treated with growth hormones.
15	The CEO exhibits humility. He prefers to stay below the radar (e.g., declines interviews), does not seek to be the center of attention (e.g., he doesn't seek personal publicity), he is self-deprecating, and doesn't think he is smarter than everyone else.	Herb Kelleher (Southwest Airlines): "Doesn't go to events; prefers to stay under the radar but writes personal notes of appreciation." Sundar Pichai (Google): "He is self-deprecating, empathetic, supportive, and graceful at navigating political minefields."
21	The CEO supports purposes, goals, or a mission that transcends self-interest and company profit. He cites human dignity or the "right thing" to do. The CEO may still try to make a profit. These are statements of transcendent company goals.	Richard Kovacevich (Wells Fargo): "He encouraged Wells Fargo team members across the country to roll up their sleeves and participate in community fundraising campaigns, nonprofit leadership, and community events."
24	The CEO does not lay off employees, furlough them, or cut their pay during difficult times.	Herb Kelleher (Southwest): "We've never had a furlough. We could have made more money if we'd furloughed people during numerous events over the last 40 years, but we never have. We didn't think it was the right thing to do."
25	The CEO has a simple office similar to those below him in the company.	James Sinegal (Costco): His office was a tiny alcove without a door; "the furnishings are literally as fancy as folding chairs."

Table 1. CEO humility coding manual, selected items

VARIABLE	CONSTRUCTION
Humility	Teams of research assistants rated CEO-related Internet documents on a 31-item humility checklist for a sample of 190 upper-echelon male CEOs, which had been randomly selected from a larger set of CEOs (see Table 1). CEOs with a total score of less than one were labeled <i>low humility</i> . CEOs with a humility index between one and 12 were labeled <i>high humility</i> .
Narcissism	I created five narcissism scales from Internet materials: citations in academic, business, and popular press; sexual affairs; and grandiose behavior (e.g., yachts, mansions, jets, expensive cars); citations by Michael Maccoby (<i>Harvard Business Review</i>); ¹ and citations by Eric Jackson (<i>Forbes</i>). ² CEOs with a total score of zero to two were labeled non-narcissistic. Narcissistic CEOs were those with a total score between three and 15.
Dysfunctional behavior	This measure included instances of fraud, crime, corruption, bribery, toxic culture and leadership, forced resignation, firing by the board of directors, sexual affairs, cover-ups, scandals, misleading of investors, and firm bankruptcy.
CEO entrepreneurial status	Entrepreneurial status has an impact on firm performance and competitive advantage in two ways. Entrepreneurs have substantial discretion in matters of organizational design, selection, hiring, and strategy. Individuals who become CEOs of existing organizations have limited discretion. Further, individuals who found organizations are fundamentally different from those who become leaders of established organizations. Entrepreneurship is linked to a high need for achievement, which involves unique accomplishment, long-term involvement, and high standards for self and others. ³ I classified each of the 190 CEOs as <i>non-entrepreneur</i> (had not founded an organization) or <i>entrepreneur</i> (had founded or cofounded one or more organizations).

¹Maccoby, Michael. "Narcissistic Leaders: The Incredible Pros, the Inevitable Cons." *Harvard Business Review*, January 2004.

²Jackson, Eric. "The Top 25 Most Narcissistic CEOs in Tech." *Forbes*, 16 September 2013.

³McClelland, David. "Characteristics of Successful Entrepreneurs." *The Journal of Creative Behavior*, Vol. 21, No. 3, 1987.

Table 2. Content analysis of Internet materials

5. Humble CEOs (high humility, low narcissism, non-entrepreneurs) — included CEOs such as Richard Kovacevich (Wells Fargo), Sundar Pichai (Google), Samuel Palmisano (IBM), Edward Rust (State Farm), Alan Mulally (Ford), Craig Jelinek (Costco), and Doug Conant (Campbell Soup Company). These CEOs differed from traditional CEOs. Only one of 63 had been involved in dysfunctional behavior, and all exhibited a considerable degree of humble leadership. Mulally is a good example. According to a *Forbes* article, "Mulally does not believe in top-down control when it comes to the culture of the organization. Coaching, facilitating, and leading with humility, love, and service are table stakes for him."¹³ Conant, former CEO and president of Campbell Soup Company, is another example. According to Christine Porath and Conant, writing in *Harvard Business Review*, "The best way to truly win the hearts and minds of people, and generate huge returns for your organization and its stakeholders, is by leading with civility. This means spending a *considerable* amount of effort acknowledging people's contributions, listening better, respecting others' time, and making people feel valued."¹⁴

6. Humble entrepreneurs (high humility, low narcissism, entrepreneurs) — included James Sinegal (Costco), James Goodnight (SAS Institute), Ulukaya (Chobani), Frederick Smith (FedEx), Tony Hsieh (Zappos), Richard Campo (Camden Property Trust), and John Mackey (Whole Foods). Seven traits typify these humble entrepreneurs:

- 1. Modest lifestyle.** I found no Internet references to extravagant lifestyle, such as private jets, yachts, expensive clothes, or private art collections. However, there were descriptions of modest lifestyles. According to Business Insider, Sinegal's clothes came from Costco. His office was a "tiny alcove without a door; the furnishings are literally as fancy as folding chairs ... Sinegal even answered his own phone instead of employing a secretary to do it."¹⁵
- 2. Relatively modest compensation.** Sinegal stated that a CEO should earn roughly 12 times the salary of the average employee. His base salary at Costco was \$350,000.¹⁶ According to Celebrity Net Worth, Sinegal's total compensation in 2010 was about \$3.5

HUMILITY	NARCISSISM	ENTREPRENEURIAL STATUS	CEO GROUP LABEL	EXAMPLES	DYSFUNCTIONAL BEHAVIOR (NO. OF CEOs)
Low	Low	Non-entrepreneurs	Traditional CEOs	<ul style="list-style-type: none"> • Lee Raymond, ExxonMobil • William Klesse, Valero Energy • G. Allen Andreas, Jr., Archer Daniels Midland • William Weldon, Johnson & Johnson 	4 of 46
		Entrepreneurs	Entrepreneurs	<ul style="list-style-type: none"> • Robert Walter, Cardinal Health • Charles Ergen, Dish Network • Shawn Fanning, Napster • Chad Hurley, YouTube 	2 of 7
	High	Non-entrepreneurs	Destructive narcissists	<ul style="list-style-type: none"> • Joseph Nacchio, Qwest • Mark Hurd, HP • Brian Krzanich, Intel 	5 of 6
		Entrepreneurs	Destructive entrepreneurs	<ul style="list-style-type: none"> • Kenneth Lay, Enron • Steve Eells, Chipotle • John Rigas, Adelphia 	5 of 7
High	Low	Non-entrepreneurs	Humble CEOs	<ul style="list-style-type: none"> • Richard Kovacevich, Wells Fargo • Sundar Pichai, Google • Samuel Palmisano, IBM • Edward Rust, State Farm 	1 of 63
		Entrepreneurs	Humble entrepreneurs	<ul style="list-style-type: none"> • James Sinegal, Costco • James Goodnight, SAS Institute • Hamdi Ulukaya, Chobani • Frederick Smith, FedEx 	0 of 24
	High	Non-entrepreneurs	Productive narcissists	<ul style="list-style-type: none"> • Eric Schmidt, Google • Lloyd Blankfein, Goldman Sachs • Tim Armstrong, AOL • Marcelo Claure, Softbank 	3 of 11
		Entrepreneurs	Paradoxical entrepreneurs	<ul style="list-style-type: none"> • Bill Gates, Microsoft • Jeff Bezos, Amazon • Steve Jobs, Apple • Elon Musk, Tesla/SpaceX 	16 of 26

Table 3. Eight groups of upper-echelon CEOs

million, including base salary, bonuses, and stock options.¹⁷ By comparison, according to the Economic Policy Institute, “Average top CEO compensation was \$15.6 million in 2021, up 9.8% since 2020. In 2021, the ratio of CEO-to-typical-worker compensation was 399-to-1 under the realized measure of CEO pay; that is up from 366-to-1 in 2020 and a big increase from 20-to-1 in 1965 and 59-to-1 in 1989.”¹⁸

3. *Humble leadership style.* Empowerment, autonomy, decentralized decision-making, and consultation with employees were typical.
4. *Humble philanthropy.* These entrepreneurs often made anonymous and substantial contributions to entities like the Cary Academy, the Downtown Project, and the Marine Corps Scholarship Foundation. They focused their philanthropic efforts on “lesser” organizations and on social welfare projects such as disaster relief.^{19,20}
5. *Impeccable business practices.* The number of humble entrepreneurs involved in dysfunctional behavior was zero of 24, in contrast to dysfunctional behavior rate of destructive narcissists and destructive entrepreneurs (10 of 13).
6. *People-oriented organizational practices.* Sinegal’s business strategy was to take care of the employees so the employees would take care of the customers.²¹ Goodnight cofounded SAS Institute in 1976.

SAS campuses include vacation and volunteer time off, unlimited sick leave, a free healthcare center, subsidized childcare, subsidized cafes, a fitness center, and a hair salon.²²

7. *Global impact.* Humble entrepreneurs have created longstanding, successful global companies, such as Costco, SAS Institute, Chobani, FedEx, and Whole Foods.

7. Productive narcissists (high humility, high narcissism, non-entrepreneurs) — non-founders who paradoxically combined humility and narcissism, such as Eric Schmidt (Google), Lloyd Blankfein (Goldman Sachs), Tim Armstrong (AOL), Marcelo Claure (Softbank), Mike Armstrong (AT&T), Jack Welch (General Electric), John Chambers (Cisco), and Tim Cook (Apple). These CEOs shared narcissists’ grandiosity (mansions, yachts, private jets, media), but only three of 11 had been implicated in dysfunctional behavior. They have appeared in accounts of best CEOs.^{23,24}

8. Paradoxical entrepreneurs (high humility, high narcissism, entrepreneurs) — founders who paradoxically combined humility and narcissism. Five characteristics identify them:

1. *Extravagant lifestyle.* Paradoxical narcissists displayed an astounding level of material wealth: yachts and super yachts, mansions and mega mansions, private jets, private islands, “movie-star lifestyle,” luxury items such as Rolex watches and Armani suits, and private art collections.
2. *Astronomical compensation.* These CEOs received stunning annual total compensations. Former Oracle CEO Larry Ellison earned \$1.84 billion over the course of a decade.²⁵
3. *Prestige-focused philanthropy.* Philanthropy included self-named foundations (Bill & Melinda Gates Foundation, Chan Zuckerberg Initiative), donations to prestigious organizations such as universities (endowments, named buildings, endowed professorships), hospitals, and medical schools. Prestigious organizations have developed a symbiotic relationship with narcissists. Harvard offered to rename its medical school for \$1 billion.²⁶ A prestigious art museum lists prominent donors prominently in the front lobby, famous works of art are usually displayed with



the name of the donor, and galleries may be named for patrons. Anonymous rarely makes an appearance in an art museum.

4. *Questionable business practices.* Sixteen of 26 paradoxical entrepreneurs in the sample had been implicated on US Securities and Exchange Commission (SEC) fraud charges, racketeering lawsuits, accounting fraud, insider-trading accusations, bribery charges, toxic work culture, sexual affairs, a sexual harassment cover-up, and a variety of other scandals. Paradoxical entrepreneurs differed from destructive narcissists in two regards: (1) none had been responsible for the bankruptcy or demise of their organization, and (2) none had served time in prison for business crimes.

NARCISSISM IN THE ABSENCE OF HUMILITY LEADS TO DYSFUNCTIONAL LEADER BEHAVIOR & FIRM DISADVANTAGE

5. *Global impact.* Paradoxical entrepreneurs have transformed the world. In 2022, the so-called FAANG companies (Facebook, Amazon, Apple, Netflix, and Google) had a combined market cap of \$7 trillion and constituted 19% of the S&P 500.²⁷ Paradoxical entrepreneurs (co)founded and led all five of the FAANG companies (Facebook/Zuckerberg, Amazon/Bezos, Apple/Jobs, Netflix/Hastings, Google/Brin). Other paradoxical entrepreneurs included Elon Musk (Tesla, SpaceX), Michael Dell (Dell), Steve Case (AOL), Ralph Lauren (Ralph Lauren Corporation), Mark Cuban (Mavericks), Rupert Murdoch (News Corp), Pierre Omidyar (eBay), Herb Kelleher (Southwest Airlines), Howard Schultz (Starbucks), Bill Gates (Microsoft), Richard Branson (Virgin Group), and Ellison (Oracle).

CONCLUSION

This article explored the behavior and consequences of leader humility and narcissism.

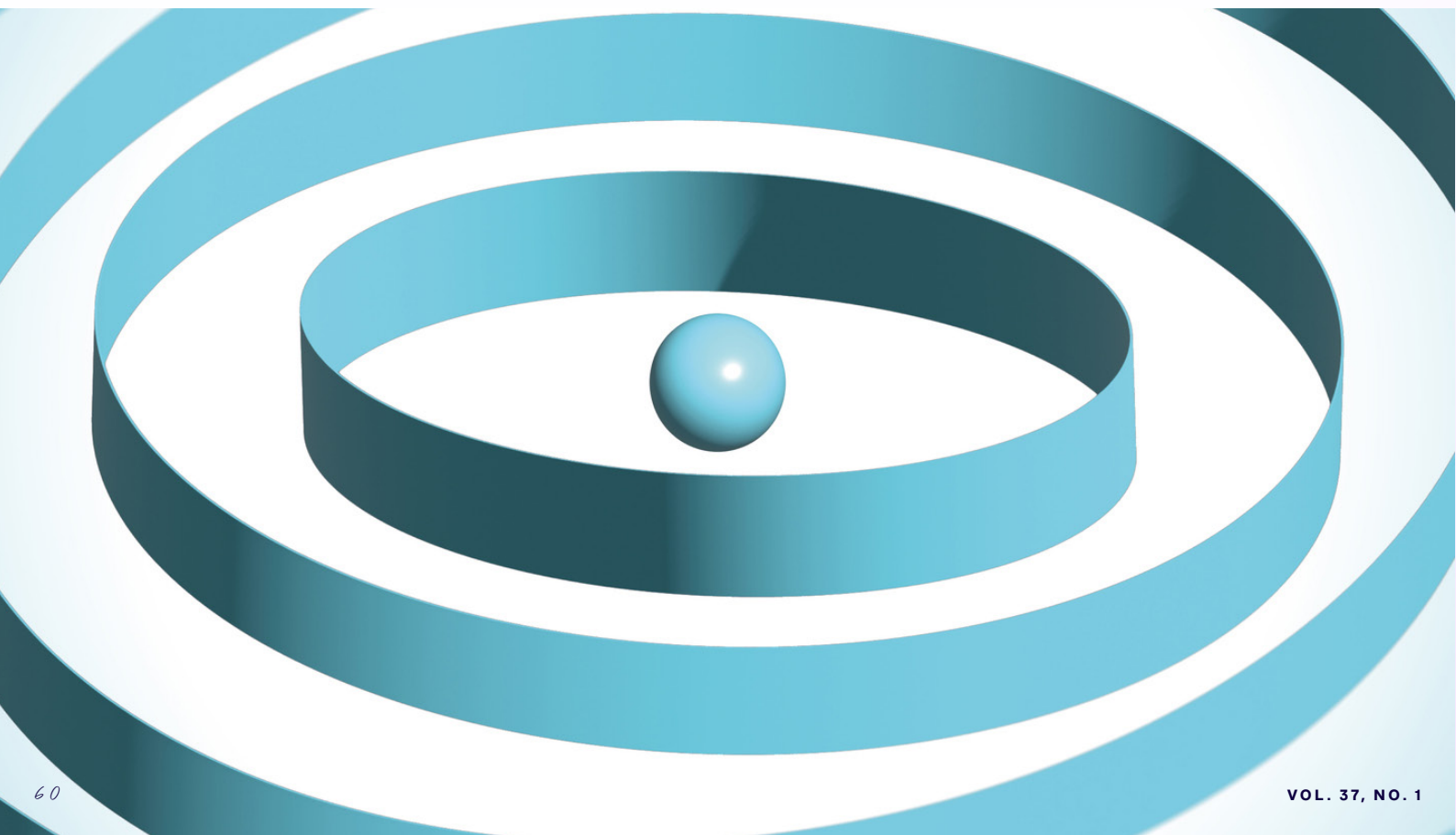
Humility has a profound positive impact on leader behavior and firm competitive advantage. Humble CEOs and humble entrepreneurs exhibit a modest lifestyle, relatively modest compensation, humble leadership style, humble philanthropy, impeccable business practices, people-oriented organizational practices, and global impact.

Narcissism in the absence of humility leads to dysfunctional leader behavior and firm disadvantage. There is some debate about the effectiveness of narcissistic leaders. One view is that narcissists constitute a single group. They are either productive, destructive, or perhaps both simultaneously or sequentially. Michael Maccoby viewed narcissists as a single set of leaders with positive and negative potential, the “incredible pros,” and the “inevitable cons.”²⁸ These arguments rest on the fallacious assumption that there is a single type of narcissist. It is much more likely that there are several homogeneous and predictable groups of narcissists. Humility together with narcissism has a profound and complex impact on leader behavior and firm competitive advantage. Paradoxical entrepreneurs (and, to a lesser extent, productive narcissists) exhibit extravagant lifestyles, astronomical compensation, prestige-focused philanthropy, and questionable business practices. They differ from the classical narcissist such as Lay in two ways. Humility is associated with a dramatically reduced frequency and severity of dysfunctional behavior among high-humility narcissist groups compared with identical low-humility narcissists. Most significantly, Jobs and his peers have created advanced, technology-based companies that have transformed the world.

This study provides an answer to the mystery of Jobs. He was not a solitary genius but a member of a large fraternity of powerful innovators who combined narcissism and humility.

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