

MANAGERS AND THEIR MORALDNA.

Better Values, Better Business.

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MORALDNA™



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CONTENTS

1. Forewords	4-5
Ann Francke & Robin Field-Smith	
2. Introduction	6
3. Key Insights	7
4. About the research	8
4.1 What is MoralDNA™?	
4.2 Our ethical perspectives	
4.3 The ten moral values	
5. The Insights	10
5.1 The MoralDNA of managers	
5.2 Diversity shapes the moral reasoning of managers	
5.3 Managers suppress their humanity and become more robotic when they are at work	
5.4 Leadership styles	
6. Conclusions	19
7. Recommendations for action	20
8. Additional resources	22

1. FOREWORDS

“We have to stop
blindly following rules,
and start caring”



Ann Francke

Let's be honest. Too many people – employees and members of the wider public – don't trust managers. Business leaders score lowly in indexes of public trust. Too few employees are engaged in their work, and too many are sceptical about their bosses' competence and honesty. As our short paper “Managers and the moral maze” showed last September, 80% of employees don't think their manager sets a good example.

A big part of the reason has been the perception – and the reality – of skewed priorities. It's been fuelled by City scandals over mis-sold debt, PPI and rate fixing, and by crises in the NHS and the police. Perverse incentives and misguided targets have driven behaviour that destroys value, instead of creating it. Ethical standards have been trampled on.

So do ethics matter to managers today?

Simply put, they must. Ethical standards are at the heart of every profession and management is no different. Without the trust of their customers or employees, organisations quickly flounder.

Of course many – if not most – managers have deeply held moral beliefs and work ethically day in, day out. Two-thirds of them *want* to be seen as ethical, as “Managers and the moral maze” found. This report isn't about how many are or aren't 'ethical', but it is about the vital question of *how* managers think about ethical matters. It warns that managers' mindsets change significantly between home and work. It offers some great insights about the unintended effects of rules and regulations. And it suggests that diverse perspectives will result in better decisions.

Every manager, whatever their role and responsibilities, has a professional duty to think about their ethics. This research has a strong message at its heart. We have to stop blindly following rules, and start caring about the impact of our actions on others.

This report is a great starting point for thinking about these vitally important issues.

Ann Francke CCMi FIC CMgr
Chief Executive, CMI

“The findings encourage us all to spend some time looking at ourselves”



Robin Field-Smith

This report is published with ethics in the headlines: in banking, the press, the health service and the criminal justice system, to name but a few.

For too long the focus for leaders and managers has been on actions: what they *do* to achieve results, whether in sales, services or care. We need to shift our view to what leaders and managers *are* and how they think: their personalities, beliefs and attitudes, which have such an important influence on their behaviour towards those around them.

The research results explained here show how our personal ethical stance and key aspects of our individual make-up impact on those we lead and manage, for better or worse. Its findings should, and must, encourage us all to spend some time looking at ourselves, before we say or do anything.

We must not forget that it is not only the fish we should care for, but the fish tank¹ in which they live. Organisations have the power to clean that fish tank and to reshape it when needed. That will be the focus of a second report later this year, examining how a strong ethical culture can be developed within organisations, and how leaders can influence others to improve performance.

Until then, it is my hope that this report will help individuals in positions of responsibility to change themselves for the better. This will improve staff morale and engagement, productivity, and customer satisfaction.

It has been my pleasure to chair the Advisory Group for this project, brought together to offer a wide range of experience and to be as inclusive as practically possible. I thank my colleagues for the time they have given to be critically supportive, and for the insights they added.

Whatever your sector and whatever your role, the insights and recommendations contained in this report are well worth embracing.

Robin Field-Smith CCMi CMgr

Chair of the Ethics Research Advisory Group

¹ More information about Bill Tate's fish tank metaphor can be found here:
<https://www.beds.ac.uk/research/bmri/centres/cli/fellows/bill-tate>

2. INTRODUCTION

Unethical behaviour hurts people in every walk of life. Hospital patients suffer and die, customers are ripped off, investors see their savings destroyed and people lose their jobs, their homes and their self-respect.

We do not face a crisis of politics, of religion or of economics; we face a crisis of ethics. And our responses to wrong-doing are not only failing, they are making matters worse. Adding more rules and regulations to the thousands already in place increases bureaucracy and complexity without fixing the underlying challenges. We need fewer rules but we need to enforce them properly. Even more importantly, we need to improve our ability to stop and think about how we can make better decisions using our heads and our hearts as well as our respect for the law.

The leadership qualities of managers are crucial to improving our thinking and behaviours at work. Managers need to shape the true purpose of their workplaces, which is to serve others: customers, patients, shareholders and fellow citizens. They need to think deeply about the values that will guide the decisions they make that impact all these stakeholders. They must become more mindful of how they think, what their strengths are and what they need to think twice about. And they must lead by example, engaging their

colleagues in debate and constructive dissent, rather than impose the dictatorship of fear that puts hospital patients at risk or colludes in the systematic fraud of PPI.

The findings of this research are not prescriptive. We are not saying that some groups are more or less ethical than others. Instead, these findings are descriptive. Using proven statistical techniques we are able to show significant links between ethical perspectives and various aspects of our humanity ranging from gender and age, to politics and religion. In our second report – to be published later in 2014 – we will explore the links between the “MoralDNA” of managers and the performance and sustainability of their organisations.

We hope that this research will stimulate debate about the role of ethics in management and leadership. We also hope it will prompt changes in how managers and leaders think about their own ethical behaviour and the risks that come with workplace cultures in which people work in a robotically compliant way. And finally, we hope it encourages managers and leaders to use heart as well as head in deciding how to do the right thing.

3. KEY INSIGHTS

Managers are more likely than most to be lacking in empathy.

Managers' moral make-up is different from that of the general population, with a substantially greater percentage (28%) at risk of lacking empathy when making decisions. This means they may fail to consider the impact of their choices on the wellbeing and interests of groups like customers, stakeholders and staff.

Managers become more robotic and less caring at work.

There's a significant difference between people's ethics at home and at work. On average, managers are 4% more compliant with rules and 5% less caring in their ethical decision-making at work than in their personal lives. This effect is not unique to managers: it's reflected across the entire 100,000+ MoralDNA database. But it suggests that too many people switch off their humanity at work and prefer to follow orders.

With age comes reason, and with maturity many more mavericks.

Managers' approaches to ethics change as they get older. Managers in their 50s score 27% lower on obedience and 12% higher on reason compared to their 20-something colleagues. It looks like age brings the lessons of life and the wisdom of experience into the equation. It also builds confidence. Older managers are far less likely to simply obey the rules.

With seniority comes wisdom, courage to challenge rules, but considerably less humility.

The findings also show that management seniority is linked with differences in ethical outlook. Senior managers score 6% higher on rationality and 15% lower on obedience at work than more junior managers. Senior managers are also more trustworthy, courageous, hopeful, wise and honest, but lack humility.

Do we care? Women and men have different ethical preferences.

On average, female managers score 5% higher than men on the ethic of care at work. This means diversity matters. If you want decision-making to be balanced and to fully reflect the potential impact on people – employees, customers and others – the ethic of care needs to be fully acknowledged. Why do the leaders of so many major organisations seem not to care?

Religious faith affects ethical decisions...

Managers with a religious faith – any religious faith – reported higher scores across all three ethical preferences, both at work (an average of 8% higher) and at home (11%). With regard to moral values, religious managers scored significantly higher on the values of love and honesty – both 8% higher than non-religious managers.

...as do political attitudes.

As we move from left to right in the political spectrum we find people with a higher ethic of obedience at work (11%) and at home (13%). Right-wing respondents also score higher on the ethic of reason (5% and 6% respectively). However, compared to their left-wing counterparts they score 11% lower on care. This is not to say that those on the left are disobedient and irrational, or that right-leaning people don't care; it merely highlights that balance is key in order to look at issues from different angles and decide what's best in that particular situation.

4. ABOUT THE RESEARCH

The summary that follows is based on research conducted by moral philosopher Professor Roger Steare, psychologist Pavlos Stamboulides and leadership consultant Peter Neville Lewis on behalf of CMI in November-December 2013. During the course of the research they regularly consulted with the Ethics Research Advisory Group, which provided a sounding board throughout the process.

1,533 CMI members across private, public and not-for-profit sectors completed an adapted version of the online MoralDNA™ profile². Originally designed by Steare and Stamboulides, the MoralDNA tool was adapted for this research through the addition of questions relating to respondents' experience as professional managers. These included questions on the performance of the respondent's employer, and on the dominant leadership style within the organisation as defined by psychologist Daniel Goleman.³

This is the first of two closely related reports based on that research. It covers observations related to respondents' personal characteristics, examining how they prefer to make ethical decisions and the values which drive those decisions. It looks at the differences between managers and non-managers; between how

managers behave in work, and outside it; and between different individuals within the management profession.

It also incorporates observations from a series of semi-structured telephone interviews undertaken with seven managers working in different contexts. We asked these volunteers to reflect on some of the issues raised by our survey, and their comments are included throughout.

4.1 WHAT IS MoralDNA™?

MoralDNA is an online psychometric profile that measures two aspects of human morality:

1. How we prefer to make moral decisions.

2. What moral values we prefer to consider when doing so.

MoralDNA does not make positive or negative value judgements and is descriptive rather than prescriptive. This means that no particular outcome is 'better' or 'worse' than any other outcome; it merely shows differences and similarities between measures.

It is built around three ethical decision-making philosophies and ten moral values. These are based on those

that have been described by moral philosophers and within religious faiths over the last 5,000 years and by psychologists over the last century.

The construction of MoralDNA is based on this accumulated wisdom and research. We have gathered over 100,000 profiles, completed by people in over 200 countries working across every major occupation. This sample provides a basis for comparison with the CMI survey.

MoralDNA also allows us to distinguish between how we prefer to make ethical decisions both in our personal lives and at work. The evidence suggests substantial differences.

For more information about MoralDNA and the statistical analysis used in the research we refer to the Appendices.

² MoralDNA™ is a trade mark of Roger Steare Consulting Limited

³ Leadership that gets results, Goleman, D., Harvard Business Review, March-April 2000, pp 76-90

4.2 OUR ETHICAL PERSPECTIVES

We have three ethical perspectives when making decisions: obedience (law), care (love) and reason (logic). Each is important. They do however vary between individuals and group, and some variation is to be expected according to cultural and environmental contexts.



1. The Ethic of Obedience – ‘Law’

Moral decisions are based on obeying or disobeying instructions and predicting the likely consequences in terms of discovery, reward or punishment. This sense of ethics is developed in children as early as the age of four. It is primarily a self-serving decision process, and a very simplistic one. In today’s workplace, the ethic of obedience is driven by laws, rules and regulations – and as such it risks overwhelming the individual while removing from them the requirement to think about their actions and to take any moral decisions themselves.

2. The Ethic of Care – ‘Love’

This ethic is based on our experience and expectation that well-being, both for the individual and for the group, will result from making decisions based on empathy. We argue that the Ethic of Care is crucial to the sustainability of any human community. It is crucial to real engagement with all stakeholders in any enterprise and in economic terms, it is crucial to the fair distribution of scarce resources. However, our evidence strongly suggests that the Ethic of Care is widely suppressed or ignored in the corporate workplace.

3. The Ethic of Reason – ‘Logic’

Moral decisions are based on critical reasoning by the individual, following moral principles to make the right choice based irrespective of the rules or the consequences. And the more that people blindly comply with rules, the less they will think about their actions.

MoralDNA measures people’s preferences in terms of these three ethics, which will be used throughout the report.

4.3 THE TEN MORAL VALUES

The three ethical preferences explored by MoralDNA provide a good model for the process of ethical decision-making.

However, it has been argued by many philosophers and psychologists that moral values are the drivers of these ethical preferences.

MoralDNA examines the influence of a set of ten moral values. These values provide a more detailed insight into the moral composition of a specific individual. The choice of these values is based on both academic research and practical experience working on ethical decision-making within organisations.

THE TEN VALUES	
WISDOM	I think through my decisions carefully
FAIRNESS	I treat others fairly and with respect
COURAGE	I stand up for my beliefs and do what’s right
SELF CONTROL	I am patient and self-disciplined
TRUST	I encourage others to be positive
HOPE	I treat others fairly and with respect
HUMILITY	I am less important than the team
LOVE	I am empathic and care about other people
HONESTY	I speak the truth and encourage others to be open
EXCELLENCE	I try to do my best in everything I do

5. THE INSIGHTS

5.1 THE MoralDNA OF MANAGERS

Are you a philosopher, an angel or an enforcer?

Those who complete the MoralDNA survey are identified as one of six character types based on their preferences for the ethics of obedience, care and reason as indicated in the survey. None of the characters are better than others; they merely display certain preferences when making ethical decisions.



Philosophers are good at solving difficult or complex dilemmas, but will break the rules if they believe a higher principle is at stake. They ask “What would be the honest or courageous thing to do?” They may sometimes lack empathy for others when making rational decisions. *28% of managers surveyed are Philosophers compared with 17% of the general adult population.*



Judges are good at solving really challenging dilemmas, but could lack empathy with others in making those tough calls. They ask: “What would be the fair thing to do?” They may sometimes bend the rules if they believe a higher principle is at stake. *24% of managers surveyed are Judges compared with 15% of the general population.*



Angels are lovely people and great to have as friends. They really care about other people. They ask: “What would build trust and respect?” But they will break the rules if a higher principle is at stake and they may sometimes give people the benefit of the doubt. *9% of managers surveyed are Angels compared with 18% of the general population.*



Teachers are caring people on whom you can rely to do what’s right. They believe that what’s right for humanity is the right thing to do. However they may fail to consider other moral principles and can break the rules if they think they know best, which is most of the time! *5% of managers surveyed are Teachers compared with 18% of the general adult population.*



Enforcers remind everyone about their duty to obey the law. If the rules don’t tell us what’s right, then they’ll think of the principle or spirit behind it. However they may appear cold lack empathy for others and may sometimes forget that it’s the principle that counts, not the letter of the law. *22% of managers surveyed are Enforcers, compared with 15% of the general adult population.*



Guardians protect us and tell us off for our own sake. They believe that life would be better for everyone if people just did as they were told. However they may fail to consider important principles such as freedom and trust and may not consider other people’s feelings. *11% of managers surveyed are Guardians compared with 17% of the general adult population.*

These results show that managers’ moral make up is different from that of the general population, with higher numbers of Enforcers, Judges and Philosophers and much smaller proportions of Angels, Teachers and Guardians. As a result, there are significantly more people in management roles (+28%) who lack empathy when making decisions, failing to consider the impact of their choices on the wellbeing and interests of groups like customers, stakeholders and staff. Conversely, there are less than half as many people managing who have a strong ethic of care (14% of managers compared to 36% of the general population).



5.2 DIVERSITY SHAPES THE MORAL REASONING OF MANAGERS

Our observations show how the following differences each influence our MoralDNA:

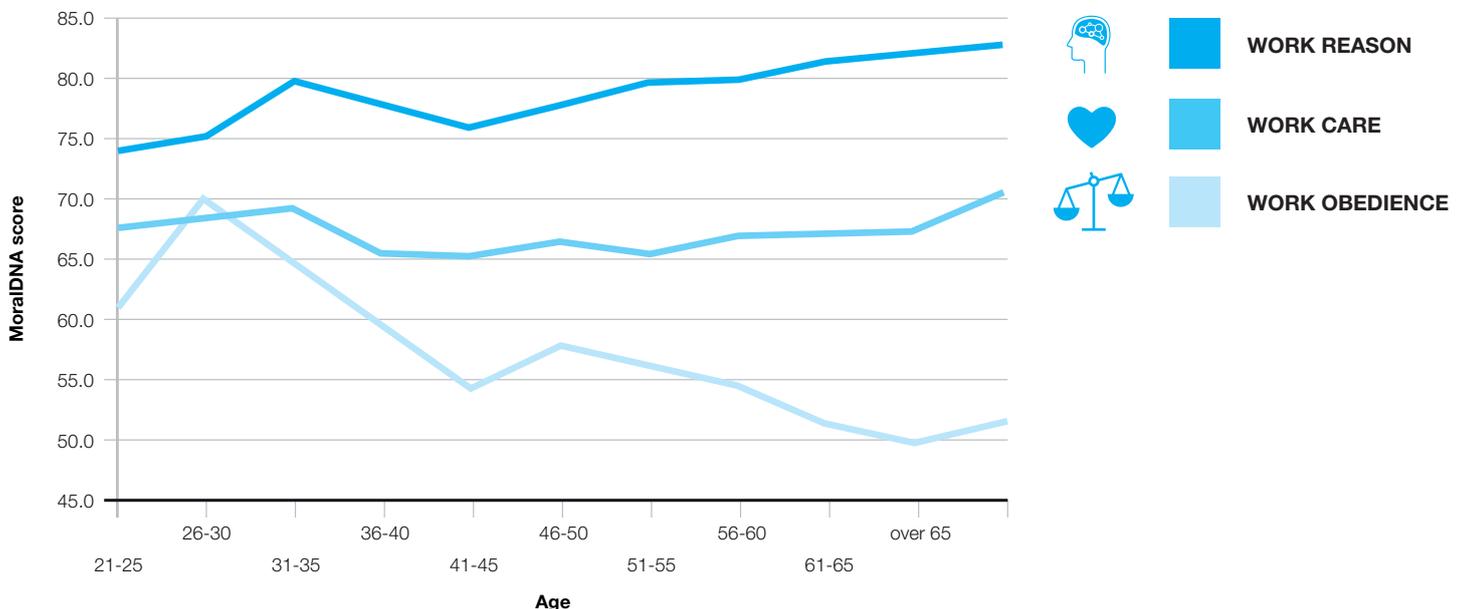
- Age
- Gender
- Management seniority
- Religion
- Politics

AGE

Do leopards change their spots? Does age make a difference? Yes, and in a very significant way. The older we get, the less compliant we become. The gradual drop in the ethic of obedience at work from the age of 26-30 to those over 65 is about 27%. People at work stop and think for themselves more as they get older: the ethic of reason increases through the different age groups, a total increase of about 10%. Equally, the same pattern is evident in ethics in personal life.

This trend is also predicted by other models of ethical development so these differences are mostly attributed to aging – not to differences between generations. Evidently, with age comes experience, self-confidence and most likely also empowerment. A junior person may well lack the autonomy or experience in their job to choose anything other than what their job description says. An older person is, probably by virtue of wisdom and experience, better able to justify such a decision. These themes were further explored in our interviews.

THE EFFECT OF AGE ON THE THREE ETHICS AT WORK



Personal Perspectives

The finding that obedience decreases as one's age increases was echoed in our interviews by an experienced employee in the education sector:

"Age has an influence on the way you make decisions, because I think that you learn as you grow within a role or an organisation or a career. The more you see, the more you make decisions about what you approve of and what you don't, and how you think something should be handled, and how you might do that differently in the future. By definition you've had more time to learn because you're older, and [...] it's the life experience that give you more to draw on when you come to make decisions yourself. You can think: 'In this situation this is the best way forward because this will benefit both the business and the HR aspect.'"

Others agreed. As Deborah Parkinson, Executive Assistant and Office Manager at BAE Systems, put it:

"Experience gives you confidence to challenge things that you wouldn't have done ten or fifteen years ago."

The impact of changes in managers' personal situations upon their decisions at work as they grow older was also illustrated vividly by the managers we interviewed.

"I have had different pressures on me at different points in my life, and I could see myself making different decisions. If I think back to when I was younger, when I had a big mortgage and two children at home, my sole focus during that period was providing for them. If you'd asked me to do something at work and if I didn't do it, it would threaten my job, I would have done it. I don't think there would have been a shadow of doubt that I would have protected my family rather than lose my job."

Now, I'm in a different position. I'm academically well-qualified, I feel comfortable in my role, I've got relatively less financial pressures, and I would feel much more able to resist an organisational pressure and say, 'No, I'm not doing that.'"

(Dr Kevin Roe, Senior Lecturer – Human Resource Management, Anglia Ruskin University)

Some managers observed that it is not only people's levels of obedience that can change, it can also be the very definition of ethical behaviour itself:

"The business world is changing so fast that the definition of ethical behaviour is constantly evolving. What it means now may be different to what it meant a couple of years ago. ... The work place has five different generations all working together, for example, there are veterans, babyboomers, Generations X and Y, including generation Z in the future. What may be ethical for one generation might not be ethical for another, so it's important for an organisation to define those boundaries to ensure consistency across the organisation. The ethical message needs to be tailored to each generation's perspective of ethical behaviour in a way that they understand."

(Jamie Lyons, Head of HR, Hightown Praetorian & Churches Housing Association)

Sometimes though, it was observed, age can have a negative influence on people's engagement with the issues facing the organisation:

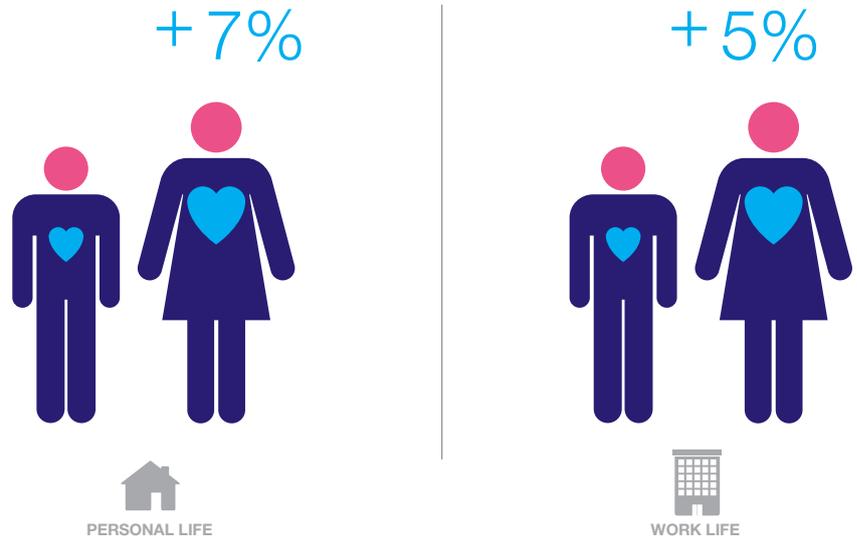
"I have seen people stop caring as they get older, they're just waiting to retire. Then decision-making becomes about having an easy life for themselves, and that becomes the top priority, rather than anything to do with the team or the business."

(Female senior education employee)

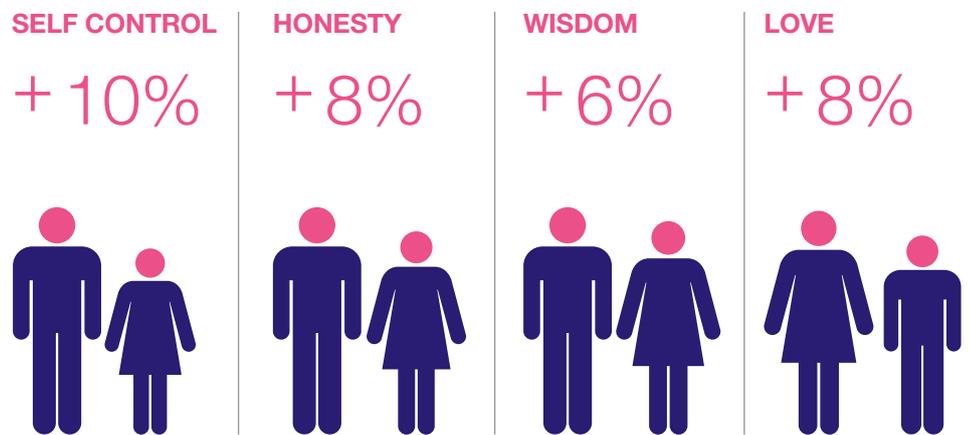
GENDER

It has been said that “men are from Mars and women are from Venus” and this is certainly true for the ethical profile of male and female managers. Women score significantly higher on the ethic of care compared with men (7% mean difference in personal life and 5% at work).

Men score significantly higher than women on self-control (10% more), wisdom (6%) and honesty (8%); but women score significantly higher on love (8%).



WHO STANDS TALLER?



Personal Perspectives

Our interviewees recognised the fundamental differences between men and women – and how a successful company needs both in order to sustain its success. Jamie Lyons, Head of HR in the housing sector, has experience with gender imbalance:

“Previously I have worked with both all-female and all-male teams. In my opinion, having an imbalance of one gender affects levels of productivity, innovation and engagement in the organisation. This also has an impact on recruitment because any new staff that are recruited will often take on the existing staff profile, for example the dominant gender, where everyone thinks the same. An equal balance of males and females creates a hormone balance for both genders to be productive and successful. The most successful companies around the world seem to invest a lot of resources and money in creating gender balanced teams because they understand the effect it has on increasing the profit margin.”

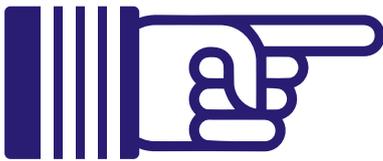
Chris Bennett, Senior Operations Manager at Tata Steel Projects, says that having “the best of both worlds” produces better outcomes:

“I have experience with all-male boards – most of my working life. They tend to be very focused on task and delivery, whereas later in my working life I have experienced mixed boards, which deliver a better result because they offer the best of both worlds and ultimately better outcomes. The male style is macho, driving, single-minded, pushes teams harder. The female style is more inclusive, caring and forgiving.”

MANAGEMENT SENIORITY

Seniority gives a more complex picture. With greater responsibility come higher scores on the ethic of reason (senior managers scoring 6% higher than junior ones) and lower scores on obedience (15% less).

In terms of values, seniority is positively linked to trust (7% more), courage (6%), hope (8%) wisdom (8%) and honesty (6%); but negatively linked to humility (14% less). It seems that higher seniority levels enable managers to make more decisions based on their own reasoning skills, relying less on rules, hence the higher numbers for most values with the exception of humility.



+ 7%
REASON

+ 6%
COURAGE

+ 8%
HOPE

+ 8%
WISDOM

+ 6%
HONESTY



- 15%
OBEDIENCE

- 14%
HUMILITY

Personal Perspectives

The finding that the ethic of reason becomes stronger with increasing seniority came out clearly in the interviews.

"When you've got more professional experience, you've got good and bad examples and often a number of each, so you can draw on that and think, 'in this situation this is the best way forward because it will be of most benefit, or will deal with both the business aspect and the HR aspect.'"

(Senior female manager in the education sector)

Others say that with seniority and experience come different professional priorities. Chris Bennett says:

"I think my understanding of caring for people has grown as I've become more responsible for people. I thought less about caring for people when I was younger, because in my younger days I didn't have teams of people to look after. I was part of a team, so therefore somebody looked after me. As I became more senior I became more aware of the importance of leading ethically."

I think early on in my career when I first started to come across situations where people challenged the ethics and operations of the company, your first challenge is difficult, but the more you challenge the easier it gets."

Some suggested that senior leaders and managers need to lead by example if the environment is to be or become an ethical and inclusive one:

"The values have to be lived by the senior management within the organisation. The role of strategic leadership and how they have to role model the behaviours that they want to see is very interesting."

(Kevin Roe, Senior Lecturer at Anglia Ruskin University)

Leading by example means active involvement to get the message across.

"To convince people that ethical management is good for business, employees would need to witness a transparent behaviour from the top leading down. This could be demonstrated via internal communications but more importantly line managers' conduct would play a major role in 'leading by example'."

(Deborah Parkinson, Executive Assistant and Office Manager at BAE Systems)

This will ensure that an open and ethical environment becomes ingrained in the organisation's way of doing things:

"I've no doubt that this [ethical behaviour] is ingrained into the culture, in the sense that the company makes it clear to employees that some behaviours are not what the company expects, and if anybody were to display them, then they should expect some kind of disciplinary action. The company also has the procedures in place to help ensure as far as possible that these wrong behaviours don't happen in the first place, even to the extent that senior managers will examine in minute detail any potential conflict of interest that an employee might have."

(Senior leader in the consumer goods industry)

RELIGION

Comparing non-religious managers with managers who stated a belief in any religion, we observed that for religious managers all ethics were rated as higher for both work (reason 4%, care 8% and obedience 12%) and personal settings (reason 5%, care 9% and obedience 18%). With regard to moral values, religious managers scored significantly higher on the values of love and honesty (both 8% higher compared to non-religious managers).



HOLDING RELIGIOUS BELIEFS IMPACTS ON VALUES AND ETHICS...

VALUES

HONESTY + 8%

LOVE + 8%

ETHICS



REASON + 5%



CARE + 9%



OBEDIENCE + 18%



PERSONAL LIFE



REASON + 4%



CARE + 8%



OBEDIENCE + 12%



WORK LIFE

Personal Perspectives

The way people are brought up, including the religious framework they were brought up in, is acknowledged by many as having a fundamental impact on someone's personal and professional life.

An Army warrant officer, interviewed by Jeremy Clare for his fellowship at Harris Manchester College Oxford in 2013, explains how his religious beliefs helped him make a decision in a particularly difficult situation:

"My commitment to God came first. I knew straight away what I had to do, whatever was the right thing to do was the right choice to make... After the event I found that eventually I was trusted and respected to a higher degree than before, which I wasn't necessarily expecting. Past education and training did not contribute a great deal. This was a matter of personal integrity and [my] sense of right and wrong in this particular instance came directly from Christian education and teaching, especially over the previous year, and not from military education."

Chris Bennett has practical experience with making sure that religion has a place on the work floor:

"[It involved] for example providing a prayer room and time dedicated to prayers during each day, being respectful to fasting during Ramadan. It required greater flexibility and greater tolerance within the groups."

However, not all interviewees believe someone's religion should necessarily enter the workplace:

"Working for a global organisation, coming across different religious backgrounds is inevitable. However, this never entered the workplace and quite rightly so."

(Senior leader in the consumer goods industry)

POLITICS

The political affiliation of managers seems to influence their ethics in a variety of ways. It's worth noting that 48% either declared themselves apolitical or did not state their preference. Of the remaining 52%, few of them positioned themselves as authoritative or libertarians; most of them chose a position between left, centre and right.



48%
APOLITICAL



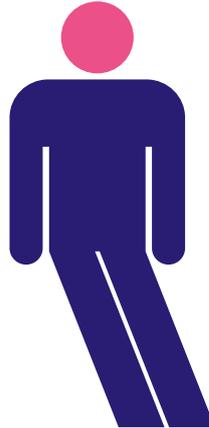
52%
POLITICAL BELIEFS

By isolating these three groups, we notice that as we move from left to right in the political spectrum we find people with a higher ethic of obedience (13% more in personal life and 11% more at work) and a higher ethic of reason (6% more for both personal life and 5% more at work).

Moral values also correlate and help us build the moral profile of the differences between left and right: right of centre managers display higher values of honesty (12% more than left of centre) and excellence (5% more). However, left of centre managers scored higher scores on love (13%) compared to those on the right.

LEFT-LEANING... RIGHT-LEANING

+ 13%
LOVE



+ 11%
OBEDIENCE



+ 5%
REASON

+ 11%
HONESTY

+ 5%
MORE EXCELLENCE

Personal Perspectives

Some of our interviewees reflected on the importance of management and leadership development to their sense of ethics. One manager emphasised the link between competence and ethics, arguing that good ethical intentions are wasted if core skills are missing.

"All the management principles are there, but the question is, are they going to be used? In my opinion I believe more managers of all levels need to attend more management courses, and not just a conference. Courses in strategic leadership or personal development, so that managers have to question themselves and refresh their knowledge. Organisations are suffering due to managers who cannot manage. You can be ethical, you can be a good person, but if you have a manager who does not know how to manage, the basic principles of being ethical are simply ignored. An organisation may have various policies, but if a manager chooses to ignore those policies they will lose their meaning."

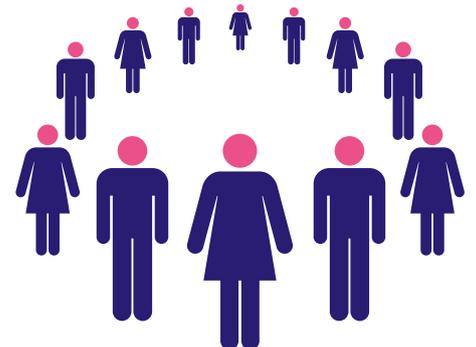
(Deborah Parkinson, Executive Assistant and Office Manager, BAE Systems)

CMI MEMBERSHIP

Although our sample for this survey was primarily drawn from among CMI membership, 11% of the participants were not members of the CMI. CMI members were significantly higher in the ethic of reason in personal life (5% more) and in the moral value of wisdom (7% more).

+ 5%
REASON

+ 7%
WISDOM



5.3 MANAGERS SUPPRESS THEIR HUMANITY AND BECOME MORE ROBOTIC WHEN THEY'RE AT WORK

There were significant differences in the ethics of leaders and managers in their personal life and at work.

The most striking observation is that managers on average become 4% more compliant at work and 5% less caring in their ethical decision-making than they are in their personal lives. This is a significant insight and is consistent with changes observed in all samples across almost all occupations, by gender and any other segmentation of the sample we have examined.

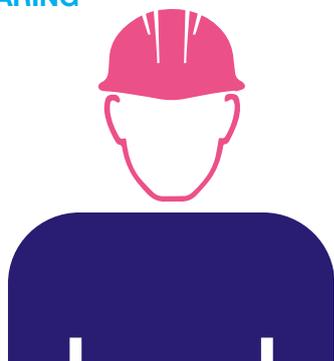
WEARING MY WORK HAT...

+ 5%

MORE COMPLIANT

- 5%

LESS CARING



It matters enormously because the regulatory response to wrongdoing in business is to create more rules that must be obeyed. This approach is based on the false assumption that good people have no conscience, cannot be trusted and therefore must be told what's right to a level of detail that overwhelms them. In fact history demonstrates clearly that when people "follow orders", then human beings are capable of the most appalling atrocities.⁴

⁴ [http://en.wikipedia.org/wiki/Obedience_\(human_behavior\)](http://en.wikipedia.org/wiki/Obedience_(human_behavior))

Personal Perspectives

Interviewees' experiences reflected the differences in how people behave at home and at work:

"The only thing you cannot do at work is be really completely honest. For example, if you are in a situation where you know you are right, or maybe you are having an argument with your partner at home, you would have the courage challenge to him/her due to the confidence between the two. The comfort of being able to converse honestly. There are various forms of business etiquette. For example, if a senior manager is speaking to an individual in a ruthless way, you can say 'I do not believe it is right that you are talking to me in this manner', but 9 times out of 10, how many individuals have the courage to actually take a verbal action? Being ethical is not something that you take on and off at the door as you leave or go to work. It is who we are really."

(Deborah Parkinson, Executive Assistant and Office Manager, BAE Systems)

Sometimes ethical behaviour within an organisational context is explicitly linked to rules and thus by definition different from ethical behaviour in people's personal lives. Chris Bennett, Senior Operations Manager at Tata Steel Projects, says:

"Ethical behaviour, I would say, is acting in accordance with the law of the land, and also in accordance with best practice in HR."

However, core personal values can be carried through into a professional environment and vice versa. A manager within the education sector explains how she tries to learn from professional experiences and bring what she has learned into her personal life:

"I think you learn from your friendships and personal relationships, things about relating to other people, which you bring into the workplace. And similarly, the structures and systems that are in place within the workplace to ensure that people are protected and offered equal and fair treatment an opportunity, you can then translate into your personal life. And I think that's something that you develop as you mature within both of those settings."

For example, I try quite hard at work not to get involved in a discussion about other members of staff – essentially not gossiping about people at work. I have over the years realised that I've tried quite hard with that in a professional sense, but haven't necessarily considered that in a personal sense. I kind of try and move that across into my personal life as well."

(A manager within the education sector, Sheffield)

Jamie Lyons, Head of HR in the housing sector, says that when assessing a candidate during the recruitment process, employers should not only look at professional merit, but also the personal values candidates demonstrate:

"From a human resource perspective, an organisation should have a set of behaviours that they are assessing candidates against. This should increase the probability of hiring employees with ethical behaviours that align with the organisations' ethical practices. You only want to recruit people that will work ethically in line with these behaviours both professionally and personally, to avoid any conflicts of judgment when making ethical decisions. The recruitment process should attempt to identify synergies in ethical behaviour between a candidate's work and personal life, as they are closely related. An unethical decision made in a personal or professional context can have repercussions for either context; therefore they can't, and shouldn't, be separated."

5.4 LEADERSHIP STYLES

The way people behave at work, and the changes they display in levels of care, obedience and reason, are strongly linked to the prevailing management style in their organisation. The psychologist Daniel Goleman has researched six management styles and we asked managers to self-identify which one of these prevailed in their organisations. As the table shows, the styles appear to correlate to different ethical preferences. This has been published in the Harvard Business Review⁵ and is widely used as a typology of leadership styles.

If we now compare Goleman's six styles, we can see that the most inclusive styles, visionary and coaching, score highest on care.

Another observation is that the visionary leadership style has the highest score on the ethic of obedience. This may be because an authoritative style may require employees to be compliant with that particular vision or purpose in order to succeed.

A complete and in-depth analysis of how leadership style and ethical preferences can be correlated with business performance will be part of our second report, which will be published in the autumn of 2014.

LEADERSHIP STYLES AND THE THREE ETHICS



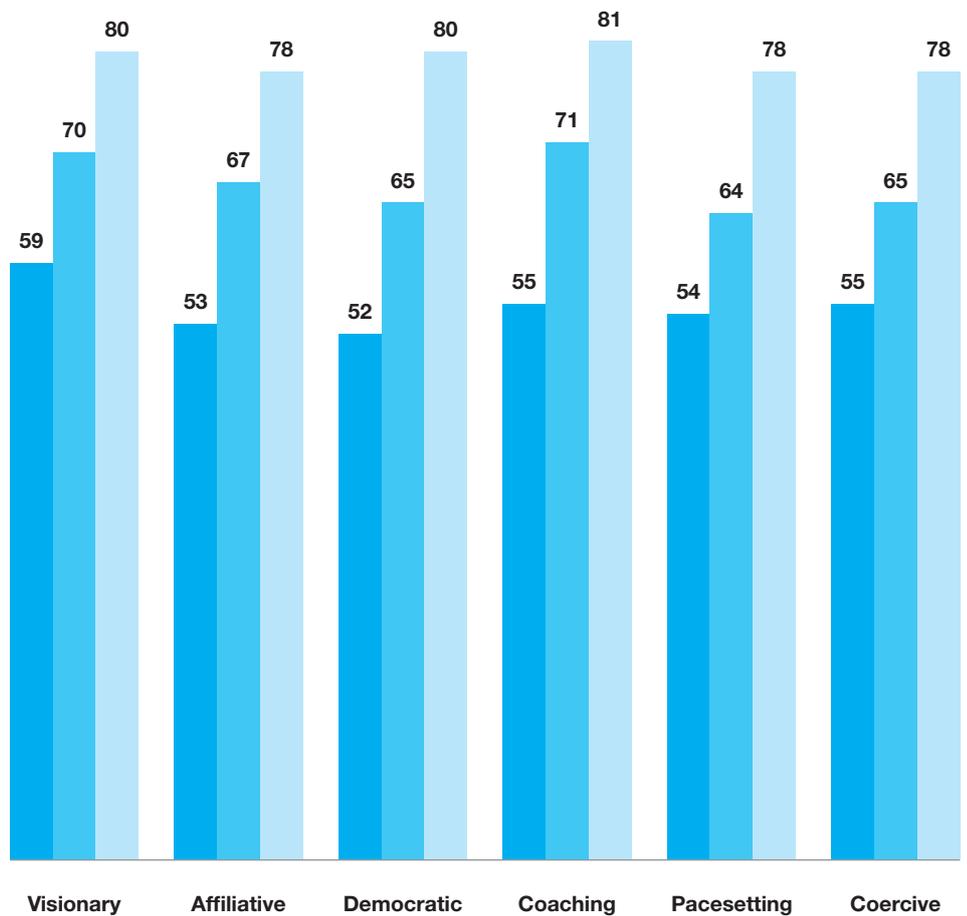
ETHIC OF OBEDIENCE



ETHIC OF CARE



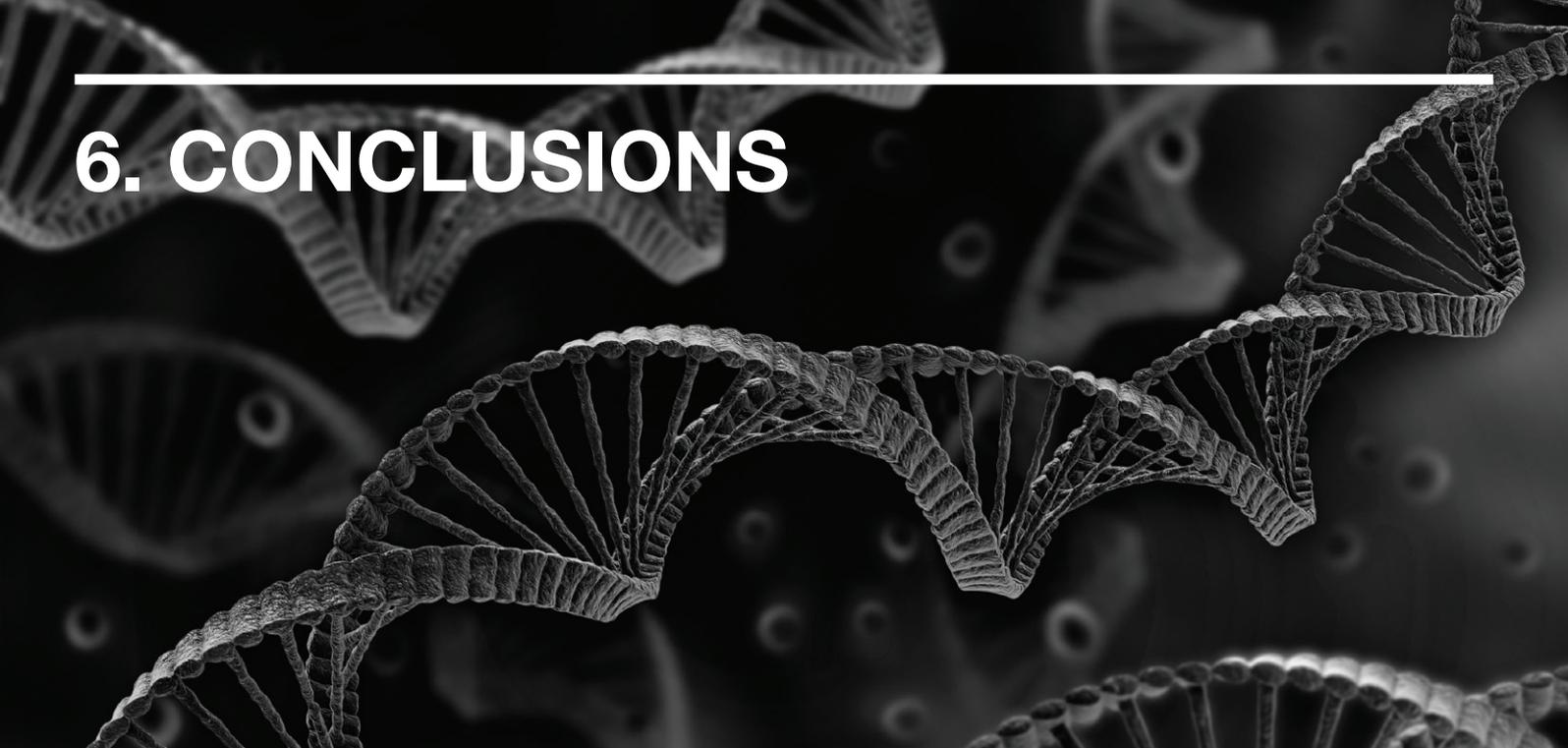
ETHIC OF REASON*



⁵ Leadership that gets results, Goleman, D., Harvard Business Review, March-April 2000, pp 76-90

* Findings not significant

6. CONCLUSIONS



The results of this research strongly suggest that leaders and managers need to become more aware of their MoralDNA and their biases in decision-making. To be effective they must lead and manage their own thinking before helping others to do the same.

For teams, the results mean that diversity in every sense helps us to make more balanced decisions. As well as diversity by gender, age, religion and politics, we should encourage diversity of thought through open debate, inclusiveness and constructive dissent in the workplace.

At the organisational level, the insights on how managers can become more robotic and less caring challenge the authoritarian hierarchies and bureaucracies that characterise many workplaces. For Board members and for senior leaders, the challenge and opportunity is to treat colleagues with the same respect as we would in our personal lives. In our society we have accepted that democracy and justice are the foundations for humanity and prosperity. Managers must learn to treat colleagues and customers with respect and compassion rather than as commodities or resources to be exploited.

One of the most important emerging themes from this research is the need

to change the thinking of regulators and challenge the assumption that more rules make people more ethical. There is some evidence that this is happening. In December 2013, Martin Wheatley, Chief Executive of the Financial Conduct Authority (FCA), referred to the arguments made in *ethicability*, Roger Steare's book on moral reasoning, in favour of a greater emphasis on the ethics of care and reason. He acknowledged the argument that rules, laws, regulations and red tape have a tendency to multiply because they remove personal responsibility for deciding what's right. Policymakers have typically responded to scandal with rules and regulations without considering that it was "the obedience culture" that failed in the first place. Can this be changed? Wheatley suggests that it can:

*"The FCA's solution to Steare's challenge has been to use a broader array of judgement-based tools and techniques – including competition, behavioural economics and more sophisticated modelling – to get under the bonnet of the financial services industry and make sure consumers – across the markets – are treated more fairly."*⁶

The implication for managers, similarly, is to resist the temptation to set out ever-more detailed rules about what

can and can't be done. The more powerful response is to create the conditions in which managers can act ethically, according to their judgement. This will be explored further in our second report, which will be published in autumn 2014.

In the meantime, CMI is calling for a wider debate based on the evidence of this research. The ethical challenge of democracy and justice must not only inform the thinking of individual managers and employers – it should also inform government policy and regulation. This should appeal both to the small state ethos of the conservative and to the social care agenda of the liberal. Both political philosophies have strong moral foundations, even though there is tension between them. Are we really self-interested rationalists or are we more altruistic and emotional than classical economic theory would suggest? Should we democratise the workplace as we have democratised our society?

And what will each of us do to become better managers and do the right thing?

⁶ <http://www.fca.org.uk/news/looking-ahead-to-2014>

7. RECOMMENDATIONS FOR ACTION

For individuals

- **Care more.** Make time to look at how you make decisions. What are your ethical preferences? What example do you set? Are you open to challenge? Do you listen to others? Taking a step back to reflect is a critical component in moral reasoning. One way of doing this is using the MoralDNA tool, which allows you to receive instant feedback on your ethics and to reflect on your decision-making.
- **Stand up for what you believe in.** Be authentic and be yourself. If you see something you do not agree with, speak up and challenge it.
- **Be a leader.** Provide values-based leadership. People will follow you because of your character and values, not because of the size of your job title. You need to set the example through your attitude, your tone and by your actions.
- **Be inclusive.** Be open to challenge and dissent. Diversity of thought is critical, so make difficult decisions with others. They will bring different views, ideas and opinions. Deciding on the right ethical course is often the easy part: finding the courage to actually do it is something else, and getting challenge and then buy-in from others will help.
- **Be professional.** Use the good practice that's already out there. Use your professional body's standards of practice as a reference point. CMI's Code of Practice for Professional Managers is one example, but there are others relevant to other professions. This information is there to help and guide you, so it might as well be used.
- **Ask yourself the RIGHT questions.**⁷ Key questions that can help you better understand ethical quandaries include:
 - What are the relevant Rules?
 - Are we acting with Integrity?
 - Who is this Good for?
 - Who could it Harm?
 - Would we be happy if the Truth was public – how open, honest and accountable are we being?

⁷ *ethicability* by Roger Steare provides for more information on the RIGHT questions plus an extended 20-question framework. See Additional Resources for more information.



For employers

Have a purpose and provide principles, not rules.

Provide a clear purpose that serves society, respects the dignity of people, and so generates a fair return for responsible investors. This is far more likely to build trust and deliver long-term sustainable performance. Organisations guided by principles and values enable employees to make decisions for themselves, instead of blindly obeying the rules.

Win hearts as well as minds – engage and empower colleagues.

Why do employees leave the ethic of care at home? Employers need to do far more to engage the hearts and minds of employees. Review your levels of employee engagement. Seek ways to provide more autonomy and devolve responsibility. Where employees can make decisions for themselves they are far more likely to start thinking for themselves and consider the impact of their actions on others.

Harness diversity to challenge ‘group-think’.

Differences by gender, age and seniority clearly affect ethical biases which can enable more balanced decision-making. The lack of diversity in the boardroom has been identified as a key risk in “Roads to Ruin”⁸ which examined the links between management culture and ethos and corporate downfall. Explore how your organisation challenges “group-think” – how can you do more to include a diversity of outlook, experience or behaviour at the top?

Reward and recognise values-based behaviours.

Do your reward and recognition schemes focus on achieving objectives, as opposed to how objectives are achieved? A focus on narrow financial targets and incentives can too easily lead to unethical behaviour. It is just as important to recognise and reward behaviours that embody your key values and purpose.

For policy makers

• **Reduce rules and regulations.**

Too many rules lead to more, not less ethical breakdowns. The Financial Service Authority increased its rulebook by 27% between 2005 and 2008,⁹ but this didn’t prevent the mis-selling of PPI and interest-rate swaps or the fraudulent manipulation of Libor and other market indices.

- **Challenge.** Support and challenge those who govern and lead workplace organisations to show they fully understand their purpose, values, decision-making and culture. Ask a cross-section of employees whether they understand them too.

⁸ <http://www.airmic.com/roads-ruin-study-major-risk-events-their-origins-impacts-and-implications>

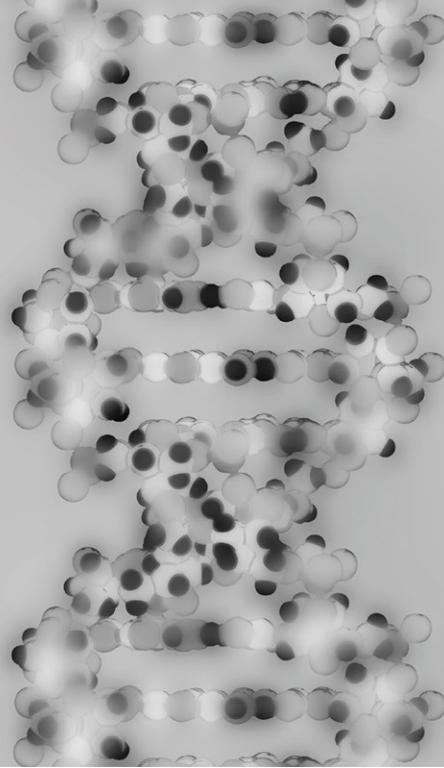
⁹ <http://www.fca.org.uk/news/speeches/ethics-and-economics>

8. ADDITIONAL RESOURCES

- Take the MoralDNA Profile for yourself at MoralDNA.org to receive instant feedback on your ethics: <https://profile.moraldna.org/cmi/> It's free for personal use, but if you want to use it in your workplace, you will need to apply for a commercial licence.

Please email **research@managers.org.uk**
- Try out the new MoralDNA for Friends, available now in beta version. Invite your Facebook friends to assess your ethical profile and vice versa to give you a non-judgemental overview of your ethical decision-making tendencies compared to a wider audience benchmark.

apps.facebook.com/moraldna
- CMI's management and leadership resources provide practical guidance on many of the challenges identified in this report. Content available on demand through Management Direct – free to all CMI members – includes checklists, research, articles and learning packages. Examples include checklists on Developing and Implementing a Code of Ethics, Developing Trust, and Employee Engagement.
www.managers.org.uk/MD



- Selected resources including checklists and an in-depth reading list are available to members and non-members alike – download our free ‘management ethics toolkit’ via www.managers.org.uk/ethics-toolkit
 - CMI’s Code of Practice for Professional Managers can be found at www.managers.org.uk/code. Information on Chartered Manager, the most prestigious professional award for managers – which also includes a commitment to the Code of Practice – is available at www.managers.org.uk/CMgr
 - Recommended further reading includes:
 - ethicability*: how to decide what’s right and find the courage to do it, Roger Steare’s book on ethical decision-making, which includes scenario-based explanations of the RIGHT model and other key questions to support ethical decision making. Find out more at www.TheCorporatePhilosopher.org
 - Managers and the Moral Maze*, a short CMI paper on managers and employees’ standards of behaviour at work and attitudes to ethical issues – available at www.managers.org.uk/moralmaze
 - Roads to Ruin*, (2011), Airmic. A report highlighting the link between culture and corporate downfall, highlighting the damage done by inadequate leadership on culture and a ‘risk glass ceiling’ that can prevent risks – including those arising from ethics and behaviour – from being discussed at senior management level. www.airmic.com
- The Engage for Success movement, established in the wake of the MacLeod Review on employee engagement, offers a range of ideas, tools and other resources focused on building employee engagement www.engageforsuccess.org

APPENDIX 1. THE HISTORY AND DETAILED DESIGN OF MoralDNA

The first version of MoralDNA was developed in 2008 as a research project to measure how we prefer to make moral decisions. This model is based on Laurence Kohlberg's six-stage developmental model (Harper & Row, 1981, 1984). However, one of Kohlberg's students, Professor Carol Gilligan (Harvard, 1982) had also strongly argued that gender as well as age, were fundamental to our understanding of morality. Drawing on his own studies into moral philosophy under Bertrand Russell's son, the late Professor Conrad Russell at London University, Steare proposed a three-factor model of moral conscience in his book *ethicability* (2006). These are the Ethic of Obedience, the Ethic of Care and the Ethic of Reason.

Ethic of Obedience

In the earliest of Kohlberg's stages, moral decisions are based on obeying or disobeying instructions and predicting the likely consequences to the individual in terms of discovery, reward or punishment. It is widely accepted by contemporary moral psychologists that this stage of moral development is fully formed by the time a child is about four years old, provided they have been properly parented. It is primarily a self-serving decision process, and a very simplistic one. The Ethic of Obedience has been the assumed foundation for the proper regulation of mature adult behaviour, even though experience and evidence points to the opposite being the case. It is now widely accepted by moral psychologists (Milgram et al) that obedience to authority is at best morally neutral, at worst encourages the worst human atrocities by those who claim that they were simply "following orders". Evidence also clearly demonstrates that the sheer volume of laws, rules and regulations in today's workplace both overwhelm the individual while simultaneously removing from them the requirement to think about their actions and to take any moral decisions themselves.

Ethic of Care

Kohlberg's middle stages of moral development were redefined by Gilligan as a female "ethic of care". This ethic is based on our experience and expectation that well-being, both

for the individual and for the group, will result from making decisions based on empathy. Kohlberg assumed this stage is completed by the time we become young adults, although Gilligan's research and ours, suggests that the Ethic of Care is an end in itself. In fact, our latest research into moral values (see below) suggests that several moral values map strongly to the Ethic of Care and to a female gender preference. In practical terms, the evidence strongly suggests that the Ethic of Care is generally suppressed or ignored in the corporate workplace. We - and others - now argue that the Ethic of Care is crucial to the sustainability of any human community, as a safe place of belonging. It is crucial to real engagement with all stakeholders in any enterprise. And in economic terms, it is crucial to the fair distribution of scarce resources.

Ethic of Reason

Kohlberg's final stages of moral formation focus on the development of critical reasoning by the individual. This he expressed as moral principles, self determination and what is inherently the right choice based on these principles, irrespective of rules or consequences. However, Gilligan saw this as a male gender preference, which our latest research supports.

In the 2012 version of MoralDNA these three factors of moral conscience have been further fine-tuned to distinguish between how we prefer to make ethical decisions both in our personal lives and at work. Our hypothesis being that how we prefer to make these decisions and behave may vary substantially in each case. Initial results strongly support this hypothesis, with the key finding that within the work place the Ethic of Obedience is significantly elevated and the Ethic of Care is significantly suppressed. Our hypothesis is that each of our three ethical dimensions or factors is important when making decisions. The balance of factors varies by individual and group and some variation is to be expected according to cultural and environmental contexts. But significant imbalances suggest weakness and can predict ethical failures.

In the new 2014 version of MoralDNA and MoralDNA for Friends, these three ethics are now being more simply referred to as "the Law, Logic and Love".

Moral Values

We have described how the three factor model of MoralDNA is a good model for the process of ethical decision-making. However, it has been argued by many philosophers and psychologists that moral values are the drivers of the three ethical preferences. But how can our assumption that people make decisions based on moral values be demonstrated? Which moral values should we measure? How do they correlate with our 3-factor decisioning model? Consequently in April 2010, it was decided to enhance MoralDNA with a set of ten moral values. These values would provide a more detailed insight about the moral composition of a specific individual. Roger Steare's choice of these ten values was based on his study of "virtue" as a moral philosopher, but also on his experience with other instruments, as well as substantial time facilitating ethical decisioning with groups in various organisations and corporations.

THE TEN VALUES WERE:

Wisdom

I think through my decisions carefully

Fairness

I treat others fairly and with respect

Courage

I stand up for my beliefs and do what's right

Self Control

I am patient and self-disciplined

Trust

I am trustworthy, reliable and also trusting of others

Hope

I encourage others to be positive

Humility

I am less important than the team

Love

I am empathic and care about other people

Honesty

I speak the truth and encourage others to be open

Excellence

I try to do my best in everything I do

APPENDIX 2:

Statistical Analysis

Sampling

A total of 47,560 emails were sent to the CMI database in November 2013. 1,533 respondents submitted fully completed questionnaires within the two weeks it was live (a 3.2% completion rate).

Completion was anonymous

After completing all sections of the questionnaire, participants had the option to give their contact information if they were willing to take part in case study interviews. This information was not correlated with their test data and participants were informed about this.

Analysis

The MoralDNA psychometric tool measures 16 dimensions. When comparing these with categorical demographic variables, analysis of variance was performed. For ordinal variables (e.g. age, leadership, political spectrum) a Kendall's tau c index was calculated.

In order to minimise chances for statistical type I error since we were making many multiple comparisons, the maximum acceptable probability was set to $p < 0.001$. Equally, for Kendall tau c comparisons, a minimum value of 0.65 was set, which again equates to about $p < 0.001$ for a sample size of 1,500.

Presentation of results

Raw scores of the MoralDNA scales were calculated. The range of possible values was converted in a scale ranging from 0 to 100. When comparisons between groups are mentioned, they are always statistically significant. The percentages presented are the percentage increase or decrease between two group averages. For example, the expression "group A is 6% more obedient than group B", means that $(\text{Obedience group A} / \text{Obedience group B}) = 106\%$.

There are cases where categorical variables with ordered values are mentioned (e.g. age groups, leadership levels, etc.). In such cases, differences are only presented when the Kendall tau c statistic was significant, taking into account all levels of the ordered variable. For reasons of clarity and simplicity we usually present only the differences between the first and the last category. However, a more or less linear increase or decrease is implied and has been found significant with a Kendall tau c test.

Access to the data

The analysis was performed using the R open source statistical package. The full data set with the R commands used to analyse it are available from the website: <http://www.moraldna.org/2014/03/technical-cmimoraldna-data/>

NOTES

Chartered Management Institute

The Chartered Management Institute is the only chartered professional body in the UK dedicated to promoting the highest standards of management and leadership excellence. CMI sets the standard that others follow.

As a membership organisation, CMI has been providing forward-thinking advice and support to individuals and businesses for more than 50 years, and continues to give managers and leaders, and the organisations they work in, the tools they need to improve their performance and make an impact. As well as equipping individuals with the skills, knowledge and experience to be excellent managers and leaders, CMI's products and services support the development of management and leadership excellence across both public and private sector organisations.

Through in-depth research and policy surveys among our member community of over 100,000 managers, CMI maintains its position as the premier authority on key management and leadership issues.

Website: www.managers.org.uk

Twitter: [@CMI_managers](https://twitter.com/CMI_managers)

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