

Getting to the heart

When organisational profit and growth outweigh morality, trust breaks down and organisations collapse. This sums up how Professor Roger Steare sees the economic ethos which led to global financial collapse. He talks to Alice Taylor about why we must change our thinking before our entire civilisation collapses.

Americans are the most ethical people in the English-speaking world, the British are morally dubious, New Zealanders, Australians and Canadians have excellent social consciences, bankers are generally arrogant and greedy ...

These are just some of the results of British corporate philosopher Professor Roger Steare's ongoing online 'Moral Character' survey, a significant sample of humanity with results so far based on tests taken by over 30,000 people from 162 countries.

Steare, a leading thinker and practitioner in moral leadership, governance, culture and ethics, and professor of organisational ethics at the Cass Business School, is developing a major database of "scientifically robust" evidence revealing the moral characteristics of people across sectors, nations and ethnicities.

A key finding in the survey is the difference between men and women—males being largely rational and ego-driven with females more empathetic and caring. It's a global difference. The latest survey findings on New Zealanders show that any stereotypical Kiwi profile is outweighed by the fact that there is a greater similarity between New Zealand and British men than between New Zealand men and women. His research also shows that imbalances in male and female virtues in business are the root cause of many of our corporate disasters.

"If human communities don't have a balance of male and female values, they don't last. The greatest contribution a woman brings to business is empathy, the ability to make decisions on feelings and a sense of care as well as reason. Without that we fail to build trust. That's why most corporations last for less than 30 years."

The evidence lies in the banking collapse, the most male-dominated business sector, especially the senior bankers who are "more greedy, arrogant, dishonest and male than the citizen customers they are supposed to serve."

This explains the profound mismatch between America having a five-star moral DNA profile while also sending the world spiralling into a financial crisis.

"One of the major causes of the global financial crisis was the deficit in the character and judgement of many of the directors and senior executives of the banks that collapsed, the most arrogant and least empathetic of all employee groups surveyed," says Professor Steare, who advises some of the world's major corporate organisations from BP and Citigroup to HSBC and PwC.

"Most United States citizens are as angry with bankers as the rest of us. They lent money to people who couldn't afford it, to buy trash they didn't need. That caused the financial collapse."



Professor Roger Steare is a keynote speaker at the 2010 HRINZ conference.

However, it is not just arrogant male bankers who cause collapse. It is the rule-bound and profit-oriented corporate structure that is inherently problematic, says Professor Steare, who as a corporate philosopher also describes himself as 'anti-corporatist'.

"The corporate form is the most seriously dysfunctional of any human association. Often the dimension of empathy is completely lacking due to the executive boards being dominated by these so-called rational middle-class, middle-aged men who do not consider our, or their, humanity.

"It is very unusual to find the 'heart' component in a male executive, yet it is so important in the making of moral and ethical decisions."

He challenges any male executive to express their emotions and to ask why, on average, only one in eight executives is a woman, able to balance the male gender deficits in humility, empathy and compassion.

"Our research strongly suggests that women score much more highly in these areas. This is a powerful argument for much greater gender diversity on executive boards."

Indeed, Professor Steare is not afraid to draw strong parallels when it comes to the role excessive testosterone has played in our current global economic, social and environmental challenges.

"Our current Western economic ethos of growth for the sake of itself, is like a cancer cell. Its sole purpose is to grow and the rest

of the world is getting infected. For example, China and India are growing and wanting more. But this is not possible. If we all lived like America we'd need five planet Earths to sustain us."

It all started with the industrial revolution 300 years ago, which saw people not as human beings with a holistic skill set but as profit-based production units. Moral purpose gave way to an unsustainable greed which has resulted in the "brutal truths" of financial crisis, increasing devaluation of family and community units, the BP oil disaster, climate change and the most serious mass species extinctions for more than 70 million years, says Steare.

"We are paying for this childish delusion of prosperity we've been under for so long and need to reset our thinking around the economic assumption that more is good. We are addicted to the market and believe everything has a dollar value, that everything on the planet exists to satisfy our needs, and we can consume and not give back. Yet, money is just a promise we trust, and the banking crisis was caused by a breakdown in this trust.

"We now need to bring in an understanding that happiness is not based on how much you can get for yourself, that we can no longer have whatever we want. We need to develop a shared understanding of justice as fairness, so that those who have more than enough should share more of their wealth than those who have too little."

How does this ethic fit into a growth and profit motivated economic structure? With difficulty, says Steare.

"If a corporate CEO understands the brutal truths, it doesn't deny their organisation's right to grow, but they also need to recognise that if they do grow, somewhere a competitor will die and in turn, they will eventually die too.

"What I do is encourage CEOs and senior executives to understand the true purpose of their organisation. For example, the purpose of a bank is a safe place to deposit money and to provide people with loans—but it is not profit and growth alone. Money is just a promise we trust, but it is not a value.

"The banking crisis has shown us that when moral values are removed from the business equation, by definition we devalue everything."

Ultimately, change starts at an individual level, but also at an organisational and political level, in particular with a resetting of our ideas around what business and economic success means.

"It is the role of organisations and governments now to start asking; how much is enough? Gandhi put this beautifully when he said 'the world has enough to meet our needs but not our greed'."

Steare sees an eventual global return to small to medium enterprises as a sustainable economic solution, as they "seek a mutuality of purpose where growth of the business is based on human relationships".

In working with businesses and other organisations to achieve a moral foundation that will support sustainability, he uses a simple three-step approach assessing key values which all human souls seek:

1. What is the purpose of our organisation? Is it moral, does it add to the quality of people's lives—not just the investors, but the customers, the suppliers, the employees and the community?

2. Do all the people who form our organisation feel a sense of belonging? This is not the same as "employee engagement" which is just a smokescreen for giving people a sense of belonging as opposed to being a "human resource". If you do not embrace and give everyone involved a fair slice of the cake, ultimately "you're screwed".

3. Do you have a clear understanding of what your moral values are? Gain clarity around where you stand on fairness, courage, humility, compassion, empathy. Are you doing the best you can to work together as opposed to against each other, do you treat all your stakeholders including customers and suppliers with respect?

"That's where you start. A lot of these values are implicit in many individuals within organisations already. Yet that is not recognised in financial reports which measure only 20 percent of the real value of any business. Where does the remaining 80 percent come from which the market says it trusts will bring future profits? It comes from these three foundations. They work in our family lives, in our friendships and in our neighbourhoods. We now need to place belonging, purpose and moral values at the heart of our business and economic lives. et

The Human Resources Institute of New Zealand Conference 2010, 1-3 September—*Restoring the Trust*—features some leading international and local speakers. Find out more at: http://conference.hrinz.org.nz/site/events_national/conferences/2010/

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Shieff England is pleased to announce that employment specialist Shelley Eden has been appointed a Senior Associate in the firm's Commercial Litigation Team.

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