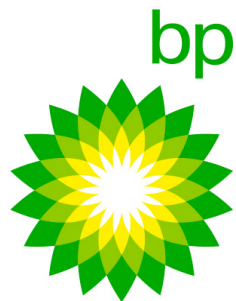


Insights into Moral DNA



**ROGER CORPORATE
STEARE PHILOSOPHER**



What's the context?

In this section:

- ▾ FSA Library
 - ▾ Communication documents
 - ▾ Speeches
-
- 2010

Can culture be regulated?

4 October 2010

Speech by Hector Sants, Chief Executive, FSA
Mansion House Conference on Values and Trust

Good morning ladies, gentlemen and Lord Mayor, thank you for inviting me to address this conference on 'Values and Trust'.



“...society expects its bankers and financiers to **behave ethically** and to **behave with integrity**;

society expects institutions to have the ‘right’ **culture** to facilitate ‘**good decision-making**’; and

society also should know that **regulatory rules**, even when combined with effective supervision, **are not sufficient** to ensure the probability that future failures are minimised.”



What is Moral DNA?

You go to an ATM and it gives you £200 instead of the £100 you keyed in.

Q1. What do most people do in this situation?

Q2. Which answer do you think would score highest marks in an integrity test and why?

- a. Keep the money because it's the bank's fault
- b. Return the money because it's theft if I keep it
- c. Return the money because it belongs to other people
- d. Return the money because I believe in honesty

You have 3 mins to discuss these questions



a. Ethic of Ego

- what's right is what's best for me, me, me...
- **internal** driver of behaviour

b. Ethic of Obedience

- what's right is following orders
- consequences are reward or punishment
- **external** driver of behaviour





c. Ethic of Care

- what's right is what's best for all of us
- **moral values** of humility, love and fairness
- **interactive** driver of behaviour (relationships)
- builds community **integrity**

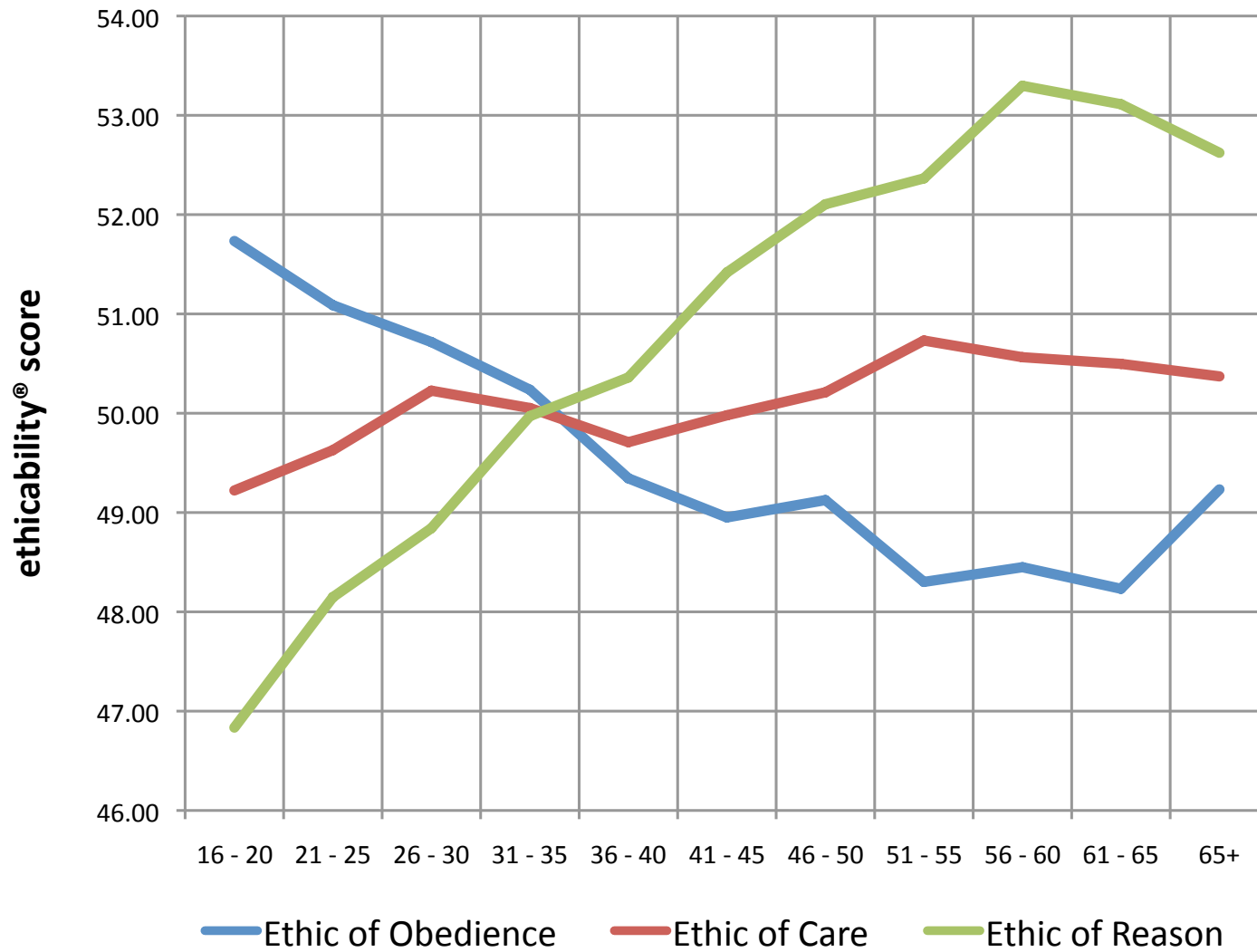


d. Ethic of Reason

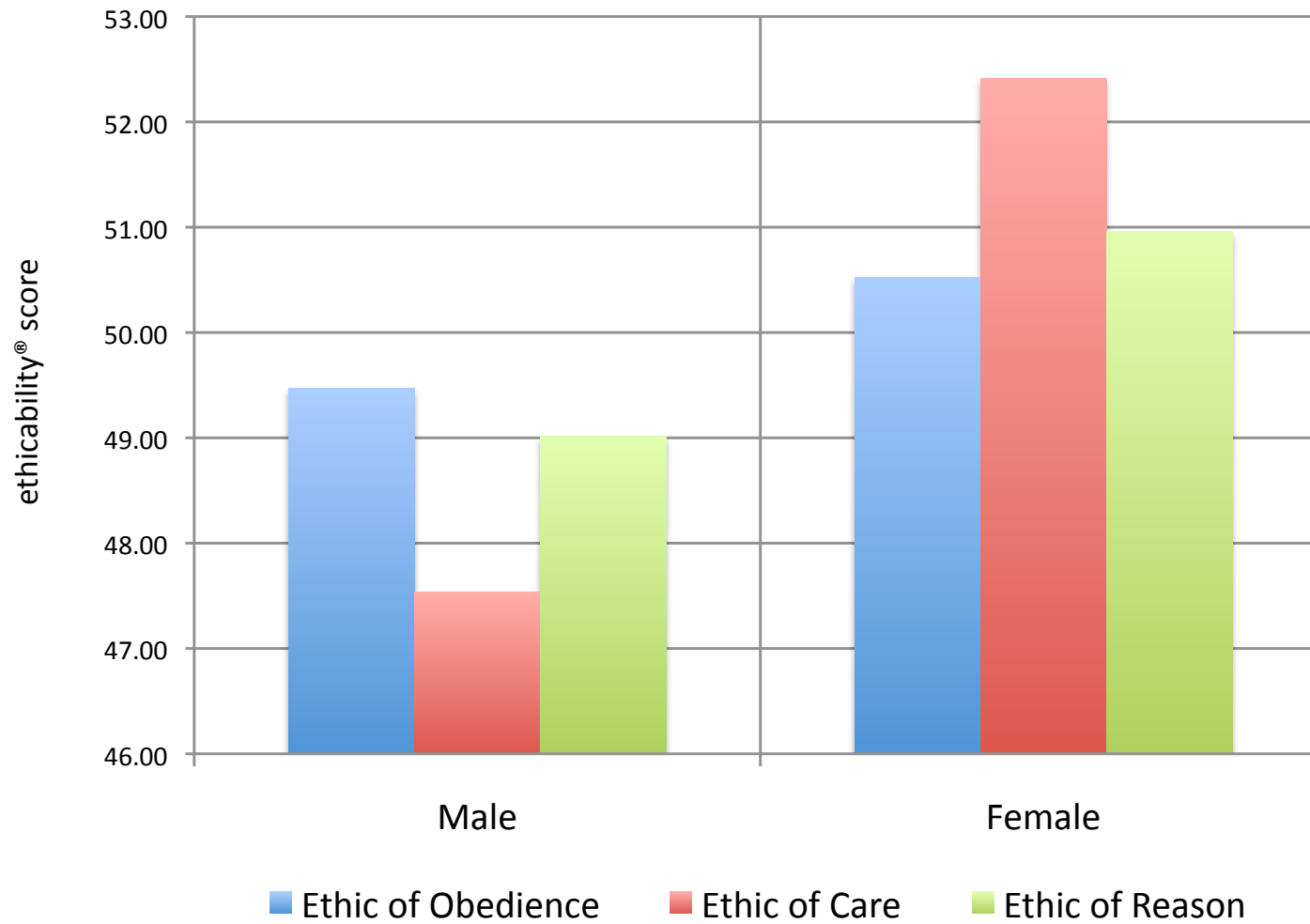
- what's right is what I/we judge is right
- **moral values** of wisdom, self-control
- character and judgement
- personal **integrity**
- **internal** driver of behaviour

Where's the evidence?

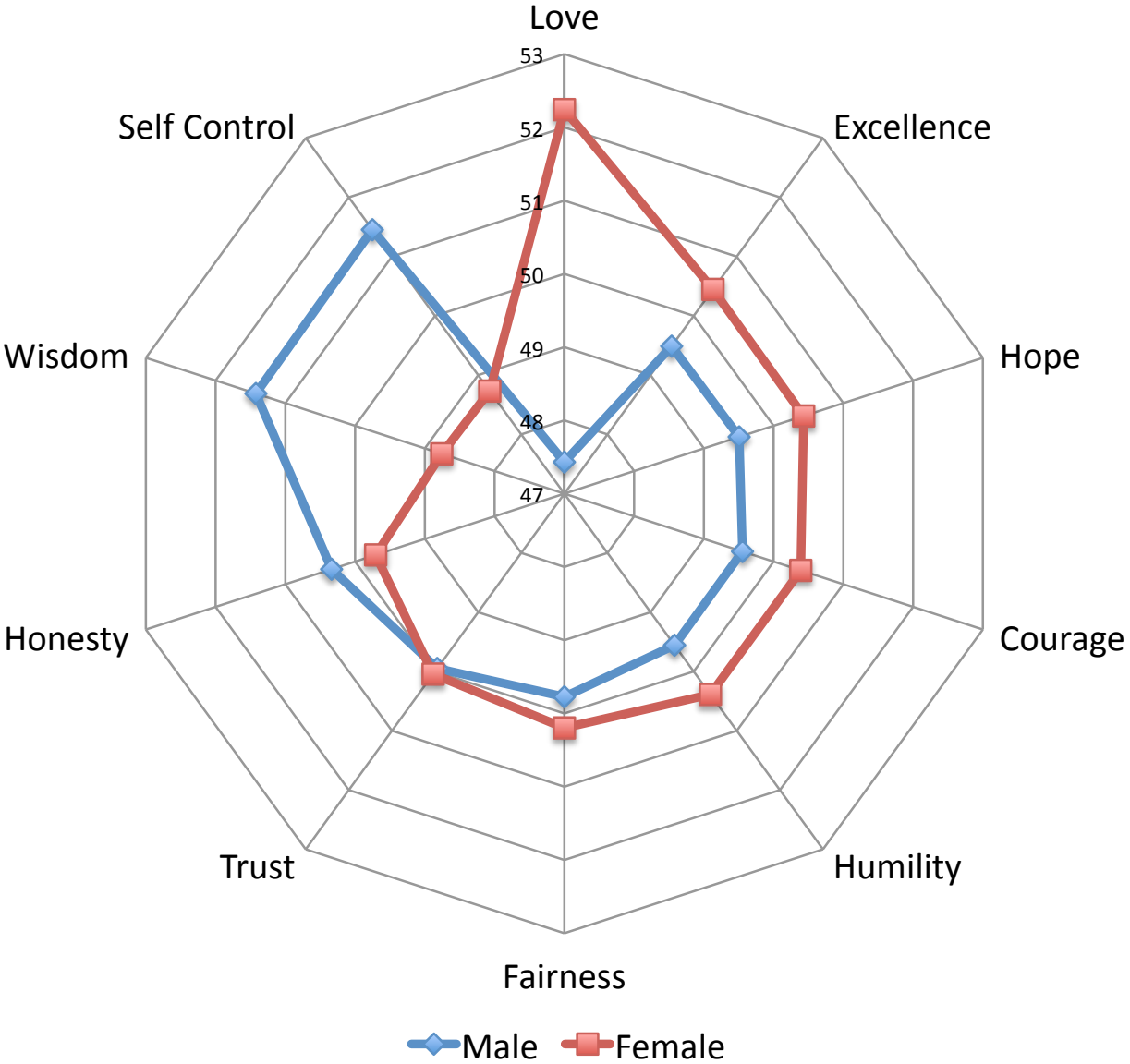
ethicability® Moral DNA by Age (n=20738)



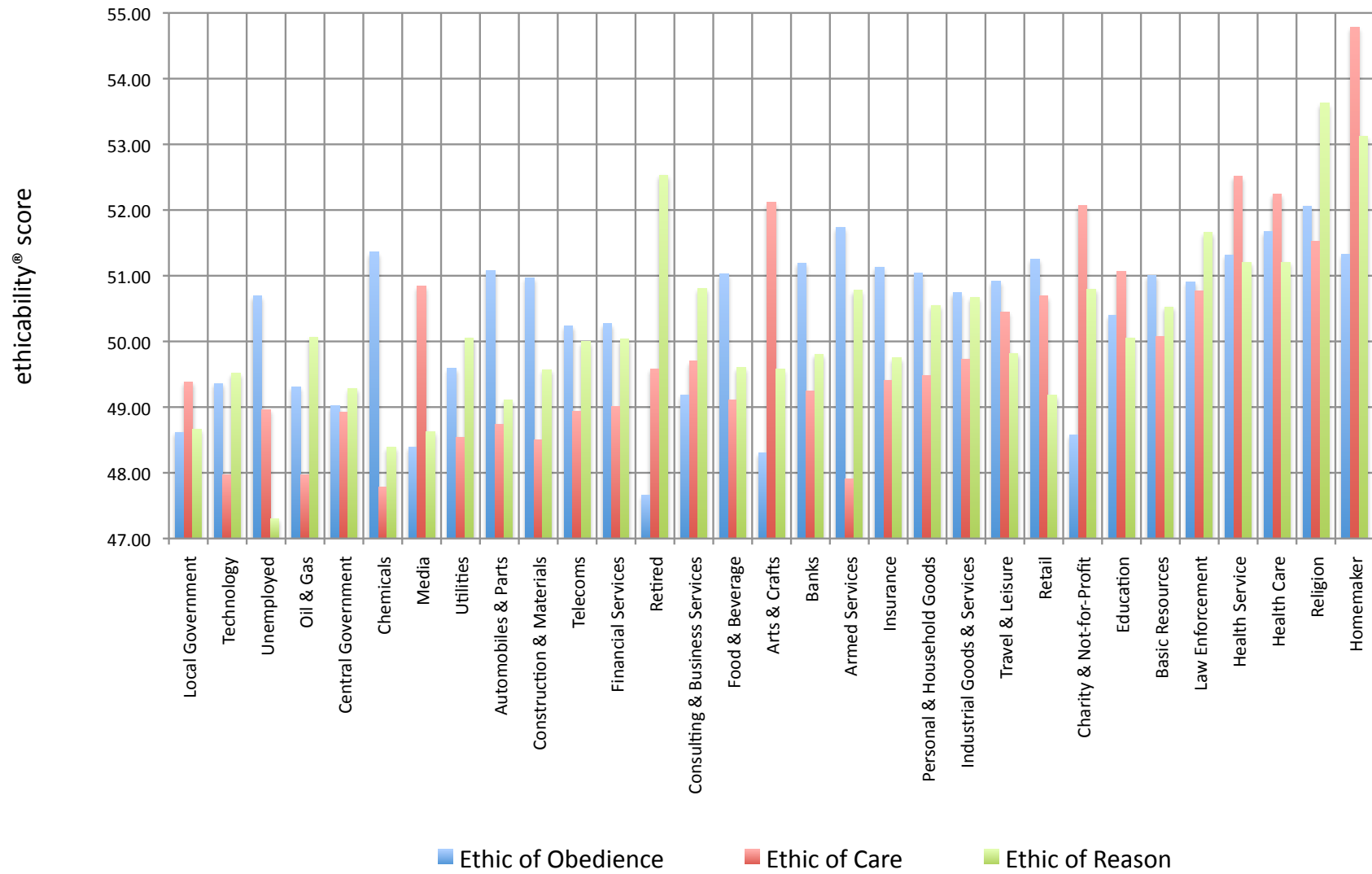
ethicability® Moral DNA by Gender (n=20738)



ethicability® Moral DNA by Gender
(n=6784)



ethicability® Moral DNA by Occupation (n=20738)



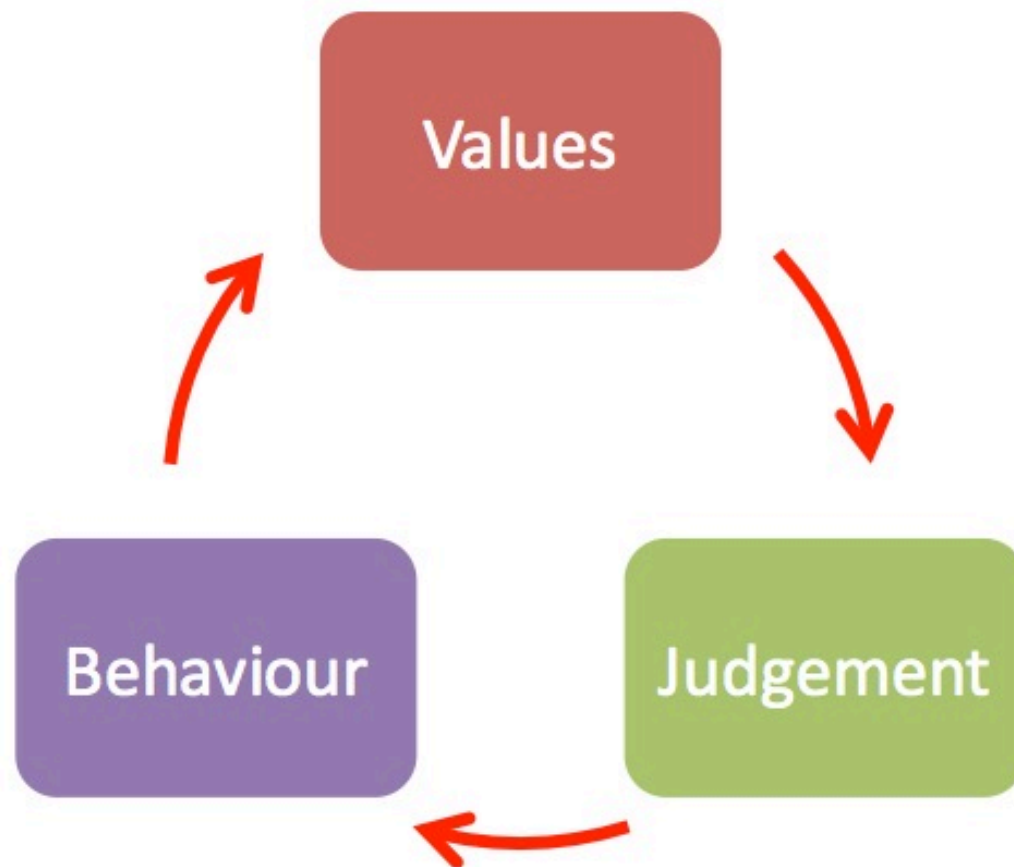
What is integrity?

- We **obey** the rules*
- We **care** about each other
- We act with **reason**

** If there is consultation and consent*

Doing the right thing

Doing the right thing



How do we decide what's **RIGHT**

- We obey the **Rules**
- We consider the facts and make rational decisions with *personal* **Integrity** values
- We consider our feelings for others and make social decisions with *collective integrity* values, to maximise **Good** and minimise **Harm**
- We test our decision for **Truth**

In order to meet our budget, we need to reduce our payroll costs by 15%. You have two options to consider:

1. Reduce headcount by 20% (includes re-structuring costs)
2. Agree a collective reduction in salaries of 14% (includes NI savings)

What would be the RIGHT thing to do and why?

You have 5 minutes to discuss and decide using this framework:

- We obey the **Rules**
- We consider the facts and make rational decisions with *personal* **Integrity** values
- We consider our feelings for others and make social decisions with *collective integrity* values, to maximise **Good** and minimise **Harm**
- We test our decision for **Truth**

The Integrity Challenge

- Why does your business exist?
- Is it a human community of belonging?
- How do you achieve and sustain your economic purpose?
- What's the role of values, behaviours, leadership and culture in meeting these challenges?



*Embedding a culture of
doing the right thing*

October 2010

Trust: the behavioural challenge

pwc

"Roger makes the compelling case for why doing the right thing is not a function of a good business, it is good business."

Joe Garner, Group General Manager, HSBC

ethicability®

(n) how to decide what's right
and find the courage to do it

Roger Steare

"You are
absolutely
right..."

David Cameron
Prime Minister

Questions?

For further info:

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