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## The Good Life and the Working Life

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There is a broad theme in the discussion of character and education which sometimes goes something like this. The broader public good (and the needs of employers in particular) requires citizens not just with knowledge and ability but replete with virtues – integrity, fortitude, honesty etc – in order that they might properly fulfil their roles in society. The educational system has traditionally been a bit squeamish about improving character; it smacks too much of *Vitai Lampada* for the average teacher to feel comfortable with. As a result, education needs reform. If only we could rediscover the language of values, in a form appropriate not to governance of empire but to the social and economic needs of the 21<sup>st</sup> century, and learn how to inculcate those virtues in the young, then we could cure some of the diseases that infect the body politic and economic. It is said that all this is obvious (if not well-articulated) *out there* in the world of employment, and that it is only within academe and the educational establishment that this comes as a surprise.

My concern is that, whilst there is some truth in this crude sketch, it manages to miss the fundamental point that, although employers have long sought candidates with various character attributes in addition to their intellectual attainments, individual attributes of good character are of limited value in making a better world and giving ourselves a better quality of life unless we have a clearer conception of what better looks like, unless we know what it would be to live a good life. The world of work could not even conceive of how to begin answering this question and the stereotypical company boss feels at least as squeamish about it as the stereotypical teacher feels about Henry Newbolt.

I have worked in the City of London for twenty years in various capacities, and in that time I have worked for or with a large number of our financial institutions<sup>1</sup>. The observations in this paper are based on that experience and I make no pretence to statistical accuracy or comprehensiveness. In no sense is my experience of the City representative of the UK economy. The City was however for most of that period well-resourced and blessed with a large pool of talented people who wanted to work for it. It had the luxury of choice. And given that choice, employers rightly demanded more than mere technical competence from their employees. Human resources departments worked out long ago that, given a certain level of intelligence, soft skills and personality were often better predictors of success than technical aptitude. In many circumstances in business the hardworking, driven, honest, co-operative and engaging individual is going to outperform the lazy or the anti-social whatever their technical skills. If needed, technical skills are easy to teach. Having worked this out, HR dedicated resources to selecting for these qualities. Anyone who has been involved in recruitment for professional roles knows that often more time is spent trying to determine how somebody will behave as a colleague than how bright they are or how much they know. The former can make all the difference between a successful and an unsuccessful hire; the later tends to be taken as given and subject to a law of diminishing returns. Given that all the candidates are very clever, being extremely clever may add little value. This is very different from recruiting, say, university professors. Anyone who has been involved in recruitment, particularly of graduates, also rapidly gets frustrated about how many intelligent candidates with first class results seem unconfident, inarticulate, socially awkward, lacking motivation, unlikely to show leadership skills etc. It takes a lot of effort to find the well-rounded candidates amongst the good CVs. And this is, of course, what leads to the simple view that if only the education system would produce young men and women of character things would be better.

If we grant for a moment that UK financial services set out, despite the allegedly unpromising material delivered to it by the educational system, to recruit employees of character, and that it successfully invented and deployed tests and interview techniques to enable it to do so, there is an obvious problem that needs addressing: the last five years have seen the worst financial crisis since the second world war. What part did character or lack of it play in those events?

In part the crash was result of misguided government policy and consumer greed, but in significant part it was due to the mistakes of the global banking sector at least some of which occurred in the UK. And even before we had managed to destroy several venerable banks by unwise lending and misguided acquisitions, there had been repeated instances of the rampant misselling of pension, investment and insurance products to retail customers which, when eventually revealed, resulted in fines, compensation and scandal. Some of these mistakes could have been made by the most well-intentioned and wise of executives, but many of them seem to reflect a lack of judgement and a weakness of character, a reluctance to question what everyone else was doing, a wilful blindness to impending catastrophe whilst there was still money to be made. This “everyone else is doing it” approach was beautifully exemplified in July 2007 (two months before the run on Northern Rock, and a only a year before Bear Sterns, Fannie Mae, Freddie Mac, Lehmans and many others went bust) when Chuck Prince, then CEO of Citigroup, said “as long as the music is playing, you’ve got to get up and dance. We’re still dancing”. This is certainly the popular view of this financial crisis: that it was caused not by mere stupidity but by moral turpitude. It is reflected in some of the most popular policy responses to the crisis which are focussed on trying to reduce the incentives available to those who engage in poor business practice and the opportunities for them to do so.

Culpable though they were, I think there is a real danger in blaming the crash *solely* on “greedy bankers” because it ignores two important other factors. Firstly, serious macro-economic imbalances depressed interest rates and fuelled the growth in credit creating an environment in which this crisis could happen. Worryingly, many of those imbalances are still with us. Secondly, and more importantly for our purposes, it wasn’t just the “greedy bankers” who got these judgements wrong. As Adair Turner pointed out in 2009<sup>ii</sup>, the failure was much wider: politicians, regulators, central bankers, academic economists all failed to notice the systemic risks building up within the financial system. Many of these people had no incentive to ignore these risks; they were not dancing until the music stopped. The consensus was wrong. There was a collective failure to see what was going on.

However, regardless of the precise cause of the crash, it doesn’t look like trying to ensure that banks hired employees with strong characters helped us much.

I suspect the immediate response to this problem that occurs to most people is that my description of the recruitment practices of the banks is naive. Senior bankers, they would allege, are venal, only interested in bonuses and profits, and they recruit in their own image. They want short-term profit maximisers, not virtuous people. They got what they wanted and the results are clear to see. I think this is simplistic. Most employers recruit with a list

of character attributes in mind which is not that different from the list studied in the ethics class. It is true that there is a bit more focus on the 'executive virtues' of decisiveness and courage and leadership than on virtues like kindness, compassion and sympathy, but overall, if you regard the virtues as checklist against which your character is to be measured, the checklist in an investment bank would not look that different from the moral philosophers'<sup>iii</sup>. Nobody wants dishonest employees; they cause trouble and are as likely to steal from their employer as from anyone else.

It could be argued that it is in fact very difficult to select people of good character and that that is why the exercise failed. I have no real expertise in this area although I suspect that, like many aspects of selection processes, it is much harder than it looks to get it right. For these purposes, however, we had better assume we can at least to some extent tell the difference between people of good and bad character and a reasonable timely fashion and not just when their life is complete, otherwise it will be difficult to know whether our efforts in character education are working.

I think the real reason why the character of those in our financial services industry seems to have been found wanting is that character is *not* a checklist of attributes. Being of good character is not a matter of having ticks in eight out of ten boxes labelled truthfulness, determination, fortitude, kindness, courage etc. It's not even a matter of having ticks in all the boxes. It is something over and above all that. A man who leads a good life is of good character, and being of good character disposes a man to lead a good life. The question is: what is a good life?

Most people I have worked with in the last twenty years either as colleagues, clients or competitors have been reasonable, decent, honest people trying to get through the working week. They securitised debt because it was their job and everyone seemed to think it was a good idea. They have not been paragons of virtue but nor have they lived up to the increasingly popular caricature of the evil, grasping banker only interested in what is in it for him or herself. In many cases these are high-achievers who score well on those executive virtues of confidence, determination and courage. The best are also remarkably good at understanding the needs and motivations of others and how to motivate and persuade others to act. They may not have the compassion of a nurse or the piety of a bishop, but in the round I suspect their characters are at least as well-developed as the average in the population.

What they lack, and what I think many of us lack, is any clear conception of the purpose of our lives. We do not know what a good life would be like; we do not know for what we are striving; we do not know what the objective is meant to be. Most working people are busy, dealing with the day-to-day strains of work and family. Their energies are pretty fully deployed getting the next project finished, writing the next paper, doing the next deal. The time and energy they have for thinking about *why* they do what they do, and to what end, is very limited. Our culture offers them very little help. There is no commonly accepted description of the purpose of our strivings other than that we should aim to acquire more stuff. And when our need for stuff is exhausted, we keep score by acquiring more money. The City employs a lot of people who have more money than they ever imagined they would have and more money than they need. In some cases they even have more money than

they think they need, although this is normally a large number, for the range of uses to which we think we can put money normally grows at a faster rate than our bank balance, at least until the bank balance is very large indeed. Some of them will confess in their more contemplative moments to not knowing why they carry on. Some, to be fair, enjoy it; some take professional pride in being better at what they do than others; some feel a sense of responsibility for the firms they have built around them; some cannot satisfy their competitive instincts in any other way. But some just do it because it is what they have always done and because they have a sneaking feeling that to stop would be to admit defeat and would demean them in the eyes of their colleagues.

I think this is rather sad. Indeed, I think this embodies the key point about character in modern society: we lack a vision of a good life. Even if there had not been a crash in 2007/8, we would be observing significant defects of character across the City of London. In fact, they would probably be worse because the events of the last few years have at least caused some people to reappraise their lives. These issues are not, of course, limited to the City; they are true of most of the developed world. The City simply makes for a good example because its wealthier denizens have life choices that are not always open to everyone else. Nobody can claim the wealthy banker lacks the necessary means to live well. History teaches that wealth can corrupt as often as it facilitates the exercise of virtue, but it does at least provide choices the poorest do not always have.

In their excellent recent book, *How much is enough*, Robert and Edward Skidelsky make some of the same points. They argue that our entire economy is geared to a pointless pursuit of unlimited growth and the satisfaction of an insatiable desire for more material goods and greater wealth, without us having any idea what we want these things for. Their analysis of the problem is refreshing but their solutions to it are disappointing. They provide a range of policy solutions to encourage more temperate behaviour: consumption taxes, reduced working hours, more labour flexibility, higher guaranteed minimum incomes. But these suggestions will never become policy, and will not change behaviour if they do, unless we simultaneously win the philosophical argument that the structure of our society is flawed, that our characters are defective and that we do not lead a good life. To achieve meaningful change we would somehow have to bring about a widespread and fundamental change in attitude away from growth and consumerism and towards pursuits that might give us better lives.

I do not know how this is to be done. I don't believe it can be done through tax and benefit changes. Although employers may have proved more concerned about character traits that educationalists in recent years, I think this is a challenge employers will find hard to take up. I don't know that the churches any longer have the moral authority or the following to achieve it. It will require intellectual leadership and, in particular, it will require the discussion of character to go beyond the acquisition of individual virtues to a discussion of what it would be to lead a good life.

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<sup>i</sup> I should note that the opinions expressed in this paper are mine alone and do not necessarily reflect the views or policies of my current or previous employers or clients

<sup>ii</sup> "The financial crisis and the future of financial regulation", Adair Turner, The Economist's Inaugural City Lecture

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<sup>iii</sup> Aristotle wasn't very interested in kindness or sympathy either