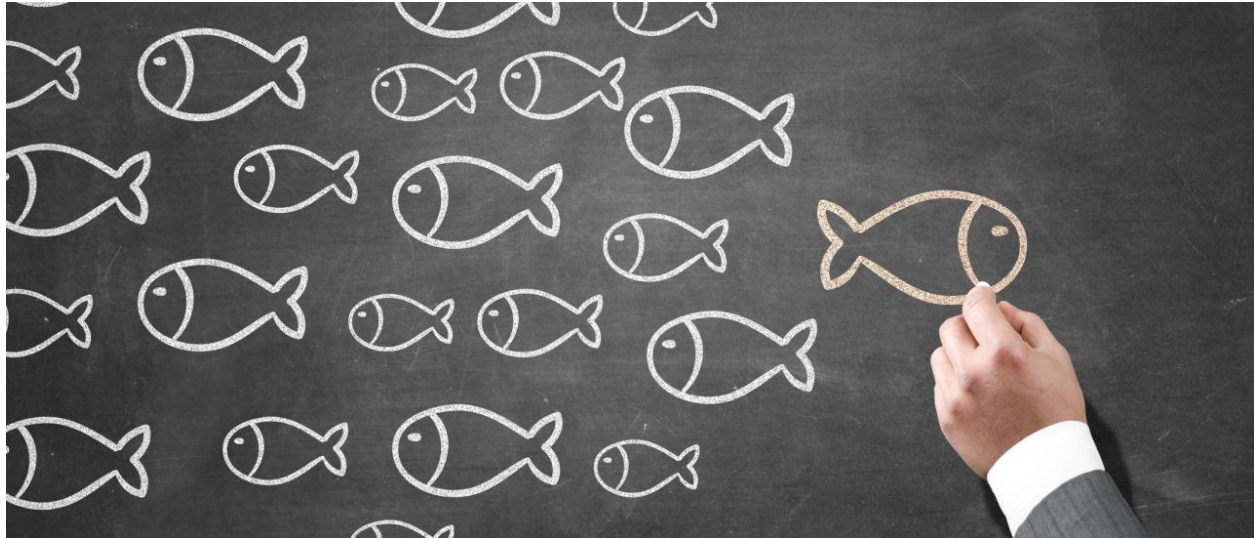

Take the Lead Against Moral Hazard



By [Graham Ward](#) , INSEAD

In times of uncertainty, leaders have an obligation to create workforces that shape societies, rather than reflect them.

Domestic upheavals wrought in political systems around the world during 2016 seem likely to shape societies for the coming decade. Many jurisdictions, to the great concern of a large body of their electorate, seem to have lurched towards a protectionist, inward-looking orientation, defying the liberalising tilt towards globalisation. Desperate hands are undoubtedly being wrung in some quarters as democratic society is subject to, yet respectful of, what U.S. President John Adams referred to as the “tyranny of the majority”. For those who feel powerless in the face of the machinations going on at a government level, I would like to offer hope.

As a teacher of leadership, executive coach and father of four children (not in that order), I am often wont to express that leadership exists, and should rightfully be exercised, at all levels of society, organisations and even in families. In fact, it is not only a right but an obligation. At times, I see disbelieving stares in my classroom from middle management executives: “Surely, leadership is what happens at the top?” as if one ought to sit around

and simply wait for leadership to show up. Like waiting for London buses, you may be disappointed: leadership does not work that way. It's a causal interaction between people, provoking action. The word "leadership" is suggestive of movement, from one place to another. The more interaction, the more action. Sit around and wait, and you will inevitably be told what to do. Act, speak up, innovate, influence, and you will disturb the system around you, shaping it to fit your own worldview.

Business as a power for good

In the last century, Western society made progress in women's rights and for minorities, it acknowledged and accepted different sexual orientation, promoted gender-diversified workplaces, and championed equality of opportunity. It embraced consensus-driven decision making as a more desirable model than top down authoritarian management, and imbued our organisations with environmental and social concern.

Organisations have tried, and at times struggled, to reflect those shifts, yet reflect them they have. Examples include HP and NXP Conductors which won the 2016 Stop Slavery Award given by Thomson Reuters at the Trust Women Conference for best efforts to eliminate slavery from all points of their supply chains. Novartis, EY and AT&T have won global awards for diversity, while a survey by PWC of 396 global listed companies demonstrated that low carbon companies outperform their benchmark indices.

These organisations, and many like them, have not only bought into these changes but autonomously sought to advance the agenda. Why? Because these policies and ideas accrete value. General consensus is rapidly accepting the rationale for inclusion, diversity and corporate social responsibility as being levers not only of capital generation, but also happy, meaningful workplaces and increased brand value. Yet it seems that some political movements and governments are taking a retrograde approach to much of this progress. If politicians seek to undo these advances through casual misogyny, ethnic prejudice, religious discrimination and environmental disregard, business leaders are obliged to dissent.

Luckily, they are empowered to do so. Let us not forget politicians serve us, not the reverse. Organisations write their own internal laws and the moral duty of leaders is to demonstrate that regardless of what is occurring at a supranational level, inside the firm misogyny will never be accepted and will be forcefully addressed; exclusion or bullying will not be tolerated; and

diverse cultures will not only be welcomed but encouraged as financially expedient. Furthermore, they should never allow retrograde policy-making by governments to undo what science has proven: Excessive carbon emissions are trashing our natural world.

All of this can be done not only with the foundation of moral rectitude but with commercial expediency as its superstructure. It is this commercial expediency, after all, which pays the tax dollars, pounds and euros that the politicians need to keep them in business.

It's time to stand up for company values

Our time is short and few of us will leave lasting legacies. When I ask leaders how they wish to be remembered, most reply with some version of: "That I was seen to be fair, moral and a decent person to be around. That people learned and grew because of my stewardship." Whatever their level, all leaders can build that legacy immediately.

As this year progresses, I would hope all influential or powerful individuals talk to their boards, teams, groups and clients about what their companies stand for; the commitment to the values written in annual reports but rarely mentioned. It is time to actively communicate to co-workers what it means to work for, and with, their company and rally them to do the same. In time, this ripple of positivity can become a wave. Do not assume that people automatically know your stance. Even talking to one person makes a difference: Every human interaction changes people, especially in uncertain times.

Leaders can and must create workplaces that shape societies rather than reflect them. It is time to demonstrate that companies, forming the backbone of society as employers, revenue generators and tax payers, can truly lead and influence the conversation. Corporations must not be silent. In saying this, I am reminded of a wonderful scene from *The Sopranos*. Tony, the mafia boss, eyeballs his teenage daughter going out on a date in a mini-skirt and lays down the law. When she protests, "Dad! It's 2011!" He replies: "It may be 2011 out there but in here it's 1975, now put on a longer skirt!"

I fear that some politicians, like Tony Soprano, would have us return to earlier days, with the concomitant injustice. It is time to ensure in your organisation, where you lead, it remains 2017!

Find article at

<https://knowledge.insead.edu/leadership-organisations/take-lead-against-moral-hazard>

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