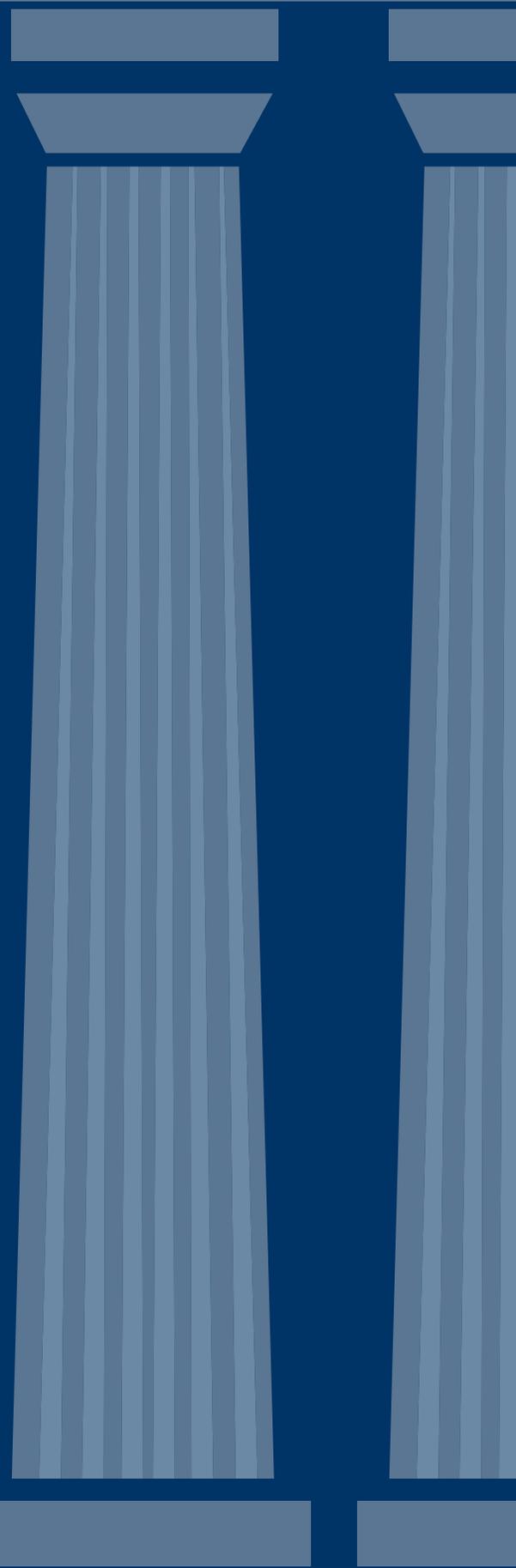


# 4 Pillars of Moral Leadership for Navigating a Crisis of Trust

by Dov Seidman



The animating spirit of business has always been an ambition to do big things -- to build something valuable, to solve a difficult problem, to provide a useful service, to explore the frontiers of human possibility.

At its essence, therefore, business is about human endeavor. And for humans to endeavor together, there must be an animating ethos and ethic of endeavor.

But it's getting harder for leaders to foster this ethos, and to lead through it on the way to doing big things. That's because they're trying to do so in a world that is not just rapidly changing, but has been dramatically reshaped. It operates differently. And it's been reshaped faster than we've been able to reshape ourselves, our institutions, and our models of leadership.

Most importantly, it has been reshaped in unique ways that conspire to yield moral implications and imperatives. First, we've gone from being connected to interconnected to globally interdependent. It's a world in which we rise and fall together, where the behavior of any one person can affect so many others so far away like never before. Second, technology is bringing strangers into intimate proximity at an accelerated pace, affording us richer experiences, but also demanding new levels of empathy and understanding. When a single smartphone swipe can bring a traveler into our bed, a handyman into our homes, strangers into our car, how we behave becomes more critical.

Third, these same technologies are granting us MRI vision into the innermost workings of traditionally opaque organizations and even into the mindsets and attitudes of their leaders.

Fourth, distance has all but disappeared. We live in a no-distance world where our moral imagination has exploded. From corporations and governments to celebrities and ordinary people, we're thinking and writing and arguing and tweeting about who's good and who's bad, who's sustainable and who's ethical, meting out sympathy and scorn, condemnation and redemption.

The forces reshaping the world have left us mentally disoriented and morally unmoored, with few bulwarks to lean on. Trust has broken down -- between citizens and elected officials, between business leaders and employees, between consumers and suppliers, between people with opposing opinions. And when trust in once-venerated institutions and leaders is so low, that's more than a crisis of confidence in their ability, it's a moral crisis in their probity.

For executives who pride themselves on facing up to hard truths, here's one: No one is exempt from this crisis and its consequences. Leaders can't afford to dismiss it, or to watch it unfold while privately thinking "it doesn't affect me and my business." The forces behind it are sweeping, indiscriminate and unforgiving,

and the time to reckon with them is now.

Only one kind of leadership can respond to moral implications, imperatives and a moral deficit of trust. And that's moral leadership.

Some of today's most prominent CEOs, from Tim Cook to Ajay Banga to Paul Polman, have committed to leading from a much higher, moral standard. But for leaders to reach this higher standard, it's harder than ever, because the same forces that have reshaped the world have also disrupted the central feature of modern-day leadership: the authority that comes with leadership positions. In other words, formal authority.

While the capitalist system, and indeed any system, can't function without leaders with formal authority, what makes it really work is when leaders occupying those formal positions -- from business to politics to schools to sports -- have moral authority. Formal authority can be won or seized -- and even locked up, when founders amass super-voting shares -- but moral authority has to be earned and sustained every day by how they lead, lest it be eroded. And we don't have enough of these leaders.

Given their role in society, CEOs are uniquely positioned to fill the vacuum. Think about it. In a capitalist economy, few if any other figures carry such immense formal authority -- by virtue of the capital they control, resources they command, consequential decisions they make and the sheer number of lives they affect. Now imagine the aggregate effect when CEOs go and build moral authority. Imagine the moral energy such a shift would unleash throughout workplaces, communities, countries, and across the world. It's this fusion of formal and moral authority that will allow us to fulfill the true promise of capitalism as Adam Smith envisioned it when he wrote that business was animated by a "moral sentiment."

This year's "change the world" companies, likewise animated by a moral sentiment, are making notable efforts to reconnect with the true essence of business as human endeavor. And behind many of these companies are CEOs learning that they can no longer operate without a normative point of view on the geopolitical, economic and social issues that profoundly affect the lives of employees, customers, partners, and members of all communities in which they operate. They know they need a normative framework and north star that can guide them in their thinking and in their choices.

Since nature abhors a vacuum, the vacuum of moral authority must, and will, be filled. Building moral authority isn't easy, and it doesn't happen overnight. But there's no better time to start than now. Here's a framework with four foundational, reinforcing pillars that can guide and inform leaders' efforts to build moral authority.

# 4 Pillars of Moral Leadership

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- 1 MORAL LEADERS PURSUE SIGNIFICANT AND NOBLE PURPOSES
  - 2 MORAL LEADERS INSPIRE AND ELEVATE OTHERS
  - 3 MORAL LEADERS ARE ANIMATED BY VIRTUES AND PRINCIPLES
  - 4 MORAL LEADERS ARE ALWAYS BUILDING MORAL KNOWLEDGE & WISDOM

## 1 MORAL LEADERS PURSUE SIGNIFICANT AND NOBLE PURPOSES

Moral authority is formed when leaders pursue – and are seen by others to be pursuing -- a worthy, valuable and noble purpose connected to human progress and prosperity. Purpose is about the fundamental nature of an organization’s endeavor. The deeper and more moral the nature of the endeavor, the more it elevates and can generate dedication, devotion, hope and commitment. And above all, it can be a source of meaning, when leaders pursue their purpose in ways that are bigger than themselves, so others see themselves in it and take part. This is especially the case when people can marry their own sense of purpose to a larger purpose.

Moral leaders see the path ahead as a journey, and frame it explicitly as such for others. In so doing, they leverage what journeys are about, focusing on the progress, not just results and the bottom line. Journeys challenge us to be resilient and hopeful, because journeys are hard, long, and curvilinear. They go up and down; they zig and zag. Journeys force us to learn, adapt, experiment, and embrace and learn from mistakes and failures as we strive forward. The ability to do these things together, and to stick together as we zig and zag and go up and

especially down, calls forth from us all that is moral. What makes it moral is how we journey. How do we maintain hope, truth, and the will to find our way when we are lost? If you want to journey together in this way, you need an ethos. By creating such an ethos and being unwavering in managing the journey, leaders generate moral authority.

## 2 MORAL LEADERS INSPIRE AND ELEVATE OTHERS

Moral leadership is about how leaders earn and sustain moral authority through their actions and decisions, and even more importantly, how they wield it in how they relate to others. The more formal authority these leaders know they have, the more conscious they are to sublimate it and make it less pronounced. Paradoxically, when you have formal authority, it is by not using it that you generate moral authority.

Those with moral authority understand what they can demand of others and what they must inspire in them. Honesty, for example, can be demanded. But loyalty must be inspired. Moral leaders do not ask for personal loyalty. Just like we ask

government leaders to take an oath and be loyal to the Constitution, by analogy, moral leaders ask people to be not loyal to them, but to the overall purpose and mission of the organization.

For these leaders, how they wield authority follows directly from how they view others. They don't see direct reports, but human beings, animated by hopes and longings, struggles and dreams. Therefore, every decision is made with consideration of others' full humanity. And because they see the full humanity in others, they're more inclusive and better able to listen to and learn from those they lead.

Because they see others in this way, moral leaders foster two-way conversations. They'll often ask a question when others will give an answer. They're mindful that the only viable strategy for winning and creating value in an interdependent world is to forge healthy, sustainable interdependences so that we rise, and do not fall, together.

## 3 MORAL LEADERS ARE ANIMATED BY VIRTUES AND PRINCIPLES

Moral leaders have certain virtues, values and principles that allow them to generate and sustain moral authority. Having a relationship with ideals that are greater than ourselves and with principles that are true irrespective of our own existence gives us a unified basis of endeavor. And while formal leaders are more interested in using formal authority to keep doing the next thing right, moral leaders are concerned with doing the next right thing.

For a CEO to do the next right thing, it takes more than intelligence and competence. It takes courage. When convictions are unwavering, they manifest as courage -- especially speaking up for what's right, even when it requires difficult self-analysis. People grant moral authority to leaders willing to venture into uncomfortable and vulnerable territory for the sake of their principles and larger truths, not because it makes them look good but because doing so bolsters others. For moral leaders, patience is indeed a virtue. Patience is a way of extending trust to others by allowing them the time to be more thorough, rigorous and creative. When spending an hour with a subordinate, formal leaders end by demanding answers, action plans, and next steps. But a leader with moral authority lets people sleep on it, knowing that people who have had a chance to reflect and let things settle in will feel freer to own their decisions and be more focused on the bigger picture, not

held captive by the pressures of the moment.

Above all, moral leaders are animated by virtues that orient them outward. They sacrifice, demonstrating concern for the welfare of others and putting others first in service of a cause bigger than any one person. They show empathy, because they are truly mindful of the lives, hopes and struggles of others and know their decisions have real human consequences. Diversity is a byproduct of empathy; for moral leaders, diversity is above all about embracing others and extending trust to people with whom you have, on the surface, little in common, and embracing the value that comes with it.

Humility is another key virtue. Through it, moral leaders make themselves smaller to do great things. CEOs, with their considerable formal authority, understand how large they loom. And they earn moral authority when they contract, making themselves smaller and creating a space for others to emerge and fully participate. For Nelson Mandela -- an extraordinary case, but one whose example any leader can learn from -- it was his uncommon humility and willingness to trust his people with the truth that made him transformational. He saw his challenge as inspiring hope in others so they would have the space to do the hard work of reconciliation.

Finally, equanimity allows leaders to respond to challenges with sound judgment and composure, as opposed to the morally fashionable way. As difficult situations pile up, these leaders do not wear down or compromise their principles; rather, they become more disciplined and rigorous through practice. When people see leaders hold themselves to a higher moral standard, they learn that acting from a place of values is a source of strength, not weakness.

## 4 MORAL LEADERS ARE ALWAYS BUILDING MORAL KNOWLEDGE & WISDOM

Moral leaders don't stop learning and growing just because they've accumulated formal authority. They continue to build knowledge and wisdom -- and in doing so, generate moral authority.

These leaders constantly build moral muscle -- I call it "going to the moral gym" -- by wrestling with questions of right and wrong, fairness and justice. Their wisdom comes from viewing the world through a moral lens -- and then framing issues in moral terms. In meetings, CEOs inclined to view matters through this lens and frame issues in this way will not ask "whose call is it," but rather ask everybody in the meeting to talk about what the right call is. Over time, as you start to build this muscle and develop the knowledge that results, it becomes second nature. And the

more you do this, the more moral knowledge and even wisdom is gained, and the more seamlessly it becomes part of your culture and the larger endeavor.

Moral leaders have the right attitudes around mistakes, failures and shortcomings, which is critical in a world where the amplifying power of technology and media means more mistakes and failures are revealed than ever before. When they witness or participate in activity incompatible with their purpose and mission, they conduct moral audits and ask deep questions such as “who have we become” and “what has become of us that we could allow this to happen”? And at a time when inauthentic apologies abound, you build – or rebuild – moral authority by probing deep into the values that allowed the offense to occur in the first place, encouraging feedback from the aggrieved, and turning your regret into a real change in behavior. If done authentically, making amends in this way and beginning a journey toward improvement is certain to bring with it moral knowledge and wisdom gleaned from the experience.

Because moral leaders understand morality is the province of nuance and fine-grain distinctions, they make thoughtful choices about what matters, and supply context and perspective that helps bring complex issues into sharp focus so others can relate and understand. Think of Pope Francis, a figure with tremendous formal authority over the entire global Catholic Church and its more than one billion followers. In a remarkably short time, he has leveraged a lifetime’s worth of earned moral knowledge and wisdom to focus the world’s attention on issues of real moral consequence, from climate change to gay rights to modern-day slavery. In doing so he has inspired audiences long believed to be beyond Catholicism’s reach, while re-energizing the Church and making it newly relevant.

In an instantaneous and no-distance world, moral leaders pause. There’s no morality without pausing. It is the precursor and enabler to moral activity: reconnecting with core values, reflecting on the situation, rethinking assumptions, and reimagining what could be. It’s in the pause that we hear our voice. And moral leaders bring people into the pause with them and encourage others to pause so they can reap its benefits and get things right. For business leaders, you pause to consider the fundamental issues that led your company down its current path and to its present challenges.

One especially hopeful thing to note is that anyone, from any walk of life, can build moral authority. Anyone, from community leaders and general managers to young millennial workers and schoolteachers, can build moral authority in their realm. CEOs can run their companies with moral authority, but they can

also inspire others to build it in their respective realms. And it’s equally encouraging just how many young leaders who have no formal authority are generating moral authority to make positive change. These self-made moral leaders – like the extraordinary 14-year-old girl who convinced a major fashion magazine to stop doctoring photos of young girls -- aren’t waiting to accumulate titles and other markers of formal authority to act on their principles. One by one, they’re generating moral authority, filling the leadership vacuum, and showing the rest of us how to change the world.

*A shortened version of this article appeared in Fortune Magazine.*



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