

The importance of moral leadership in the Covid age



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BY **MALIK SARWAR**

The world is crying out for leaders who truly care for others and are willing to take bold steps. The financial world is no exception, where a number of CEOs have stepped up to meet the challenges

The mounting deaths, crashing economies and reeling markets of early 2020 highlighted the need for successful, moral leaders to tackle the impact of Covid-19.

In a world crying out for inclusive leadership, incorporating interests of all stakeholders in societies riven by growing inequality, it is important, therefore, to step back and clarify the desired qualities of such leaders.

Leaders can generally be divided into three categories. The majority are 'also-rans', hired to do a job for a short period, before being exited or moving on. When markets turn sour, they leave damage in their wake, seldom suffering personally, other than from hurt pride.

A smaller number of 'effective' leaders are loved by markets for consistently delivering shareholder results. Their hubris is tolerated, as long as their success is celebrated.

The smallest group consists of 'great' leaders, building sustainable, successful businesses for their employees, community, business partnerships, next generation and shareholders. Their key quality is humility, in addition to clear vision and ability to establish leadership teams at all levels, writes Jim Collins in his book 'Good to Great'. Although not as well-known as 'effective' leaders, they leave a more significant mark.

Fairness to all

All segments in all societies, as a result of Covid, need such leaders, who truly care for others, willing to take risky, bold steps, based on fairness to all. Their constituency in the corporate and financial services world must embrace first staff, then end clients, especially those struggling to survive, and finally the most vulnerable communities they can support.

Moving quickly when Covid hit, Mastercard CEO Ajay Banga announced there would be no Covid-related layoffs this year, allowing staff to focus on families, jobs and delivering for customers. His pragmatic decision was based on a 'decency quotient' driving innovation, urgency and enterprise-wide thinking and behaviours. Decency is as important as other moral leadership virtues, including urgency, curiosity and competitiveness.

These traits are especially needed in a crisis like today's, balancing short-term business needs with helping society thrive for the long term. Leaders such as Anand Selva, CEO of Global Consumer Banking at Citigroup, who oversees 75,000 staff, have allocated extra money both for hard-pressed staff and small business clients.

There are three things such moral leaders do, making them unique and effective: displaying integrity, competence and compassion.

Integrity means creating an environment where management is not threatened by challenging questions and where everyone can succeed. The quietest voices must also be heard and publicly credited for success. Management should accept responsibility for failures and any criticism should be in private.

Competence is about listening, learning and always communicating, especially when it comes to tough decisions, while encouraging future leaders. Leadership must always be sensitive to staff challenged by cramped living and care of children or the elderly, while prepared to act decisively, with grit and passionate dedication to goals.

Compassion among leaders includes a variety of skills and qualities, including openness to new ideas, humour, ability to be on the dance floor as well as the balcony, and decency, always asking themselves 'why should anyone be led by me?' and making themselves worthy of being followed.

Peter Flavel, CEO of Coutts, insists on a strong moral compass in how we treat colleagues, clients and suppliers, having introduced business interruption loans, as well as mortgage and loan deferments. The biggest challenge from Covid, he says, is the inability to have spontaneous conversations with colleagues and friends. Coutts continues to encourage a culture of regular ideas exchange to counter the loneliness of remote working.

Breakdown in trust

Overall, responses to Covid challenges from CEOs we contacted were quite similar, advocating taking care of all stakeholders. The key problem, however, is that these stakeholders no longer trust the institutions around them, writes former banker Jacqueline Novogratz, founder and CEO of Acumen, a global organisation focused on investing capital to effect change.

Her book, 'Manifesto for a Moral Revolution: Practices to Build a Better World', focuses on helping the neglected poor with inclusive and sustainable measures. In order to rebuild trust, we must first address the pandemic of anxiety, divisiveness, inequality and impending climate catastrophe. Success must be measured by collective human energy, rather than money, power or fame.

Financial services bosses, who have benefited most from a long-term bull market starting in 1982, while others in society have become poorer, have a particular responsibility to display this moral leadership.

Some are belatedly making efforts to help the unbanked masses, by leveraging digital capabilities. But they must be more focused on what the next, improved normal should look like, shaping it into a more inclusive, fairer, sustainable and more equal world. They must also play a more central role helping control the pandemic, where the developed world, comprising less than 18 per cent of the global population, will get the lion's share of Covid medicine and the majority living in emerging markets may only be treated in late 2021 or 2022.

As a society, we should not be afraid to praise and reward effective leaders, while dismissing those who do damage. "There are two types of leadership – positive and negative," concludes John Flint, former CEO of HSBC. "Positive leadership is healthy, sustainable, and cultivates a genuine followership," based on pursuit of goals taking into account all stakeholders.

People choose to follow these leaders because they are inspired by their goals and vision, or because they admire a leader's traits, such as their empathy, intellect or value system.

"Negative leadership preys on the insecurities of those being led," says Mr Flint, threatening them with poor performance appraisals or humiliation in front of peers.

Positivity, alongside the need to avoid short-termism, is also stressed by Stephen Bird, the new CEO of asset manager Standard Life Aberdeen. "This is neither a marathon nor a sprint, it is about sprinting, then resting," says Mr Bird. "At the end of the day, leaders are dealers in hope."

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