



MORAL LEADERSHIP IN THE 4TH INDUSTRIAL REVOLUTION

BY CHRIS ATKINSON

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My role in this speech is not to discuss the intricacies and workings of blockchain finance nor to provide recommendations on how to eradicate poverty. My intention instead is to situate both topics in a single global context that demonstrates the relationship between them and the urgency under which we must act regardless of whether we sit here representing a developed or developing economy. I have spent my career consulting with, and developing leaders, from companies all over the world. I'm fortunate to be able to work both outside of the system of industry and within it, this has given me a unique perspective on the changes in the last decade.

Many years ago, I tried to read a book called "The Shield of Achilles" I say I 'tried to read it' because no matter how many times I tried to read it I could not understand it at all! I knew the message of the book seemed important but, in the end, I gave up, I put it back on my bookshelf where it slowly gathered dust.

Now, 20 years into an international career as a business consultant I found myself coming back to the words in that book, which at one point in my life made no sense.

“
*Politics will no longer drive the global direction but instead we will become 'market led'. Global corporations will hold more power than government in terms of influencing whole societies. Within these corporations **leaders will become the people that shape our world, dictate our international status and set direction. Increasingly politicians will wield less power.***
”

THE SHIELD OF ACHILLES: WAR, PEACE,
AND THE COURSE OF HISTORY
PHILIP BOBBITT

Suddenly now, the message seems clear to me and, with some shock, I realise I have actively lived through the transition that the author predicted.

The author, Philip Bobbitt argues the world is at a pivotal point in history. The traditional model of a nation-state is giving way to a new model of the market-state. The model of a 'nation state' has been perfected over six centuries as the optimal institution for waging war and organising peace. A nation-state promises to improve the material **welfare** of their citizens, specifically by providing security and order. In contrast however a 'market-state' promises to maximise the **opportunity** of their people. Nation-states use force and law to bring about desired results. Market-states use various forms of market relationships.

My belief is that this shift in power from nation-state to market-state is what has brought many of us here today. The fourth industrial revolution is led by organisations and technology not nations, it is driven by profit and efficiency not welfare and happiness.

Interestingly at the same time as the culmination of a traditional capitalist view comes to fruition, we are also seeing a rise in consciousness in the global population; organisational profit and country GDP are NOT sufficient foundations for humanity's future on this planet.



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This is because the two forces of market success and human consciousness are often in conflict with each other. It appears, right now at least, that we CANNOT maximise both.

BALANCING THE FORCES



Moreover, if the world we are in (or that we are moving towards) operates using the market-state model then the 'leaders' who will be responsible for balancing these two forces and leading us into the future successfully will increasingly be business leaders and not politicians.

The problem here is that business leaders may not have ever considered this responsibility, nor may they want it. Their role has always been to maximise the financial return of shareholders BUT suddenly now the fate of the world seems to rest in their hands!

We know that when the market system runs without strong moral leadership bad things happen. Look at the following list of events in the last 17 years, and these are just a tiny few of the many.

CORPORATE SCANDALS IMPACT

- Enron - cost \$74 billion with >28,500 job loses
- Arthur Andersen - 85,000 jobs lost
- Barclays - Given \$450 million fine
- WorldCom - inflated assets by \$11 billion
- Volkswagen - cost company €5.5 billion in 2018 alone
- Tesco - overstated profits by £263 million

This is not one industry, sector or even one country or culture. This is somehow hard wired into our market culture and organisational leadership. Many of the individuals involved

would not perceive themselves as criminal, they had morality and empathy in their private lives with their loved ones. There is a problem in the system itself somehow.

An article published by World Economic Forum says "The majority of the world's current environmental problems can be traced back to industrialisation, particularly since the "great acceleration" in global economic activity since the 1950s. While this delivered impressive gains in human progress and prosperity, it has also led to unintended consequences." These unintended consequences are what leaders all over the world now have to respond to.

Our desire for survival rights rests therefore, not only in the hands of government, but as we have seen, increasingly in the ability of leaders in multinational organisations to operate as Gallup & McKinsey say, "not just better, but **differently**". I'd like to explore what sits behind the drive for this 'different' way of working.

The acronym of VUCA is now the most common topic I hear about when I work with leaders. VUCA as many of you will be familiar with refers to volatility, uncertainty, complexity, and ambiguity. Digitalisation, big data, artificial intelligence, robotization, (de)globalisation, terrorism, financial crises, climate change and global shifts in power have left leaders completely unable to plan and strategize in the way that they have done in the past.

The traditional systems and structures of industry (and possibly of governments) are unable to adapt to the VUCA world. However, as leaders both political and commercial try to maintain their traditional approaches in the face of the new world reality, the strategy fails. These approaches to success simply don't perform as effectively in a VUCA environment and the

stronger the VUCA context the less effective the performance. It's like trying to use the wrong fuel in an engine, the engine performs less and less efficiently and eventually breaks down. The frightening thing for us living through this fourth industrial revolution is that we can see the changes, we can see that the fuel isn't working the way it used to, but we don't know how long we have before the engine breaks



down! In the last decade we have had some serious warning signs in the political landscape, the ecological landscape and in the commercial landscape.

Organisations and governments need to both think and function in fundamentally different ways. The chief Economist at the Bank of England commented on this in a BBC interview:

“Management is too focussed on short-term shareholder returns and therefore prioritises returning cash to them and increasing the share price in the short term, even if that isn't in the company's long-term interest.”

BANK OF ENGLAND CHIEF ECONOMIST
ANDY HALDANE

Sadly, what I have seen first-hand in recent years is an unwillingness in leaders to truly explore the need and urgency to fundamentally change their ways of working. Instead leaders cling on to their traditional 'known' approaches, trying ever harder to deliver the results demanded of them and, as these approaches fail and their position becomes vulnerable, often in desperation and fear they resort to unethical behaviours. Pride, ego or resistance to change prevents them from seeing what really needs to happen. As I mentioned, we see examples of this in the business world with increasing frequency, and now we are recognising similar behaviours from political leaders trying to hang on to ways of leading that simply don't work for the 21st century.

However, if we look at countries that are flourishing in terms of wellbeing and happiness (not just GDP) and if we look for organisations that are excelling at what they do (not just in terms of shareholder value) we find clues leading us towards the future. Let's look at some companies that are already doing things 'differently'.

CONSCIOUS ORGANISATIONS

- **AES** - Energy, 40,000 employees
- **Buurtzorg** - Health care, 7,000 employees
- **Morning Star** - Food processing, 400 - 2,400 employees
- **Patagonia** - Apparel, 1,350 employees
- **RHD** - Human Services, 4,000 employees
- **Sun Hydraulics** - Hydraulics components, 900 employees

These companies are described as 'teal organisations' (teal is a colour somewhere between green and blue). The term comes from the book *Reinventing Organizations* written by Belgian author Frederic Laloux who worked as a consultant with McKinsey. The term 'teal' denotes a new step of evolution in human consciousness which has led to the development of a fresh organisational model. There are other colours to describe the levels of organisational consciousness that exist before teal.

Let's look at the characteristics of teal organisations:

TEAL ORGANISATIONS

*...have a **strong sense of purpose** that ultimately makes the world a better place. Every decision is ultimately tied to the organisation's ability to support this purpose.*

*...**function as a whole**. Instead of having departments that operate as cogs in a machine, they are like a living organism that can quickly adapt and respond to the surrounding environment.*

*...**are self-led**. Teams organise around a shared goal, which has proven to give the individuals the autonomy and satisfaction they crave to fulfil their highest potential and utilise their top talents.*

These are the traits that we will need to nurture in individual leaders as much as in our organisations. Importantly, I hope that you see

that many of these characteristics can be directly applied to the reasons we all find ourselves here.

To summarise so far, we have the rise of a new conscious organisational model that demands 'purpose' as a core driver. Our 'market model' operates on old world systems that use profit and money as a measure of success.

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BALANCING THE FORCES



Sat in the middle of these two things we have the industrial and political leaders who now need to step into a new responsibility as moral guardians of a future world that is very much in danger right now.

You may wonder what exactly that looks like in a real-world context? Let's take one of the 'real' companies referenced as an example, Patagonia. The company recently benefited from a massive tax cut as the result of a policy change by President Trump. Shortly after, Patagonia's CEO published this statement on LinkedIn. She says:

“Being a **responsible company** means paying your taxes in proportion to your success and supporting your state and federal governments, which in turn contribute to the **health and well-being of civil society**. Taxes fund our important public services, our first responders and our democratic institutions.

Taxes protect the **most vulnerable** in our society, our **public lands** and other **life-giving resources**. In spite of this, the Trump administration initiated a corporate tax cut, threatening these services at the expense of our planet.”



Our Urgent Gift to the Planet

Published on November 28, 2018

Rose Marano CEO of Patagonia

Based on last year's irresponsible tax cut, Patagonia will owe less in taxes this year—\$10 million less, in fact. Instead of putting the money back into our business, we're responding by putting \$10 million back into the planet. Our home planet needs it more than we do.

A study by Stanford Business School into blockchain initiatives dedicated toward social impact found many are still in the early days — 34% were started in 2017 or later, and 74% are still in the pilot stage. But, 55% of social-good blockchain initiatives are estimated to impact their beneficiaries this year so we should be hearing about the results very soon. Beyond the hype, potentially transformative blockchain applications for social impact are already emerging.

This technology has arisen at an opportune moment, in the worlds of one of my favourite books of all time:

“The myth of growth has **failed us**. It has failed the 1 billion people who still attempt to live on half the price of a cup of coffee each day. It has failed the fragile ecological systems on which we depend for survival. It has failed, spectacularly, in its own terms, to provide economic stability and secure people's livelihoods. **Prosperity today means nothing if it undermines the conditions on which prosperity tomorrow depends.**”

PROSPERITY WITHOUT GROWTH: ECONOMICS FOR A FINITE PLANET
TIM JACKSON

This is an exciting time in world history, blockchain gives us the technology and commercial systems to free ourselves from traditional economic models and release much of the control that previously rested with government and financial institutions. This approach creates genuine opportunities that could never have existed in any other point in history before now. The Stanford study found, that of the blockchain initiatives they researched, 20% were providing a solution to a problem that could otherwise not have been solved without blockchain, and 86% were bringing forward solutions that are material improvements on the old systems.

“If harnessed in the right way, blockchain has significant potential to unlock natural capital and **empower communities** as well as enable a move to cleaner and more resource preserving decentralised solution.

...However, if history has taught us anything, it is that such transformative changes **will not happen automatically**. They will require deliberate collaboration between **diverse stakeholders** ranging from technology industries through to environmental policy-makers, underpinned by new platforms that can support these stakeholders.”

BUILDING BLOCKCHAINS FOR A BETTER PLANET
FOURTH INDUSTRIAL REVOLUTION FOR THE EARTH SERIES
WORLD ECONOMIC FORUM

If you ask me what moral leadership looks like or what I mean by a change in global consciousness, this is exactly what I mean. It is shameful that examples like this are so rare.

So where does blockchain fit in this picture?

“The promise — and potential — of blockchain to **drive social impact** is massive. It has the potential to **transform systems and leapfrog infrastructure** can enable solutions that previously weren't thought to be possible.”

BLOCKCHAIN FOR SOCIAL IMPACT
STANFORD BUSINESS SCHOOL, CENTRE FOR SOCIAL INNOVATION



If we situate those findings in the context of a VUCA environment we can immediately see that i) discovering new solutions to old problems and ii) making old solutions operate at new speeds, is exactly the type of approach that is needed for survival in the turbulent and chaotic VUCA world. And no doubt this hope is what brings each of you to this event, however despite all the promise most literature on blockchain comes with heavy warnings.

With the awareness that transformative changes will not happen automatically, the advice from the World Economic Forum is surprisingly clear: deliberate collaboration between diverse stakeholders. I believe what we see in this room today and what we represent IS an example of diverse collaboration, but it's clear that this also isn't enough for the scale of the challenge. There needs to be a profound shift in the level of consciousness in both the developed and developing economies of the world. Leaders need to take step up to the responsibility that has fallen on them even though they may never have asked for it.

In his book *My Vision*, Sheikh Mohammed bin Rashid Al Maktoum reflected on the state of the Arab nations following the financial crisis. Take a moment to imagine all the global economic forces and events that he could have focused on or blamed for the difficulties faced in the Gulf during that time. Actually, his conclusion was far more interesting, he said that the Arab Nations "suffer from a crisis of leadership and management and the selfish tendencies of some leaders". I would suggest we follow the courage of his statement to propose that multinational industries and governments **all over the world** suffer these selfish tendencies. There is no place for selfish leadership in an enlightened conscious global society.

A book I just recently started reading describes the problem in this way:

“
People aspire to the **STATUS** of leader instead of the opportunity to use leadership to **bring about positive outcomes**
”
STEALING FROM THE FUTURE
NEIL CROFTS & MARK THOMPSON

So, here we find ourselves at a point of transition in world history, we know financial inclusion is considered a key factor to poverty reduction. We also must find a way through the institutional and social constraints that lock us into failing economic systems. In particular, we need to

identify the opportunities for changes within society, changes in values, changes in lifestyles, changes in social structure-that will free us from the damaging social logic of consumerism and growth as vehicles for happiness or prosperity.

All of this has been brought about by a convergence of diverse worlds.

- *Global shift in environmental awareness*
- *Widespread dissatisfaction with political institutions*
- *The rise of consciousness organisations driven by purpose*
- *Growth in third sector organisations / NGOs*

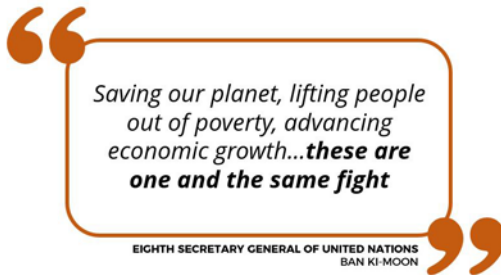
The fourth industrial revolution is driven by technological advancement so technology holds at least part of the answer, but the largest challenge created is actually a profoundly human one; “how do we need to think and act differently in order to adapt and thrive during this new period of world history”. The key to unlocking the potential of new technologies such as MobiDollar lies not in the lines of code within software or new financial systems but within human psychology and behaviour. The technology has already changed but **we ourselves still need to!**

My advice to each of you that believes, as a leader, you are a force for positive change in the world is to prioritise the following behaviours:



- *Link every decision to the greater purpose you are supporting*
- *Prioritise long term prosperity over short term gains*
- *Explore the potential in diverse partnership opportunities*
- *Do not tolerate silo thinking from teams, departments or partners*
- *Use new technology for the enrichment of mankind not for wealth generation*

Stood in this building, it seems appropriate to recognise we are not the first to discuss these connections. I'd like to leave the final words to the enlightened leaders before us, who were already engaged in the drive to eradicate poverty and increase the levels of global happiness. In particular the words of Ban Ki-moon seem to summarise my beliefs in 18 simple words:



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