EPISODE 191: ANAND ANANDALINGAM – ETHICAL LEADERSHIP FOR TECH ENTREPRENEURS

Anand Anandalingam

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Female Speaker

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Ken White

Welcome to Leadership & Business, the podcast that brings you the latest and best thinking from today's business leaders from across the world. Sharing strategies, information, and insight that help you become a more effective leader, communicator, and professional. I'm your host, Ken White. Thanks for listening. Artificial intelligence, synthetic biology, blockchain, social media, and other technology continue to change the way we live, work, and lead. At the same time, the reach of technology is expanding daily as more people are connected today than ever before. Now, decisions, thanks in part to technology, are often significant and far-reaching. And with that in mind, our guest says tech entrepreneurs must embrace ethical leadership. Anand Anandalingam is a tech scholar, teacher, and consultant, a Professor of Management Science at the University of Maryland. He previously served as the Dean of the business schools at Maryland and Imperial College in London. He says while tech entrepreneurs have much on their plates, ethics and ethical leadership should be the priorities. Here's our conversation with Anand. Anand Anadalingam.

Ken White

Well, Anand, thanks for taking your time and sharing your time with us. It's great to see you. Thanks for being with us.

Anand Anandalingam

Oh, it's a pleasure, Ken. I mean, I'm happy to be here.

Ken White

Yeah, and you have spent a lot of time in the tech space as a consultant, as a teacher, as a researcher. And you talk about ethical leadership in that space. What is ethical leadership? How do you define that?

Anand Anandalingam

Well, ethical leadership, of course, transcends tech space. It's for all industries. So just keeping it simple. Ethical leadership means doing the right thing. It's just that simple.

Ken White

And what does that mean, doing the right thing?

Anand Anandalingam

Well, first of all, a lot of people get confused thinking that ethical leadership means legal compliance. So lots of companies have lawyers helping them, making sure that they don't make any legal mistakes or do illegal things. But that's not what it is. It's really about making sure that you do the right thing by employees, by investors, by customers, your surrounding community, maybe the country, the planet, and even, of course, the shareholders.

Ken White

Right. But it seems complicated. What makes it so complicated?

Anand Anandalingam

Well, yeah, right now, things have become complicated because it take something like climate change. Okay, so at the beginning of the 20th century, you made decisions to improve your company, make money, get a market share, those kinds of things. But what we have discovered is that some of those decisions could actually lead to impacting the environment in a negative way, right? Leading to the warming of our planet, for example. So today leaders have to really make sure that while they are making their decisions, they have minimal impact on greenhouse gases, for example. Right? So that means that you really are taking care of not just the profits or profitability of your company or running your company for the shareholders but also for lots of stakeholders and especially the

community near you and also for the planet. But there's another reason for kind of making sure that you do the right thing because the young people today are really motivated for doing good. And so, if you really want to hire talented, well-educated students, they will not join your company if you do not take some of these environmental issues seriously. So ethical leadership has become complicated. It's more than simply being a leader and doing a good job in terms of running a company. It's also trying to make sure you take care of lots of things that are outside your company as well.

Ken White
I think when most of us think of the tech industry, we don't necessarily think about pollution or the planet. But your definition of ethical leadership is yet still important to the tech industry. Why is that?

Anand Anandalingam
Yeah, absolutely. So, yeah, right. Most of the tech industry doesn't really impact the planet in a negative way. Certainly, there are no greenhouse gases coming from Facebook. But the impact of the tech industry is really quite widespread. I mean, today, more than 6.4 billion people have smartphones. That's 81% of the world's population. So if you do anything that appears in a smartphone, it goes all over the world. It goes very rapidly to every nook and cranny of this world and can have quite a lot of impact of, both positive and negative. I can give you a couple of examples. I mean one example, of course, is what we saw during the 2016 presidential election. If you remember, I think we were both living in Washington, DC. There was a young man lived in Central Virginia who found out through the internet that some fake news about Hillary Clinton and the National Democratic Committee keeping young children as hostages in a pizza parlor in Chevy Chase Circle in Washington, DC. So he was motivated to liberate these guys, and so he came with a gun to this pizza parlor to try and get rid of these hostages. All because the information in the internet, which was not correct, was widespread, went to his home in Central Virginia and motivated him to do bad things. So when we are interacting with each other right now doing this podcast, we are on the internet. That's good. So the internet is good. Right? But someone charging a pizza parlor to liberate children because of the internet that's not so good. Right?

Ken White
Right?

Anand Anandalingam
So tech companies have a widespread impact, and it may not be pollution or air pollution, but it certainly pollutes the minds of lots of people all over the world.

Ken White

Yeah, no doubt. You have five guidelines to help tech entrepreneurs be ethical leaders. And your first one is make ethics the core value of the company. Can you share a little bit more about that?

Anand Anandalingam

Yeah, I think, as you well know, companies and employees and companies and even the stakeholders of a company are looking to the CEO, looking to the leader of the company to reflect their values in how they run the company. So it is very important that the leader, the CEO, needs to make ethics the core value of that company. So the way you do that is to make it clear to everyone. I mean, employees, partners, investors, the community that you're based in, that what you personally stand for, what your values are. And when you do this, you need to make sure that you also make it clear that there are some things in your values and ethics that are non-negotiable. And so I don't want to suggest that leaders come across as being sanctimonious or domineering and behaving as though they know the answers that nobody else does. In fact, they have to be humble, they have to be empathetic, they have to be compassionate, but they have to be very clear about what they stand for in terms of values and ethics.

Ken White

That's asking a lot from a leader, isn't it?

Anand Anandalingam

Of course. I mean, that's the kind of pressure that we right now have on the leaders in the 21st century.

Ken White

Your second guideline recognize the ethical dilemmas inherent in an entrepreneurial company. Tell us about that.

Anand Anandalingam

Yeah, so this is specific to entrepreneurial companies, but certainly, even well-established companies frequently go through these kinds of pressures. So in order to raise money, investors want to see that this company can be successful will be successful, because they don't really want to risk their money in companies that are not going to make it. So there is a lot of pressure on the leaders of these companies to be hopeful. Right? You have to be hopeful. So the thing is, there is much more pressure to be hopeful than to be truthful. Okay? So you have to really fight the temptation to go that extra step and fudge data, maybe fudge standards, cut corners, sort of build a much more flowery situation than what is reality. And so it is not only important that that becomes part of your ethical core, that

you are honest in spite. You can do that while being hopeful. And in some cases, we have seen in the past that company, and especially startup entrepreneurial leaders, have kind of tried to fudge data, and that's got them into trouble, you know, sooner or later. I mean, so one example, of course, is the demise of Elizabeth Holmes, a very famous case. The CEO of Theranos who fudged data to show that her company that was testing blood to figure out what kind of diseases people had. The reason there's a lot of pressure on her to fudge the data was because the industry, the venture industry, had invested a lot of money on her and wanted her to be successful. Then she also became a celebrity. So you had to kind of keep up with your celebrity status.

Ken White
Yeah.

Anand Anandalingam
And so, eventually, she got caught, and she's now in big trouble. So it is important to come to grips with the potential ethical dilemmas and conflicts that companies face and to make sure that while you're hopeful, you're also truthful.

Ken White
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Ken White
Your third guideline, redefine success.

Anand Anandalingam
That's right. So when life was simple, you could simply say, look, my success has only to do with improving the share value of the company, making sure that we expand market share, we become profitable, and so on and so forth. But right now, you need to define success, or I should say redefine success to align with your ethical values. Right. So you really need courage to redefine what success means to you, regardless of the judgment or the pushback that might accompany your actions. So you need to really get your

organization, bring everybody together to define what it means to be successful. How does your actions and the results of your decisions impact not just the company but also employees, stakeholders, shareholders, of course, but also investors, customers, and the community around you? And come up with frameworks that can help you ground these ethics and values in how you define success.

Ken White
Your fourth guideline, engage in courageous conversations. Wow. That's not easy. How do you define that?

Anand Anandalingam
Absolutely, because sometimes when a leader really talks about what it means to be successful, but they also talk about not simply helping the planet and helping people, but also being profitable, there's a lot of pressure on all the people who help run the company on trying to decide how to make it happen. So there will be lots of questions within the company about ethics and values, there will be debates, and so on. And I think it's very important for the CEO to engage the entire community, especially the employees in their company, on how to deal with some of the ethical dilemmas they're going to face. And they are going to face a significant number of ethical dilemmas. And it's important to have that conversation with courage. And the courage two ways. One is the courage to have the conversation, and the second is the courage to have this conversation without judging people who are grappling with these ethical issues. You need to make sure that the stress that they have dealing with the values and ethics that you bring to the company are dealt with sensitively and also that they have a forum in which that they can engage you and ask you perhaps sometimes very difficult questions. So you have to be courageous in allowing yourself to be challenged by people who work for you when they are dealing with some of these ethical dilemmas.

Ken White
And your fifth and final guideline for tech entrepreneurs to be ethical leaders, anticipate ethical tensions and negative outcomes, and try to mitigate them.

Anand Anandalingam
Yeah, of course, in the tech industry, the ethical tensions and negative outcomes are very specific to specific parts of the company. So, for example, if you have a company that deals with big data and AI the algorithms, you may be very proud of the algorithms you come up with, but there is a potential for those algorithms to lead to negative results. So, for example, there's a very famous example where a company, I think it's in the public domain, so I can say it's Amazon used an AI-based algorithm to decide who to hire, who to interview. And it turned out that the algorithm came up with mostly men who were called in for their interviews to join the company. So it's very difficult when you're actually

trying to build these kinds of tech companies to anticipate what could actually happen. So one of the things that people have suggested is to really find a way to do what the financial industry and banks have been doing for many years, which is to stress test your technology. So, stress test not only the products of your technology company but also services that your technology company provides by running several simulations and several scenario-based analyses and those kinds of things to make sure that you can anticipate what kind of ethical and values tensions or negative outcomes could come up. Okay, I should add here that I run a podcast called The Future of Humanity, where I have experts and scholarly thinkers, and influencers talk about the challenge of ethical leadership in specific industries. And so, in the podcast, we really deal with different industries. Not just big data and AI but also synthetic biology. We talk about social media, a whole variety of things, drug development, and discuss a lot about how what you want to do, which is really good, might sometimes have negative consequences and how you deal with those kinds of consequences.

Ken White
Tell our listeners the name of the podcast again.

Anand Anandalingam
The podcast is called Future of Humanity with Dean Anand.

Ken White
Got it. And available on all podcast sites. I'm sure they can just check it out.

Anand Anandalingam
Yeah, they can just check it out. They just keyword future of Humanity with Dean Anand.

Ken White
Terrific. I assume you're having fun with that.

Anand Anandalingam
Yeah, very much so. In fact, it's given me the opportunity to actually learn a lot about some of the ethical dilemmas that people face in various industries. And some of these things are hidden from the public because we are so excited about all these new developments that are happening in the tech industry. And I am excited too. I mean, I am a person with a tech background, as you already mentioned. But nevertheless, I think we have to now be more aware of the potential negative impacts, especially because we are so well connected all across the world through the internet and all these smartphones, that anything that is not so good that happens will have negative impacts very quickly in all sorts of places that you might not even think about.

Ken White

That's our conversation with Anand Anandalingam, and that's it for this episode of Leadership & Business. Our podcast is brought to you by the William & Mary School of Business, home of the MBA program, offered in four formats the full-time, the part-time, the online, and the executive MBA. Take control of your future. Check out the William & Mary MBA program at wm.edu. Thanks to our guest Anand Anandalingam and thanks to you for joining us. I'm Ken White, wishing you a safe, happy, and productive week ahead.

Female Voice

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