



Businesses must shift to steward leadership – pursuing profitable sustainability as a core strategy, not a moral add-on.

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What the US\$113b leadership development industry is getting wrong

The rules of value creation have changed in a transparent world.

BY RAJEEV PESHAWARIA

ASK any boardroom, policymaker, or your favorite chatbot to identify the defining challenges of our time, and the answers are remarkably consistent: geopolitical conflicts, economic fragmentation, misinformation, social inequality, climate risk, and the potentially negative consequences of artificial intelligence and technology use.

Yet, amid the urgency to respond to these systemic threats, one profound shift remains underexamined – the collapse of opacity.

We have entered what might be described as a “naked era” of radical transparency.

Ubiquitous connectivity, combined with powerful AI, has made the actions of companies, governments and individuals more visible, traceable and comparable than at any point in history.

This significantly changes the rules of value creation.

For nearly two centuries, the dominant corporate doctrine was straightforward: maximise profits within the rules of the game.

This model, most clearly articulated by economist Milton Friedman, assumed a world where information asymmetry allowed firms to operate with limited scrutiny, so long as they remained legally compliant.

That world no longer exists.

Today, stakeholders – from consumers and employees to investors and regulators – can interrogate corporate behaviour in real time.

In such an environment, merely “doing wrong” is no longer sufficient. Increasingly, when given a price-neutral choice, customers favour companies that actively help solve societal challenges, rather than those that merely avoid causing harm.

Profitability can no longer be decoupled from purpose. It is defined by it.

The steward leadership alternative

In a transparent world then, doing well requires doing good.

Businesses must shift to steward leadership – pursuing profitable sustainability as a core strategy, not a moral add-on.

It is a necessary strategy to ensure sustained profitable growth in a transparent, interconnected economy.

At its core, steward leadership rests on five

operating principles: interdependence, a long-term view, non-ownership mentality, creative resilience, and ethical integrity. Together, these form a decision-making framework that integrates commercial success with broader stakeholder outcomes.

Consider the contrast between short-term opportunism and a value-creation strategy grounded in interdependence that the following examples illustrate.

In 2015, Turing Pharmaceuticals raised the price of a life-saving drug by more than 5,000 per cent overnight – a move that was legally permissible but socially destructive.

The backlash was swift and enduring, highlighting the limits of rule-based thinking in a transparent world. The company filed for bankruptcy in 2023, and founder Martin Shkreli is serving permanently barred from the pharmaceutical industry.

By contrast, Novartis pursued a different path in rural India. Its Arogya Parivar social business model, started in 2007, expanded access to affordable medicines.

The programme eschewed profitability within the pharmaceutical industry.

By contrast, Novartis pursued a different path in a few years, entering new markets while strengthening long-term brand equity.

The lesson is not moralistic; it is economic. In an interconnected system, value extraction without value creation is increasingly unsustainable.

The AI inflection point

The stakes are even higher in the age of artificial intelligence.

Companies today face a critical strategic choice: deploy AI primarily for cost-cutting automation, or for capability-enhancing augmentation.

The former delivers short-term efficiency gains but risks eroding institutional knowledge, workforce trust and long-term adaptability.

The latter focuses on reimagining how value is created – equipping employees with new tools, reskilling them for higher-value roles, and strengthening competitive advantage.

Research by David Shrier at Imperial College London suggests the difference is significant. Automation-led strategies tend to produce

modest (10 to 20 per cent return on investment, or ROI), one-off returns that plateau quickly.

Augmentation-led approaches, by contrast, can deliver stronger and more sustained gains (200 to 600 per cent ROI), while preserving organisational capability.

Once again, the dividing line is leadership intent, not technology.

An out-of-sync industry

Despite these shifts, the global leadership development industry – valued at about US\$113 billion – remains largely anchored in outdated paradigms.

Much of today’s training continues to emphasise execution within existing systems, rather than equipping leaders to redesign those systems for a transparent, stakeholder-driven world.

This misalignment carries real consequences. Organisations risk producing leaders who are highly efficient and compliant but insufficiently prepared to navigate the complexity and scrutiny of the naked era.

In effect, we are training leaders for a world that no longer exists.

Reinventing leadership for a transparent world

What is required is not incremental adjustment, but a reframing of leadership itself.

Future-ready leaders must be equipped to integrate purpose into strategy, evaluate decisions through a multi-stakeholder lens, and drive short-term performance while maintaining long-term resilience.

In practical terms, this means embedding stewardship principles into how organisations define success, allocate capital and measure performance.

It also demands a shift in leadership education – from functional capability-building to values-driven decision-making under conditions of transparency.

In a world where everything is visible, leadership is judged not just by outcomes, but by intent, process and impact.

The “naked era” rewards those who can drive profitability with purpose.

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