

# Leadership Futures

**Purpose in Practice:  
Transforming Business for  
Sustainable Success**

Advancing into Industry 5.0

WORLD OF WORK  
INSTITUTE

 **Henley**  
Business School  
UNIVERSITY OF READING



# Foreword

Throughout my career in business ethics and sustainability – both in academia and industry – I have seen how the divide between purpose and profit has held back true sustainable organisational improvement. This ‘separation thesis’ often forces leaders to myopically choose between what is good and short-term profits, undermining future leaders and harming relationships with the people at the heart of organisations. Now, with unprecedented environmental and social challenges and the deterioration of humanistic values, this myopic approach threatens the very viability of business as much as it places our collective future at stake.

The gap between sustainability commitments rooted in deeper moral motivations and the social, humanistic, and environmental impact of business is widening. Meanwhile, environmental and social pressures intensify, and stakeholder expectations increase demands on good business. Yet progress remains slow, with a decline in the perceived impact of business. As technological advances reshape the economic and lifeworld landscape, it is more urgent than ever to promote better organisational and industry paradigms.

What makes me optimistic about Industry 5.0 is its potential to redefine value creation and purpose in business. It offers an opportunity to reshape the role of business in society, move sustainability beyond compliance, and reimagine innovation and competitive advantage as part of creating a more sustainable future for our economies and societies.

The path forward requires hope, courage, clarity and wiser action. Through this report, we explore how organisations – and all of us at their heart – can restore purpose to drive meaningful progress. This includes integrating emerging technologies for good, developing leadership fit for a better industry paradigm, and finding the best ways to align purpose with the future. In doing so, we can unlock the growth potential of more resilient organisations and empower employees to shape a better future, despite the uncertainties of the present.



**Professor Kleio Akrivou (2025),**  
Professor of Business Ethics and Moral Development,  
Director of the Centre for Business Ethics and Sustainability.



# Purposeful Transformation in Industry 5.0

**Industry 5.0 unlocks the potential to achieve more; combining progress with purpose. Building on Industry 4.0's efficiency and automation, it expands the focus to human-centricity, resilience, and sustainability. While Industry 4.0 prioritised technological streamlining, it often overlooked social and environmental consequences. Industry 5.0 ushers in a new era of human-machine collaboration, using advanced technologies to amplify intelligence and ingenuity; this enhances our ability to tackle climate change, inequality and global wellbeing.**

Core to Industry 5.0 is a rethinking of business priorities and success definitions, shifting from profit-driven, short-term models to a holistic approach that creates lasting value for stakeholders, society and the environment. Economic success and social responsibility are not competing objectives but deeply interconnected imperatives.

Advanced technologies drive this shift, but true transformation demands visionary leadership. Leaders must champion systemic change, embed sustainability into business strategy and become architects of purpose.

At Henley Business School, we believe businesses that embrace Industry 5.0 are positioned to thrive. By integrating human creativity with technology, they can drive lasting impact, proving purpose and profit are powerful allies in progress.

## Evolution of the Industrial Revolutions

- 1.0 The Age of Mechanised Production**  
The steam-powered revolution transformed manufacturing, transportation and the nature of work.
- 2.0 The Age of Mass Production**  
The use of electricity and petroleum led to mass production, giving rise to new industries like automotive and telecommunications.
- 3.0 The Digital Revolution**  
Computers and the internet drove automation, globalisation and the rise of smart manufacturing.
- 4.0 The Era of Smart Automation**  
The fusion of physical and digital worlds with IoT, AI and robotics created hyper-automated, smart systems.
- 5.0 The Era of Augmentation**  
A new era of human-machine collaboration, where AI and automation amplify human capabilities, foster creativity and tackle complex challenges.

**“ Sustainability is becoming a defining factor in the global race for innovation and leadership. To drive real impact, industries must harness this momentum, using competition as a catalyst for meaningful and lasting change. ”**



**Professor David Pendleton (2025),  
Professor in Leadership.**

# Critical Crossroads

“ There is a huge crisis at the moment in our world - an economic crisis, a sustainability crisis and also a humanistic crisis. ”



**Professor Kleio Akrivou (2025),**  
Professor of Business Ethics and Moral  
Development, Director of the Centre  
for Business Ethics and Sustainability.

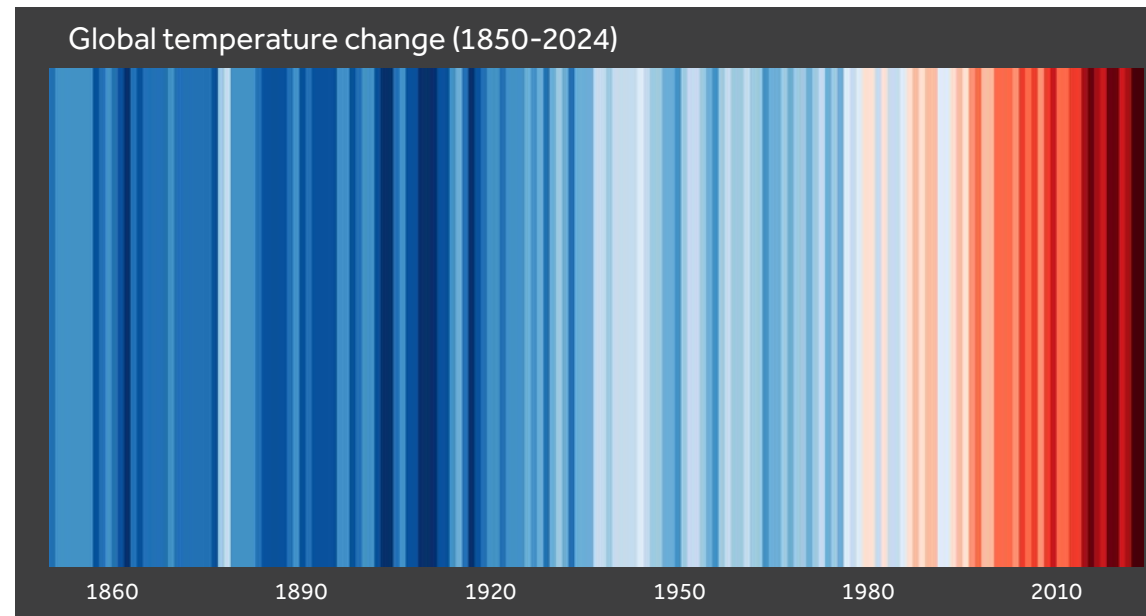
**We stand at a critical moment in human history, facing challenges that will define our collective future. While progress on sustainability initiatives is being made, the unavoidable truth is that the pace and scale of change remain far behind what's needed.**

## Mounting global challenges and insufficient progress

The world faces an unprecedented convergence of crises: climate change, biodiversity loss, dwindling natural resources and widening social inequality. These escalating challenges are no longer distant threats, they are present-day realities. 2024 was the warmest year on record reaching 1.55°C above pre-industrial levels (World Meteorological Organization, 2025). These realities are reshaping market dynamics and directly impacting business operations and future viability. With ecosystems and social structures straining under growing pressure, companies must recognise that these challenges are interconnected and demand urgent, unified action.

Yet despite an ongoing focus on sustainability, corporate efforts are still falling short of global targets and even internal company ambitions. Many organisations remain focused on meeting minimum regulatory requirements rather than driving transformative change. Even more concerning, some businesses and their networks are creating a façade of progress, effectively undermining and delaying the radical shifts needed in market structures and policy frameworks.

The rise of anti-ESG sentiment in recent years has further complicated progress, while debates over responsibility between government and business have slowed decisive action. Changing U.S. policy priorities, particularly around climate and regulation, introduce fresh uncertainty for global sustainability efforts. While political shifts may disrupt progress, in our view, this only reinforces the need for business leaders to stay committed.



*Henley Business School is part of the University of Reading, known for its world-class research on climate change. These climate stripes, created by Professor Ed Hawkins, show how global average temperatures have risen over nearly two centuries. Blue stripes show years that were cooler than the average temperature between 1961-2010, while red stripes show years that were hotter.*

“ Given the stress on our largest natural and societal systems, we need accelerated action – deeper work to build better, more regenerative businesses. We need to build net positive companies, that is, businesses that take responsibility for their impacts on the world and improve the wellbeing of everyone they touch. ”

**Harvard Business Review (2024)**  
Stakeholder Capitalism Still Makes  
Business Sense, 21 August.

“ Climate-related extreme weather events have cost the global economy more than \$2 trillion over the past decade. In the last two full years alone, global economic damages reached \$451 billion. ”

**Oxera & International Chamber of Commerce (2024),**  
The economic cost of extreme weather events, 7 November.



## The cost of inaction

The stakes could not be higher for business leaders. As conservationist David Brower famously said, “There is no business to be done on a dead planet.”

The commercial risks of environmental change are dynamic and complex. While UK CEOs ranked climate change as the second biggest threat to growth in 2023, it dropped out of their top three concerns in 2024 (KPMG, 2024) - a shift that highlights the reactive and short-term nature of current business risk assessment. However, extreme weather events, resource shortages, and evolving consumer demands continue to impact the bottom line and are likely to intensify, regardless of where they rank in immediate CEO priorities.

This volatility reveals a key weakness: many businesses still lack a comprehensive understanding of how their operations impact and depend on elements like biodiversity and natural resources, leaving them dangerously exposed to future disruptions.

“ The physical risks of climate change could threaten 5% to 25% of corporate profits by 2050 and in a scenario of accelerating climate action, carbon pricing alone could lead to up to 50% of EBITDA in additional costs for unprepared businesses. ”

**World Economic Forum and Boston Consulting Group (2024),**  
The Cost of Inaction: A CEO Guide to Navigating Climate Risk,  
11 December.

**“Sustainability is an enterprise-wide priority that impacts all aspects of a business, from Strategy and Finance to HR, Procurement, and Manufacturing.”**



**Dr Adeyinka Adewale (2025),**  
Associate Professor of Leadership Ethics  
and Entrepreneurship.

“ With the anti-ESG push and increasing regulations, there’s growing scrutiny over greenwashing. Companies and investors will face heightened pressure to deliver on their promises and demonstrate how their efforts are being measured. ”



**Dr Lisa Schopohl (2025),**  
Associate Professor of Finance.

## Beyond traditional ESG

Given these mounting risks and costs, why haven’t existing sustainability approaches delivered the necessary transformation? While transparency and target-setting through ESG frameworks have driven some progress, the limitations of traditional corporate sustainability and ESG approaches are becoming increasingly evident. They have failed to deliver the radical change so desperately needed. The core issue is systemic: in most markets it remains more profitable in the short-term to maintain unsustainable practices than to transform.

This creates a strategic deadlock. Some organisations invest heavily in sustainability infrastructures, building dedicated teams and releasing glossy reports, yet make limited headway on key challenges. Others, daunted and overwhelmed by complexity, retreat into minimal compliance, prioritising box-ticking over ambitious and meaningful action.

This disconnect has resulted in a growing credibility crisis. Stakeholders are increasingly sceptical, recognising the gap between impressive sustainability credentials and authentic systemic change. The reputational risk of purposewashing and greenwashing accusations, coupled with rising anti-ESG sentiment, add to the complexity. For many, ESG can feel a burden that’s misaligned with business priorities, prompting a move away from ambitious future goals and commitments. Addressing these systemic challenges requires a new approach - one that brings together the unique capabilities and responsibilities of business, government and society.



“ The scale and complexity of the challenges ahead make one thing clear: real and lasting change towards sustainability can only happen through a multi-stakeholder approach and when organisations really mean it. ”



**Professor Bernd Vogel (2025),**  
Professor in Leadership,  
Founding Director of Henley  
Centre for Leadership.



## The shared responsibility of change

Tackling these challenges demands a partnership approach between business, government and society. The true potential of business is two-fold. Firstly, its economic scale; many private organisations now have influence and resources comparable to entire nations. Secondly, and perhaps more importantly, its unparalleled capacity for rapid innovation and agile problem-solving.

Businesses can deploy capital, technological expertise and creative solutions at a speed and scale that traditional governmental approaches often struggle to match. While governments provide essential legislative frameworks and reporting standards, the private sector brings the innovation, adaptability and resources needed to drive the necessary transformation.

This multi-stakeholder model recognises that neither sector can solve these challenges alone; the global nature of both the crises and our economy demands collaborative action.

“ When businesses focus on what they do best – innovating at speed – we can accelerate progress far more effectively than if we depend solely on government regulations. Governments are focused on rules, regulations and policies, while businesses excel at creation, seizing opportunities and driving innovation forward – something we saw clearly with the Ventilator Challenge during the pandemic. ”



**Odharnait Ansbro (2025),**  
Programme Director, Henley Leading  
Sustainable Organisations Programme.



## The way forward

Sustainability is no longer optional; the focus now is on how rapidly and effectively businesses can transform.

The transition to purpose and sustainability is not a one-time achievement, but demands continuous commitment and a radical new mindset. Like the digital revolution before, it requires a disruptive change in organisational approach and leadership. In our view, having a sustainability strategy that sits alongside business strategy is no longer enough. Businesses must integrate responsibility into their core strategy and reimagine how they create value - not just through profits, but through values and sustainability.

“ In the aftermath of the 2008 financial collapse, the adage ‘the business of business is business’ no longer holds. Pursuing profit without ethical considerations yields negative consequences. ”

**Business Leader (2024)**

Navigating 2024: Challenges and opportunities in ethical business, 2 January.



## Insight:

The escalating environmental and social challenges confronting both the world and business demand immediate action. With sustainability progress still lagging behind what science and society demand, traditional approaches to corporate responsibility are no longer enough.

## Opportunity:

- Start with curiosity and self-reflection. Take time to deeply understand your own relationship with sustainability and purpose. What motivates you? Where do you feel resistance? Use these insights to develop authentic conviction as a leader.
- Create regular spaces for collective horizon scanning with your team. Build shared practices for engaging diverse stakeholders and perspectives. Encourage team members to bring external insights and emerging trends into strategic discussions.
- Develop an organisational impact framework that systematically assesses your business's environmental and social footprint. Move beyond compliance to create clear baselines, science-based targets and implement regular progress monitoring to drive meaningful action and accountability across all business operations.

# Business Case and Profitability

“ How we define and achieve purposeful profitability is critical. How do I create purpose in a way that truly benefits everyone? ”



**Professor Andrew Kakabadse (2025),**  
Professor of Governance and  
Leadership, Programme Director of  
The Board Directors' Programme.



**Amidst growing global challenges, businesses face increasing pressure to create value that extends beyond financial returns. While economic growth can no longer be pursued at the expense of climate change and social degradation, this new reality opens extraordinary opportunities.**

Industry 5.0 empowers organisations to redefine how they create and measure value, moving past the outdated conflict of purpose versus profit. Instead, it emphasises purposeful profitability, where financial success and meaningful impact reinforce each other, transforming sustainability from an add-on into a core driver of competitive advantage.

## Reimagining value creation

The Triple Bottom Line (TBL) framework, integrating People, Planet and Profit, was conceived as a groundbreaking approach to business responsibility. However, its implementation has often fallen short of its original vision. John Elkington, who originally coined the term, issued a “concept recall” in 2018, explaining: “It wasn’t designed to be just an accounting tool. It was supposed to provoke deeper thinking about capitalism and its future, but many early adopters understood the concept as a balancing act, adopting a trade-off mentality.”

This reveals a deep structural issue in how businesses conceptualise value creation. As Dr Adeyinka Adewale observes: “The big problem with the triple bottom line is the issue of balance. How do we balance amongst the three competing, or not competing priorities?” Many have approached the Triple Bottom Line as an add-on to existing profit-driven models, viewing these three pillars as competing priorities that must be traded off against each other.

Industry 5.0, however, calls for a more radical, integrated perspective. It demands that business leaders see purpose and profitability not as separate considerations to balance, but as interconnected drivers of long-term success. The reality is that purpose requires profitability to fuel long-term impact, while sustained profitability increasingly depends on purposeful operations to ensure future viability. As Odharnait Ansbro notes, “If we go back to the notion of ‘no business on a dead planet,’ we have to find ways where being sustainable is profitable. But we need to think about profitability with a long-term lens rather than being driven by short-term agendas.” The key is transforming sustainability from a “nice-to-have” brand enhancement into a core driver of innovation, optimisation and growth.

“ Yes, we need profit. But the real question is: what will we do with it? That’s where purpose comes in. Purpose truly matters. ”



**Professor David Pendleton (2025),**  
Professor in Leadership.



# Market transformation and competitive advantage

This integrated approach is already creating significant market opportunities.

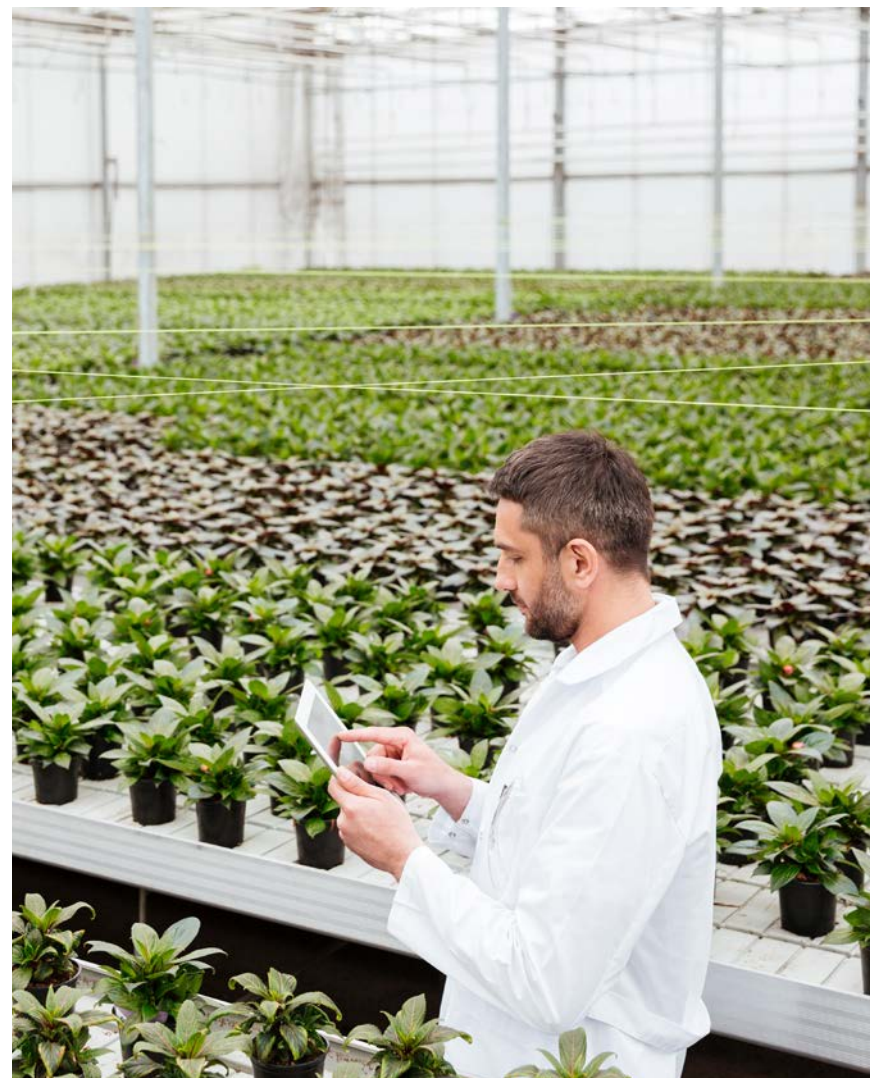
The Business and Sustainable Development Commission identified \$12 trillion in economic opportunities linked to delivering the United Nations Sustainable Development Goals (SDGs). These opportunities span sectors from clean energy and sustainable cities to responsible consumption and production.

To unlock these opportunities, organisations must move beyond declarative sustainability to embed responsibility throughout their operations. This requires investing in innovation, forming strategic partnerships and advocating for market structures that reward sustainable practices.

Companies taking this approach are already gaining significant competitive advantages, with 69% of CEOs now viewing sustainability as a leading business growth opportunity (Gartner, 2024). Through product and service innovation, they are opening new markets and capturing premium pricing, as seen in Patagonia's success with circular business models. Their authentic sustainability credentials drive increased market share. A focus on sustainable practices creates more resilient supply chains that minimise disruption risks, as demonstrated by Interface's sustainable sourcing strategy. At the same time, they are developing future-critical capabilities in sustainability and purposeful business operations. Importantly, they are also positioning themselves as ecosystem leaders, shaping industry standards and influencing market transformation in their sectors.

“ The green economy is projected to soar from \$5 trillion in 2024 to over \$14 trillion by 2030. ”

**World Economic Forum and Boston Consulting Group (2024),**  
The Cost of Inaction: A CEO Guide to Navigating Climate Risk,  
11 December.



# Stakeholder value creation

Meeting the evolving needs of stakeholders is central to the business case for purpose and sustainability. The narrow focus on shareholder returns is evolving into a broader understanding that long-term business success requires creating value for all stakeholders. As organisations transition to Industry 5.0, they must adapt to shifting expectations from talent, customers and investors, reshaping relationships across the stakeholder ecosystem. In our view, these shifts provide compelling evidence that purpose and profit are truly interconnected.

**Talent Markets:** The emerging workforce is increasingly redefining organisational success through a lens of purpose and social responsibility. As Professor David Pendleton observes, while previous generations saw profits as paramount, today's workforce demands a more holistic approach to business.

75% of Gen Z and millennial professionals now consider an organisation's societal impact crucial when evaluating potential employers, with two in ten having already changed jobs to align with their environmental values. Less than half believe business is having a positive impact on society (Deloitte, 2024), presenting a significant opportunity for authentic, purpose-driven leadership. Companies that cultivate a genuine sense of purpose create measurable advantages in talent attraction and retention, driving enhanced results through increased employee engagement and loyalty.

**Customer Dynamics:** Consumer preferences continue to shift towards sustainable products and services, with a growing willingness to pay premiums for demonstrated environmental and social responsibility. PwC reports that consumers are willing to spend an average of 9.7% more on sustainably produced or sourced goods, even as cost-of-living and inflationary concerns weigh (2024). Companies that embrace authentic purpose-driven strategies are capturing market share, building brand loyalty and long-term consumer trust.

“ 63% of respondents do not think their employers are doing enough to address climate change and sustainability. 21% say they have considered switching jobs to work for a more sustainable company, and 39% would like to see their employers speak publicly on climate change and environmental issues. ”

**Deloitte (2025)**

Global Consumer Signals Survey, 14 January.

**Investment Landscape:** Sustainability is moving from a peripheral consideration to a key strategic driver. As Dr Lisa Schopohl observes: “While climate change has dominated the sustainability agenda, biodiversity is emerging as the next crucial frontier for investors. The momentum is already visible.” PwC estimates that 55% of global GDP (approximately US\$58 trillion) depends on natural capital.

Investor commitment is growing. A Kearney and We Don't Have Time (2025) study found 92% of CFOs plan to increase sustainability investments, with over half committing to significant increases, while 93% see a clear business case for investing in sustainability. This is reflected in markets - global investment in the energy transition exceeded \$2 trillion for the first time in 2024 (BloombergNEF 2025).

Regulatory frameworks like the EU's Sustainable Finance Disclosure Regulation accelerate this shift. Notably, 40% of CEOs now accept lower hurdle rates for climate-friendly investments (PwC, 2024), recognising that long-term value creation extends beyond traditional financial metrics.



## Creating value through values

Success in Industry 5.0 will belong to organisations that effectively align market transformation with profitability. The future will reward businesses that move beyond compliance to lead markets where sustainability is not a trade-off but key to success. We believe that purposeful profitability enables companies to achieve financial excellence while delivering social and environmental impact, positioning them as leaders in an increasingly values-driven economy.

“ Tomorrow’s leaders won’t just comply with sustainability requirements, but will use sustainability as a catalyst to reimagine how business creates value and drives profitability. ”



**Professor David Pendleton (2025),**  
Professor in Leadership.

## Insight:

Industry 5.0 demands a profound change in how businesses create value, moving beyond the traditional profit-purpose divide to embrace purposeful profitability, where financial success and positive impact become mutually reinforcing drivers of competitive advantage.

## Opportunity:

- Challenge your own assumptions about the tension between purpose and profit. Focus on reframing conversations from quarterly profits to long-term value creation. Develop your skills in articulating how sustainability initiatives create compelling business value.
- Engage your team in identifying opportunities where sustainability drives business success. Create frameworks for evaluating initiatives through both financial and impact lenses. Build collective capability to make integrated value creation decisions.
- Transform how your organisation measures and rewards success. Develop integrated metrics that capture both financial and impact performance. Align incentive structures and investment criteria to drive purposeful profitability.

# Technology Enablement

“ Most AI projects fail (when AI is seen as) an IT issue rather than a cross-functional tool for business transformation. Imagine the possibilities of AI when utilised to its full potential. ”



**Dr Naeema Pasha,**

At a Crossroads: Reimagining Organisations for Sustainability, Growth and Creativity, Henley Business School Regatta Conference 2024.

Having established the business case for purposeful profitability, leaders must now consider how to realise this vision effectively at scale.

Industry 5.0 provides unique conditions and capabilities that make purposeful business more achievable. The convergence of human creativity with next-generation technologies creates an environment where organisations can better bridge the gap between purpose and profit.

Unlike previous industrial revolutions that delivered efficiency and growth at any cost, Industry 5.0 recognises that technology must serve broader societal goals. Technologies such as artificial intelligence, quantum computing, blockchain and advanced data analytics unlock possibilities that were previously unimaginable. However, leaders must be mindful of the environmental impact of implementing these technologies, particularly AI's growing carbon footprint and energy demands.

As some companies quietly scale back their ESG ambitions due to financial pressures, we believe the potential of Industry 5.0 becomes even more critical. These technologies enable businesses to overcome data processing challenges, generate actionable insights and integrate values with value creation. This allows them to address weaknesses in ESG efforts while creating innovative, impactful solutions.

Most importantly, they transform ESG data from a compliance obligation into a strategic resource that informs decision-making, enabling organisations to enhance transparency, track impacts and amplify human decision-making with new levels of precision.



“ 9 out of 10 executives agree that AI will have a positive impact going forward. Yet only 56% of organisations are currently using AI for sustainability. 32% state that their organisation is planning to implement an AI solution for sustainability in the near future. ”

**IBM Consulting (2024)**

The State of Sustainability Readiness. Based on a study of 3,000 business leaders worldwide. Published 4 December.

**“ We need to shift from “being data-driven” towards “being insight-driven”. This requires asking the right questions and combining previously unconnected data sets through AI. ”**

**Dr Naeema Pasha,**  
At a Crossroads: Reimagining Organisations for Sustainability, Growth and Creativity, Henley Business School Regatta Conference 2024.

# The strategic power of data

Data has become the foundation of sustainable business strategy, powering the AI and analytics tools that drive purposeful profitability. Forward-thinking leaders recognise that successful sustainability initiatives depend on the quality and usability of their data insights.

However, fragmented data remains a significant barrier to progress. Traditional silos prevent organisations from seeing the full picture of their environmental and social impact alongside their financial performance.

The key is moving beyond being just data-driven to becoming truly insight-driven. While collecting data is crucial, the ability to extract meaningful insights and translate them into strategic action sets leading organisations apart.

Real-time monitoring is now becoming standard practice. By consolidating disparate data sources, businesses can build systems that support current needs and adapt to future challenges in an increasingly sustainability-focused marketplace.

# AI and quantum tech: The sustainability accelerators

AI and quantum technology represent powerful accelerators for sustainable development within Industry 5.0. With just five years remaining to meet the UN's 2030 Sustainable Development Goals, progress is critically behind. Only 17 per cent of the targets are on track, with nearly half showing minimal or moderate progress, and over one-third stalled or regressing (UN, 2024). This gap between ambition and achievement demands transformative solutions.

AI augments human decision-making with analytical power and predictive capabilities that support purposeful profitability. Pi Labs estimates that 5.81 to 6.46 gigatonnes CO<sub>2</sub>-e of greenhouse gas emissions can be avoided annually by 2030 with industry-wide adoption of just four selected AI use cases (2024). Complementing this, quantum technology offers breakthrough potential; improving healthcare diagnostics, enabling real-time energy management, and enhancing climate monitoring through quantum-enhanced satellite observations. Together, these technologies offer real solutions to accelerate sustainability across environmental, social and economic fronts.





## Building trust through transparency

In an era of increasing stakeholder scrutiny and with many organisations retreating into 'greenhushing', trust has become vital for business. Technologies like blockchain and AI are strengthening the reliability of sustainability reporting, providing new ways to demonstrate authentic commitment and progress.

Blockchain provides immutable and transparent records, enabling businesses to verify claims about ethical sourcing and carbon offsets across supply chains. AI-powered platforms deliver accurate, real-time ESG data, improving accountability and reducing greenwashing risks.

The future of sustainability reporting is moving from static, annual reports to dynamic, real-time insights. Organisations can now validate sustainability claims and monitor environmental and social impacts across complex global networks. This technological foundation supports organisations in moving from defensive reporting to proactive demonstration of their sustainability commitments and impact.

“ AI can streamline data collection, assist sustainability leaders in understanding environmental risks, and support informed decision-making through clearer regulatory navigation. ”

**Ravi Kumar Mandalika (2024)**  
IBM Consulting Australia's Energy & Utilities  
Industry Leader, 4 December.



**“ Success isn’t just about having technology or data. It’s about how we bring human insight and technological capability together to make better decisions for sustainable impact. ”**



**Professor Keiichi Nakata (2025),  
Director of AI & Automation in the  
World of Work Institute.**

“ When fully deployed, AI will revolutionise how companies identify and realise sustainability improvements within operations and along the supply chain. ”

**Bain & Company (2024),**  
AI and Sustainability: The Power of Integration,  
9 September.

## Strategic technology integration

The most successful organisations view technology not as a standalone solution, but as an integrated enabler of purpose-driven strategy. As Dr Deepa Senapathi of the University of Reading emphasises, technology must be “guided by clear, informed goals and the integration of people and purpose.”

However, implementing these technologies effectively demands new ways of working. Our research reveals that leaders must develop new capabilities, create a culture of technological literacy and strive to continuously bridge knowledge gaps.

The challenge ahead lies in adopting new technologies, but also reimagining organisational structures and processes to fully realise their potential. We believe this requires a bold new approach to organisational design and leadership.

## Technology as a catalyst for stakeholder engagement

Digital platforms play a pivotal role in reshaping how organisations connect with their stakeholders. From real-time dashboards to interactive engagement tools, technology can make sustainability efforts more visible and accessible. These innovations enable businesses to showcase progress on their ESG commitments, as well as collaborate with investors, customers and communities. Facilitating open and informed conversations helps businesses to build stronger relationships.



## Insight:

Technology in Industry 5.0 must evolve from being merely a driver of efficiency to becoming an enabler of purpose, requiring organisations to strategically integrate digital solutions that enhance human capabilities while advancing sustainability and social impact goals.

## Opportunity:

- Build your understanding of how emerging technologies can drive sustainable innovation. Experiment with new tools firsthand and develop your ability to evaluate technology through both efficiency and impact lenses.
- Create a culture of responsible innovation within your team. Provide opportunities to explore how technology could solve sustainability challenges. Strengthen shared expertise to assess both opportunities and risks of new technologies.
- Establish clear frameworks for evaluating and implementing technology that serves broader purpose. Prioritise solutions that augment human capabilities and create positive environmental impact while maintaining business performance.

# Organisational Transformation

“ The whole organisational construct is up for grabs right now. It’s a very powerful time. ”



**Professor Nick Kemsley (2025),**  
Professor of HR and  
Organisational Capability.

# Building tomorrow's purposeful organisation

Market signals are clear: traditional business models are no longer fit for purpose in Industry 5.0. With 78% of CFOs reporting pressure from at least three different stakeholders to take more action on sustainability issues (Accenture, 2024), 59% of UK CEOs indicating their ESG progress isn't strong enough to withstand scrutiny (KPMG, 2023), and less than half of Gen Z and millennials believing business has a positive societal impact (Deloitte, 2024), organisations face mounting pressure to reimagine how they operate.

While 90% of executives acknowledge sustainability's importance, only 60% have actionable strategies in place (Rafi, T., 2022). The rise of anti-ESG sentiment and 'greenhushing', the deliberate underreporting of sustainability efforts, further demonstrates a failure to address these challenges authentically. In our view, Industry 5.0 offers a unique opportunity to rebuild businesses with purpose at their core.

“ Better business is better for our economy. The Purpose Dividend, a research report conducted by cross-party thinktank Demos, found that transitioning to a stakeholder model could boost the UK economy by £149bn per year, securing long-term investment and ensuring productivity and growth go hand-in-hand with better business. ”

#### **Raconteur (2024)**

Business can be a force for good, but we need to change the system, 13 September.



# Defining the purposeful organisation

A purposeful business goes beyond mission statements and profit metrics. It integrates values into every aspect of its structure, shaping decisions and operations at all levels. As Professor Andrew Kakabadse explains, this requires moving beyond individual leadership visions: “Most CEO appointments are based on the question, ‘what’s your vision?’ By the very nature of the question, it is short term. Purposefulness is an infrastructure.”

This distinction is critical. Vision reflects a leader’s personal perspective, while purpose must be embedded within the organisation through actionable systems and frameworks. Companies like John Lewis demonstrate this principle, as their purpose transcends leadership changes because it is built into the organisation’s foundations.

Building a truly purposeful organisation starts with asking: What does purpose look like and mean for this business? For many, the answer lies in beginning with core values and aligning them across the organisation. Yet, many boards and executives struggle to align on purpose and competitive advantage, undermining long-term strategies.

Without proper alignment, the risk of ‘purposewashing’ becomes real. Businesses repeatedly fined for ESG misconduct show how sustainability initiatives can become façades instead of genuine frameworks.

As Rebecca Henderson argues in *Reimagining Capitalism* (2020), “Being authentically purpose driven can be a powerful business strategy. But you can’t decide to be authentic because it will be good business. That wouldn’t be authentic. Becoming authentically purpose driven is all about exploring the boundary between purpose and profit.”

“ Businesses need to define what purposefulness means for them. The real challenge lies in building a business around it, which rarely gets enough strategic attention. ”



**Professor Andrew Kakabadse (2025)**, Professor of Governance and Leadership, Programme Director of The Board Directors’ Programme.

“ The focus should be on whether companies are moving fast enough — for science and society — towards a net positive, restorative, and regenerative business model. And that requires, if nothing else, courage — the fortitude to step up to what the science and the times require. ”

**Harvard Business Review (2024)**  
Stakeholder Capitalism Still Makes Business Sense, 21 August.



“ Purposefulness is an infrastructure. This infrastructure is designed to implement core values. ”



**Professor Andrew Kakabadse (2025),**  
Professor of Governance and Leadership,  
Programme Director of The Board  
Directors' Programme.

## Infrastructure for purpose

With 86% of workers stating that trust and transparency in organisational relationships is very or critically important (Deloitte, 2024), the need for robust purpose infrastructure is clear. As Professor Andrew Kakabadse emphasises, “Purpose isn’t just words - it’s infrastructure that counts.”

He further explains, “How would you recognise a purposeful organisation? First is the structure. Where in the structure do you have people looking at purposefulness, checking its viability, reporting on it?”

The infrastructure must comprehensively transform organisations. This means redesigning systems and decision-making processes to reflect core values. It requires establishing clear governance and accountability mechanisms while creating measurement frameworks that track both financial and impact metrics. Leaders must ensure capabilities for sustainability are built into all roles, embedding purpose into every aspect of operations.

A practical starting point, as Odharnait Ansbro advises, is risk assessment: “Start with identifying your biggest risks. What are our risks here? How exposed are we? Do we even understand that exposure?” With nearly one-third of CEOs expecting climate change to alter how they create and capture value in the next three years (PwC, 2024), this assessment becomes crucial for future viability.

Frameworks like B Corp certification can provide valuable blueprints, offering comprehensive models for embedding purpose into organisational structures. Their assessments typically cover governance, workers, community, environment and customers, providing clear standards and measurable benchmarks. However, these frameworks should be viewed as tools rather than complete solutions; we believe the real work lies in creating authentic, organisation-specific infrastructure that drives genuine change.

# Operational evolution

Market dynamics are leading organisations to rethink their processes and supply chains. The Ellen MacArthur Foundation highlights how design can eliminate waste, circulate materials and regenerate nature. With circular economy revenue opportunities projected to exceed \$1 trillion in Europe by 2050 (McKinsey & Company, 2024), forward-thinking organisations are re-examining what it means to operate responsibly.

Traditional sustainability approaches focusing primarily on reducing negative impacts are no longer sufficient. Circular economy principles offer a pathway to truly regenerative business models that restore and strengthen natural systems. As the Ellen MacArthur Foundation states, circularity isn't just about waste reduction - it's about designing systems that actively regenerate nature while benefitting business and society. This approach represents a move away from linear 'take-make-waste' models to those that replenish and enhance the systems they operate within.

"If we examine regenerative business through an ethical lens," notes Professor Kleio Akrivou, "we see it demands an inside-out shift. It begins with how we nurture and develop our people, then extends to how we interact with society and care for our planet. You start to bring an understanding of what the conditions for healthy life are on the planet into how you do business."

This step-change demands a comprehensive overhaul including lifecycle-focused product development, transparent supply chains, waste elimination and circular economy-driven innovation. The journey often begins with efficiency, which naturally aligns with sustainability. PwC's 27th Annual Global CEO Survey 2024 shows roughly two-thirds of companies have efforts underway to improve energy efficiency, while half are innovating climate-friendly products.



“ Leaders need to start thinking about the organisational outcomes they need to drive, and they need to be more than just financial. ”



**Professor Nick Kemsley (2025),**  
Professor of HR and  
Organisational Capability.

# People and capabilities

The talent market is sending clear messages about future needs. LinkedIn's Economic Graph (2024) shows global demand for green talent increasing by 5.9% annually between 2021-24, outpacing supply at 5.6%. The UK has seen a 46% year-on-year growth in demand for green skills, highlighting a capability gap. The report emphasises that "to close this gap, we must at least double the current projected green talent supply by 2050."

This talent challenge coincides with younger demographics prioritising purpose. Organisations must connect individual roles to impact goals while offering opportunities to contribute to purpose projects.

Workplace conditions can limit progress. "If you want innovation," Odharnait Ansbro explains, "you can't create conditions where people are so stressed they're constantly reactive." Leaders need to move beyond rigid management models to foster creativity, lifelong learning and adaptation.

With KPMG identifying a lack of skills to implement solutions as the number one barrier to achieving net zero ambitions (2023), organisations must prioritise capability building. We believe that moving beyond traditional training toward immersive learning experiences more effectively develops the mindsets and behaviours needed for a regenerative future.

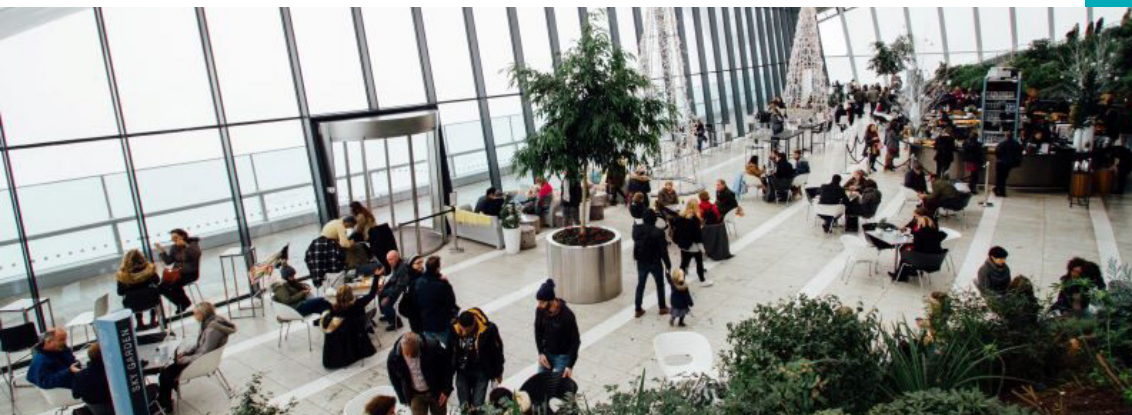
# Stakeholder integration

CEOs face rising accountability to diverse stakeholders, with 61% in the UK believing that, as trust in institutions declines, the public expects business to fill the gap (KPMG, 2023). The focus is shifting from competitive advantage to collaborative impact, requiring new approaches to stakeholder integration that link organisational success to stakeholder wellbeing.

Building trust through transparent stakeholder capitalism is imperative in an era where organisations "can be illuminated in every corner" (Deloitte, 2024). The University of Reading's Dr Deepa Senapathi emphasises that "leadership in sustainability needs to facilitate linkages and conversations, aligning different sectors' values toward common goals."

Effective stakeholder integration requires both internal and external focus. Organisations must connect employees and consumers to purpose through clear communication while showing investors how long-term value comes from serving all stakeholders. A strategy with clear standards should be embedded within the organisation, supported by monitoring and evaluation. Providing measurable information about actions and impacts is key to maintaining trust in an age where superficial commitments are quickly exposed.

Success in Industry 5.0 requires moving beyond traditional institutional stakeholder models to create meaningful partnerships for collective benefit. As Professor Nick Kemsley notes, leaders must ask, "How do we spread the net outcome of doing business in different ways and see people as assets to invest in, not costs to minimise?"



“ As we transition towards a net-zero, resilient future, it is becoming increasingly clear that sustainability must be embedded into every role, whether an employee works specifically on sustainability or not. ”

**Sue Husband (2024),**  
Community Impact Director at Business in the Community.



## Policy and compliance evolution

The regulatory landscape is rapidly evolving to motivate more ambitious change, and leaders must stay updated on its direction. Regulation is set to be one of the biggest trends. As Dr Lisa Schopohl notes, “Over the past two years, we’ve seen a surge in ESG regulations affecting both investors and corporates. Navigating these changes and their broader implications will be a key challenge.” Emerging policies now require organisations to pursue more progressive transformation, rather than just meeting compliance standards.

The EU’s Nature Restoration Law and the UK’s Biodiversity Net Gain requirements, for example, signal an evolution towards more demanding, outcome-focused regulation, while The Corporate Sustainability Reporting Directive (CSRD) makes sustainability reporting as important as financial reporting for EU companies, though proposed changes may narrow its scope. Meanwhile, the new ESG ratings regulation strengthens transparency, governance, and disclosure requirements to improve trust in sustainable finance.

The path forward requires balancing regulatory compliance with ambitious innovation, using reporting frameworks as a foundation for progress. Organisations must integrate emerging requirements into broader sustainability strategies that deliver measurable environmental and social outcomes while maintaining business performance. This evolution signals a clear shift from baseline compliance toward systemic transformation that creates lasting positive impact.

In our view, the organisational changes needed for Industry 5.0 demand a new kind of leadership. As companies rebuild their infrastructure and capabilities for purpose-driven business, they require leaders who can navigate complexity, foster collaboration and create the conditions for transformative and meaningful change.



## Insight:

Building purposeful organisations demands more than surface-level ESG initiatives or isolated sustainability teams; it requires reimagining how businesses operate, integrating purpose into every aspect of organisational design, decision-making processes and operational systems.

## Opportunity:

- Lead by example in demonstrating purpose-driven behaviour. Share your sustainability experience, including challenges and setbacks, to create transparency. Build your capacity to navigate the emotional and practical aspects of transformation.
- Cultivate a purpose-driven culture by enhancing purpose literacy across all levels through training, mentoring and experiential learning. Empower cross-functional sustainability teams with the authority and resources to drive change, while fostering psychological safety for innovation and continuous skill development. Encourage open discussions and experimentation to lead purpose-driven initiatives.
- Design and implement clear purpose infrastructure – from governance structures to decision frameworks. Create systems that allow purpose to integrate seamlessly at every level while maintaining adaptability. Build capabilities for sustainability across all roles and functions.

# Leadership and Implementation

“ Leaders need to ask themselves, ‘What do we really want to achieve?’ This often becomes clearer when they reflect on their legacy; what they want to leave behind. While technology and technical solutions are important, if we’re not grounded in the purpose and values behind what we do, we aren’t going to create a truly positive impact. ”



**Odharnait Ansbro (2025),**  
Programme Director, Henley Leading Sustainable Organisations Programme.

Leadership in Industry 5.0 starts with questioning the status quo and committing to a new way of doing business; one firmly anchored in values. Legacy is a key motivator: leaving the world better for the next generation and aligning organisations to achieve more than financial outcomes.

This requires courage and clarity. Leaders must think beyond technical solutions and ask, "What do we truly want to achieve, and what values will guide us there?" Yet, the path forward can feel overwhelming. As Professor Kleio Akrivou observes, "The future of work and ethical leadership is massively changing; we cannot really discredit that this is a fact." Business leaders are being asked to develop new skill sets, navigate complexity and deliver against a broader spectrum of responsibilities while staying true to their ethical principles. The key lies in evolving leadership styles and skills which create the conditions for radical change.

“ The current state of affairs is not just disappointing, it’s alarming. The time for half-measures and incremental progress is over. We need more than just statements. We need bold, decisive leadership and action to ensure a sustainable and equitable future for all. ”

**Harvard Business Review (2024)** Stakeholder Capitalism Still Makes Business Sense, 21 August.



“ We need leaders to stand up and say, ‘I’m not part of that old system. I’m part of a new system, or I’m part of reimagining a new system.’ ”



**Professor Nick Kemsley (2025),**  
Professor of HR and  
Organisational Capability.

# The power of collective impact

The nature of today's environmental and social challenges means that businesses can no longer operate in isolation. Their scale, complexity and severity demands collective action guided by shared values - no single entity, whether public or private sector, can solve these issues alone. Global supply chains and ecosystems are increasingly interconnected, requiring a shift from models focused on competitive advantage and locked-in profit, to approaches rooted in shared success, collaboration and ethical principles.

This shift embodies multi-stakeholder capitalism, where success is measured by mutual benefits across an ecosystem of employees, customers, suppliers, communities and the planet. Leaders must recognise that their organisations' success is intrinsically linked to the health of this broader system; no organisation can thrive without functional infrastructure, clean water and effective trade relations - making collaboration essential.

Our view is that strategic partnerships are now critical to enable advancement. Whether through cross-sector initiatives, industry coalitions, or alignment with government policies, leaders must develop the ability to create shared value beyond traditional organisational boundaries.

“ Partnerships are crucial. While every individual and sector has a role to play, driving global change requires collaboration. This aligns perfectly with the Sustainable Development Goals, particularly Goal 17: Partnerships for the Goals. ”



**Dr Deepa Senapathi (2025),**  
Associate Professor of Applied  
Ecology, University of Reading.



“ The old business playbook of ‘win at all costs’ is dead. Success isn’t just about beating competitors and maximising profits, it’s about creating shared value that ripples through your entire ecosystem. When you build a business that benefits your people, your partners, your community, and the planet, it’s not being idealistic, but about building the only model that can truly last. ”



**Professor David Pendleton (2025),**  
Professor in Leadership.

# Acting as a catalyst

Leadership in Industry 5.0 demands a shift from traditional command-and-control models to a collaborative, networked approach. The outdated hierarchical pyramid, where a single leader holds all decision-making power, is increasingly ineffective in today's complex business landscape. Instead, leaders must evolve from commanders to catalysts - individuals who unlock the collective capacity of their teams and organisations.

Catalyst leaders must integrate reason, affect, and intuition to enable wiser decision-making, create psychological safety, build trust, and drive mutual growth. Rather than dictating outcomes, catalyst leaders must focus on creating common purpose, facilitating innovation, and acting with responsibility and moral imagination.

By focusing on enabling collaborative problem-solving and harnessing collective intelligence, catalyst leaders help teams discover solutions together. They prioritise creating conditions for shared success, recognising that leadership is about empowering communities to shape their own futures, as defined by systems thinker Peter Senge.

“ A catalyst is someone who works to harness and unlock the potential of the collective. Whether leading an alliance or a group of stakeholders, their role is to create alignment and catalyse co-creation. This begins with a fundamental mindset shift: recognising that “I don't need to control.” As a catalyst, your role is to help the group create the future they want together. ”



**Odharnait Ansbro (2025),**  
Programme Director, Henley Leading Sustainable Organisations Programme.

“ Are you truly ready to lead? It's easy to lead in a world where you dictate and others simply follow. But how do you lead when you deeply value human beings; beyond vision and ambition? ”



**Professor Kleio Akrivou (2025),**  
Professor of Business Ethics and Moral Development, Director of the Centre for Business Ethics and Sustainability.



# Systems thinking and experimental approaches

The intricate, interdependent nature of global challenges requires leaders to shift from linear, single-focus thinking to holistic, systemic approaches, and embrace both systems thinking and experimental problem-solving. Systems thinking provides the framework for understanding complex interconnections, while an experimental mindset enables effective action within this complexity.

## Systems thinking in practice

We believe leaders must develop the ability to understand how economic, social and environmental factors intersect, recognising that interventions can have unpredictable, far-reaching consequences. However, research shows that many leaders feel their understanding of systems thinking is lacking, and they feel unprepared to implement it.

This gap often leads to perspectives that overlook the nuanced dynamics of complex systems. Addressing sustainability challenges requires working within interconnected ecosystems rather than isolated silos, and embedding sustainability thinking into every role rather than confining it to specialised positions.



## Experimental problem-solving

Currently, many businesses operate with a fixed, linear mindset focused on Gantt charts and rigid KPIs. While these structures offer predictability, they often hinder progress on sustainability challenges that require adaptive, evolving approaches.

Success in Industry 5.0 requires adopting an experimentation mindset focused on cycles of trying, learning and iterating. This means designing small-scale interventions, learning quickly and adapting based on real-world feedback. This approach reframes failure as a valuable learning opportunity and sees continuous learning and improvement as a strategic capability. Rather than long-term, rigid sustainability plans, businesses should focus on short-term, experimental interventions that evolve and scale as insights emerge.



Purposeful leadership in Industry 5.0 must evolve to meet the demands of a more interconnected and complex world. Leaders must embrace collaboration, think systemically and adopt experimental approaches to navigate uncertainty and an era of disruptive change. By stepping into the role of catalysts, they can unlock collective potential, align diverse stakeholders and drive meaningful progress. At Henley Business School, we believe that those who embrace this new approach will create a lasting legacy, delivering better outcomes for business, society and the planet.

“ When you’re aiming to create regenerative businesses and tackle complex sustainability challenges, you have to think systemically. You need to understand the impact you’re having on both the natural world and society, and recognise how these systems interact. Sustainability problems are systemic in nature – they often have no clear, defined answers and many root causes. You can’t solve them on your own, so you’ll have to work with multi-stakeholder coalitions across your ecosystem. ”



**Odharnait Ansbro (2025),**  
Programme Director, Henley Leading Sustainable Organisations Programme.

**“ I wouldn’t commit to a five-year sustainability plan. Instead, I’d focus on designing experiments, continuously learning and iterating as you move forward. ”**



**Odharnait Ansbro (2025),**  
Programme Director, Henley Leading Sustainable Organisations Programme.

## Insight:

Industry 5.0 demands an evolution in leadership - from traditional command-and-control to catalytic leadership that creates the conditions for collective impact and sustainable transformation through experimentation, learning and systemic change.

## Opportunity:

- Develop catalyst capabilities through deep listening and systems thinking. Build comfort with uncertainty by shifting from controller to enabler, practicing collaborative approaches that unlock collective potential across stakeholder ecosystems.
- Build environments for multi-stakeholder innovation by creating psychological safety for bold experimentation. Develop a culture where diverse perspectives are valued and teams feel empowered to challenge conventional thinking, enabling breakthrough solutions to emerge.
- Build infrastructure for experimental transformation through dedicated spaces, tools and platforms that enable rapid prototyping and learning. Create communities of practice that develop next-generation leadership capabilities, while aligning recognition systems to reward ecosystem-focused, purpose-driven approaches.

# Summary

“ Here’s the reality check we all need: doing good and doing well aren’t opposing forces - they’re rocket fuel for each other. The businesses that understand this aren’t just future-proofing, they’re future-making. ”



**Professor David Pendleton (2025),**  
Professor in Leadership.

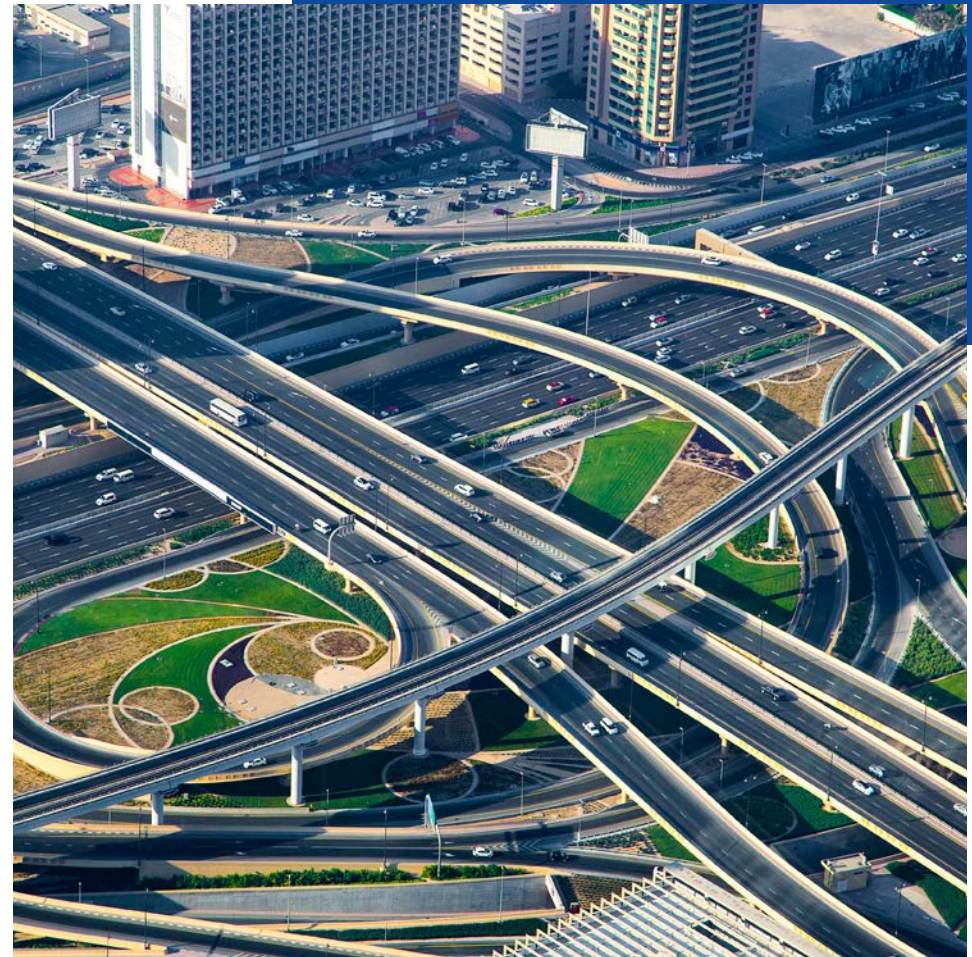
Industry 5.0 presents a unique opportunity to redefine how business creates value, moving beyond the traditional tension between purpose and profit. Success in this new era demands authentic purpose infrastructure, strategic technology integration and evolved leadership approaches that can drive meaningful transformation. Organisations that embrace purposeful profitability - integrating sustainability and social impact into their core strategy - will be better positioned to thrive in an increasingly complex and interconnected world.

## Report Series: Advancing into Industry 5.0

While this report has explored the role of purpose in Industry 5.0, it is part of a broader series examining the key pillars shaping the future of business:

1. **Unlocking the Potential for Enhanced Ethics, Sustainability and Human-Centricity:**  
A comprehensive introduction to Industry 5.0, examining how organisations can adapt to an era defined by human-machine collaboration, responsible innovation and sustainable value creation.
2. **Building a People-First Future:**  
A deep dive into demographic shifts and evolving workforce expectations, examining how businesses can support human flourishing, trust-building, work flexibility and wellbeing accountability.
3. **Harnessing Technology for Human Progress:**  
An analysis of technology's role in Industry 5.0, focusing on human-machine collaboration, ethical AI, and strategies for selective automation, ensuring technology augments human capabilities rather than replacing them.

Together, these reports provide leaders with comprehensive insights and practical guidance for navigating the opportunities and challenges of Industry 5.0, helping organisations drive innovation, foster sustainable growth and create meaningful impact.



**“ Leaders need to start thinking about the organisational outcomes they need to drive, and they need to be more than just financial. ”**



**Professor Nick Kemsley (2025),  
Professor of HR and  
Organisational Capability.**

We would like to thank the following research centres at Henley Business School for their contributions to this report.

#### **World of Work Institute**

Henley's World of Work Institute helps businesses face the future of work by applying innovative research to real workplaces.

<https://www.henley.ac.uk/world-of-work>

#### **Centre for Business Ethics and Sustainability**

The Centre's mission is to promote ethical, responsible and sustainable organisations and management practices. In doing so, it supports the United Nations' Sustainable Development Goals.

<https://www.henley.ac.uk/research/centres/centre-for-business-ethics-and-sustainability>

#### **Henley Centre for Leadership**

The Henley Centre for Leadership is a community of scholars and leaders striving to tackle challenging leadership issues, transform leadership and create positive change in organisations, communities and society.

<https://www.henley.ac.uk/research/centres/henley-centre-for-leadership>

#### **About Henley Business School**

Henley is a triple-accredited business school and part of the University of Reading, recently named Sustainable University of the Year by The Times and The Sunday Times Good University Guide 2025. With campuses, offices and partnerships around the world and over 100,000 alumni from 160 countries, we are a truly international institution. As a trusted partner, we help organisations tackle complex challenges and develop in-house capability through insights, development programmes, coaching and consultancy. Our courses are aimed at students and professionals at every career stage – from undergraduate and postgraduate to PhD, MBA, DBA and executive education.

#### **Acknowledgements**

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# Purpose in Practice: Transforming Business for Sustainable Success

Advancing into Industry 5.0

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