

In the age of AI, purpose is becoming a business strategy



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I started my career as a banker and currency trader. If there was anywhere to learn the logic of profit first, it was the trading floor.

I subsequently moved into leadership and learning roles at American Express, Goldman Sachs, Coca-Cola and Morgan Stanley. At Goldman Sachs, I helped build and run its Pine Street leadership academy; at Morgan Stanley and Coca-Cola, I served as Chief Learning Officer. Across these very different organizations, one idea remained remarkably persistent: The primary purpose of business was to maximize shareholder returns.

For much of the past half-century, that assumption has been associated with Milton Friedman. But the world in which it flourished was very different from the one business leaders inhabit today.

Companies once possessed something enormously valuable: information asymmetry. They knew considerably more about their operations than their employees, customers, investors or the public did. That advantage is disappearing.

We have entered what I call the “Glass-house economy”, an era in which artificial intelligence, social media and universal connectivity are making corporate behavior radically more transparent.

Supply chains can increasingly be scrutinized from end to end. Worker treatment is searchable. Environmental externalities are more readily audited. Executive behavior can become part of the permanent public record, while a customer’s experience can be broadcast to millions rather than captured quietly in a survey. For business leaders, that changes the economics of purpose.

Companies have spent years talking about ESG, sustainability and responsible business. There has undoubtedly been some progress. But too often, these ideas have existed alongside business strategy rather than at its center.

The danger is that sustainability becomes an exercise in compliance: Meet the disclosure requirement, achieve the appropriate rating, publish the report and move on. That may satisfy a framework. It does not necessarily solve a problem.

This is why I believe the conversation needs to evolve from ESG toward what I describe as ESL—with the “L” standing for leadership. Purpose, in this formulation, is not philanthropy. Nor is it a license to ignore shareholders. It is about identifying a genuine human, social or environmental need and finding a profitable way to address it sustainably.

Consider Doi Tung in northern Thailand. The project began in 1988 in an impoverished, deforested region associated with opium cultivation. Instead of treating poverty as something to be alleviated indefinitely through charity, it developed legitimate economic alternatives around coffee, macadamia farming, handicrafts and tourism.

It subsequently worked with brands including IKEA and Muji, reinvested in reforestation and zero-waste production, and achieved financial self-sufficiency by 2001, despite having lived through the Asian financial crisis.

The lesson is important. For sustainability itself to be sustainable, solving a problem ultimately needs to create economic value.

There is sometimes an assumption that purpose-led business is a luxury available only to large corporations with enough resources to absorb the costs. Examples from both Asia and beyond point in a different direction.

Jamsetji Tata began embedding worker welfare into his businesses in the 19th century, long before the Tata Group became the global conglomerate it is today. Water systems, sanitation, provident funds and pensions were incorporated from as early as 1874.

Outside Asia, Faber-Castell offers another version of the same principle. The family-controlled company committed to sustainable forestry in Brazil during the 1980s, partly to secure its timber supply for the long term.

Those cases matter because they show that purpose-led business is not the preserve of large corporations, nor is stewardship geographically confined. What makes Asia’s opportunity distinctive is the scale and visibility of such businesses, and the continuing role many play in national economies.

Many Asian family enterprises already possess qualities that today’s environment increasingly rewards: generational thinking, close community relationships and an instinct to consider what will be handed to the next generation. The opportunity is to turn values into deliberate strategy and measurable business practice.

None of this means purpose and profit will always align neatly. Paying a living wage before regulation requires it, investing in a genuinely sustainable supply chain or abandoning a profitable but harmful product can impose real short-term costs.

What has changed is the other side of the calculation. Reputational, legal, talent-retention and capital-access risks can now materialize much faster when companies ignore the expectations of their stakeholders.

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That makes authenticity increasingly valuable, and greenwashing increasingly dangerous. There are some straightforward tests.

Is a company’s stated purpose reflected in its core products and capital allocation, or merely its communications? Does the commitment survive a bad quarter or a change of chief executive? And would its claims withstand scrutiny from an investigative journalist, a disgruntled former employee or an AI-assisted fact-checker? Increasingly, they will have to.

In a radically transparent economy, candor can create more trust than polish. Sometimes the strongest evidence of responsible leadership is not another glossy sustainability report, but an organization being willing to explain where it is falling short and what it intends to do about it.

The implications for leaders are practical. Take one important decision currently sitting on the management table and test it against the organization’s stated purpose as rigorously as you test its financial return. Ask what societal or environmental problem your core business can solve profitably rather than leaving sustainability to a separate function.

This is not an argument for abandoning profit. It is an argument for understanding where sustainable profit will increasingly come from.

AI will become more capable of seeing patterns across corporate behavior. Connectivity will continue exposing inconsistencies between what organizations promise and what they do. Employees, customers and investors will become better equipped to make judgements accordingly.

The effects will not necessarily be dramatic or immediate. Companies rarely collapse overnight because they lack purpose. More often, the consequences accumulate gradually through diminished trust, weaker talent attraction, reputational damage and pressure on margins.

But over time, that accumulation matters. The companies most likely to thrive in the Glass-House Economy will therefore not be those that choose purpose over profit. They will be those that understand that, increasingly, purpose is how enduring profit is created.