

Abstract

In this essay, I argue for the development of regenerative business leadership as a means of supporting systems-wide change. Doing so requires addressing a root problem: the tendency to anchor the purpose of business leadership primarily in profit and self-interest. I first examine how this profit orientation has often been attributed to Adam Smith, and I offer an alternative reading of his work centred on enlightened self-interest. I then draw on the tragedy of the commons and the interconnected “grand challenges” facing humanity to argue for a regenerative approach to business grounded in good growth. I briefly contrast good growth with degrowth, and explain why degrowth can, paradoxically, also be understood as threatening to human flourishing. To add empirical texture to these arguments, I summarise a case drawn from ongoing work. Throughout, I adopt an explicitly normative and optimistic stance, on the premise that addressing contemporary challenges requires the imagination and pursuit of radical hope in the possibilities such as regenerative business leadership.

Towards regenerative business leadership

Imagine two societies. The first society allows anyone to start a business, and they can run it as they so choose, regardless of social impact. The second society requires companies to document how their business will realise social value. On that basis, they can receive a licence to operate, subject to annual renewal if they can demonstrate that they continue to produce social benefits.

The first society does not take much imagination—this is an accurate description of most neo-liberal economies as we currently experience them; and, since the election of President Trump, it has resurged as a political truism in many contexts. The second society—a form of greentocracy (Arup, 2019)—does require one to imagine that citizens could become enthusiastic about the idea that companies must take social impact into account as part of how they operate. This is far from current reality, but for a while we were moving in that direction. European Union legislation (Regulation (EU) (2021), through the Corporate Sustainability Directive (Directive (EU) (2022), is currently nudging EU economies towards requiring businesses to obtain a proxy “licence to operate.” Likewise, legislation in the United Kingdom requires central and local government activities, including the National Health Service, to pursue the realisation of social value in procurement contracts (Public Services (Social Value) Act, 2012). This is not exactly a licence to operate, but it does set standards for what a business must do if it wants to win or retain contracts with publicly funded organisations.

This framing suggests a dichotomy between a neo-liberal, laissez-faire economy that prioritises growth, and an economy predicated on state control that seeks to temper the potentially negative effects of neo-liberal, laissez-faire growth. An extension of state control and greentocracy—taken a step further—can be described as “degrowth” (for useful reviews see Kallis et al., 2017; Hickel et al., 2022). If we accept the neo-liberal paradigm—i.e., growth (or degrowth) in terms of GDP—then degrowth can seem desirable. For example, Slade-Shantz, Khorasani and Toubiana (2025) make a convincing argument for viewing growth as a context-sensitive phenomenon rather than a normative goal of all businesses. But that argument persuades most strongly if we define growth in purely economic terms, as a zero-sum choice between less economic growth or greater social and environmental attention. What if we instead define growth

as human flourishing within the carrying capacity of natural capital—or, in plainer terms, improving lives and communities without using more natural resources than ecosystems can regenerate? (I outline this shortly when discussing regenerative systems.) On this view, growth might mean growth in knowledge and innovation (supporting higher productivity through fewer resources per unit of output), growth in skills, wellbeing, and meaningful work, growth in social value, and growth in environmental conservation and biodiversity. Framed this way, “growth” aligns closely with Carruthers’ (2023) call to replace the pursuit of economic growth with the notion of progress.

I have thus far outlined two very different societies, both with their own virtues and vices, and both centred on arguments for or against neo-liberalism. Debates over these two pathways often hinge on how we define the social responsibility of business. In the remainder of this essay, I want to imagine a third society—not a middle ground, but rather a radical reframing of the nature and purpose of business, including the purpose of business leadership. This third society embraces the notion of good growth and the emergence of a regenerative economy. To this end, I first look at the root problem—societal assumptions about the purpose of business and the issue of self-interest. To bring clarity to this issue, I reframe how we understand Adam Smith’s concept of the “invisible hand” and its implications for how we understand self-interest (1776/1937). I argue that people misunderstand Smith when they equate self-interest with personal gain. Smith believed that people seek the approval of others for actions that their society values. When a society values wealth accumulation (however it happens), people pursue it and receive praise and commendation—this is the first society I described. In the third society, people expect regeneration, and they approve of leadership actions that help everyone flourish.

I want to examine how we can shift these assumptions in alignment with what Smith actually meant, and redirect societal (and business) approval toward good growth. That shift can open a very different agenda for responsible business leadership, and we urgently need it. To make my point explicit and actionable, I draw on a case study of Cotteswold Dairy. The research explores how the Operations Director sought to engage a range of stakeholders in developing a partnership with the local prison to provide work experience to prisoners close to parole. The case illustrates the kind of leadership orientation that can produce good growth and regenerative outcomes. I conclude the essay with hope for the radical potential of ideas, such as good growth, to provide an alternative pathway for business leadership to sustain human flourishing.

As has probably become evident to the reader already, my intention in this essay is not to remain neutral or dispassionate. I unapologetically adopt a normative posture for the simple reason that the systemic challenges that face humanity are so significant, and they urgently require provocation towards action. I temper my anxiety for the future with the belief that collective and collaborative leadership of systems change does, and has worked in a number of places. We simply need to develop a much deeper understanding of how this works, and raise the ambitions of leadership scholarship to include not only theoretical but also normative contributions towards policy influence and systems change.

It’s not Adam Smith’s fault ... it’s ours

It is a simplism to place the blame for the neo-liberal worldview that shapes assumptions about the economy and business at the feet of Adam Smith. But such a reading badly misrepresents Smith's actual work. The simplism appears to be associated with assertions regarding Smith's remark about the butcher, brewer, and baker in *The Wealth of Nations* (Smith, 1776/1937, p. 456) to portray maximising self-interest as a core principle: "It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interest." In this familiar interpretation, the central concern becomes trading goods or services for money in order to make a profit.

Many people also invoke Smith's concept of the "invisible hand" to justify a neo-liberal view of the way the market works. Economists in particular often use this notion to champion the virtues of competitive market pressures. But a close reading of Smith's companion text, *The Theory of Moral Sentiments* (1759/1976), supports a very different view of both the invisible hand and self-interest itself. For Smith, the invisible hand works through social and cultural norms that shape what people expect from one another—how they should think and behave in relation to others, not in isolation. He makes the point with an example about clothing: "A man would be ridiculous who should appear in public with a suit of clothes quite different from those which are commonly worn, though the new dress be ever so graceful or convenient" (p. 7). In the same way, a business leader—or a student—who questions profit as the purpose of business will likely face ridicule from peers, even when many people would prefer alternative purposes.

Smith argues that people seek the approbation of others where individuals simultaneously consider their own interests and the perspectives of others. The perspective of others was seen as an "impartial spectator" judging one's own conduct. The social milieu sets the standards for that approval. When a society admires high earnings, it praises those who accumulate wealth. When it admires *how* people earn, it praises conduct that meets those moral expectations—and people adapt their behaviour to earn that praise. Consider the third society described earlier. If society expects businesses to create good work and generate social impact alongside business value, those expectations will shape what business leaders treat as legitimate, admirable, and worth pursuing. On this reading, Smith's "invisible hand" points to the norms of his own time, which helps explain both the orientation of *The Wealth of Nations* and the familiar interpretation of the butcher, brewer, and baker as shorthand for profit-driven self-interest. Yet we stand now roughly 275 years later. Should we really carry forward eighteenth-century assumptions about what counts as proper business conduct and leadership?

For many people, the answer appears to be yes. These assumptions about the purpose of business have persisted for centuries. Since the 1980s, advocates of neo-liberal economic policy have often (and, I would argue, mistakenly) appealed to Smith's work, and that interpretation has cast a long shadow over political-economy policymaking. Many business schools also operate within the same taken-for-granted framework: the models and theories we teach frequently reproduce a neo-liberal doctrine. Students who grow up inside this dominant discourse tend to absorb these models with little reason to question their underlying assumptions—or to ask whether they fit the needs of the present moment.

In this way, we reap what we sow: when profit-making becomes the taken-for-granted purpose of business, business leaders predictably orient themselves toward profit. *The Theory of Moral*

Sentiments (Smith, 1759/1976) helps explain why. Leaders, like everyone else, respond to what their social milieu rewards and admires. Once society treats profit as the dominant “truth” about business, it becomes difficult to imagine any other purpose. Yet the consensus that profit should sit at the centre of business no longer holds as firmly as it once did. Public debate increasingly challenges what business is for, and those challenges also reshape what people expect of business leadership. Perceptions of the “invisible hand” may be shifting—away from a narrow emphasis on self-interest and toward a stronger concern for collective interest. In the next section, I explain why this shift needs to gather greater momentum by examining the abuse of the commons.

The ‘tragedy of the commons’

‘Picture a pasture open to all. It is expected that each herdsman will try and maximise the number of cattle on the commons as possible thereby maximising [his/her/] gain. Therein lies the tragedy. Each [person] is locked into a system that compels them to increase their gains [or lose out to the others]. Ruin is the destination for all in a society that believes in the freedom of the commons’ (Hardin, 1968, p. 1244).

Hardin’s classic account of the tragedy of the commons shows what happens when people treat self-interest as personal gain: they overuse and degrade shared resources, contributing to outcomes such as depleted fisheries, overharvested timber, and degraded forests and biodiversity. Although Hardin focuses on ecological commons, the same incentive structure can also damage economies and communities when it rewards extraction over restraint. Madison (1788/2009 – writing in the context of establishing the USA constitution and separation of powers) makes the broader point that collective life requires constraints because people are not angels, and Hardin echoes that logic (in later writing he contrasts “angels” with a “nonangel”) to explain a two-stage spoiling process: first, a defector gains an advantage by taking more from the commons; then others, seeing themselves lose out, change their behaviour and rush to secure their share before the resource or the benefits disappear. In Hardin’s original formulation, the mechanism is simple: each user captures most of the benefit of taking more while everyone shares the costs, so use escalates until the commons collapses—“Freedom in a commons brings ruin to all” (Hardin, 1968). Hardin later generalises the same dynamic to the international arena by invoking Gresham’s law (“bad money drives out good”), arguing that under a global system of laissez-faire, “low environmental standards drive out high” (Hardin, 1994, p. 199), and he warns that this race-to-the-bottom logic will deepen harm and poverty rather than shared prosperity.

George et al. (2016) define a grand challenge as a specific critical barrier that, if removed, would help solve an important societal problem with likely global impact through widespread implementation—and they stress that grand challenges demand coordinated, sustained effort from multiple stakeholders. That definition maps closely onto Hardin’s tragedy of the commons: the “critical barrier” is often the collective-action problem itself—an incentive structure in which individuals rationally maximise private gain while dispersing costs across everyone else, which drives escalation and ultimately degrades the shared resource (George et al., 2016). These challenges do not stand alone. Rather, they form a system of grand challenges compounding their impact (Helbing, 2013), illustrated in Figure 1:

Insert Figure 1 about here

The diagram may seem hard to follow at first. A simple list might read more easily. But a list would not capture the systemic nature of the challenges humanity faces. The challenges drive one another in multiple directions, and a complete set of arrows would turn the figure into a mess. Figure 1 therefore highlights a portion of the interconnected “commons” challenges confronting humanity.

Addressing the grand challenges is an enormous undertaking—arguably the most urgent work humanity faces. If leadership does not treat this as a central agenda, what other mechanism will coordinate the sustained, collective action these problems require? At the highest level of abstraction, leadership aims to enable human flourishing. By that standard, leadership must also engage the tragedy of the commons and the grand challenges it generates. This also sets an agenda for leadership studies: we need to explain when and how leadership enables human flourishing—and, from a critical perspective, when and why it does not. In the remainder of the essay, I develop ideas for how business leadership, in particular, might help move this work forward.

In brief, business must act as a central driver of systems change for three reasons: (1) it commands substantial resources; (2) every firm operates within—and shapes—an ecosystem of stakeholders and material dependencies; and (3) business leaders directly influence both organisational decisions and spillovers across that wider ecosystem. To illustrate the scale of business power, Global Justice Now (2018) compares corporate turnover with national GDP and shows that, among the world’s 200 largest “entities,” 150 are corporations. Those 150 firms represent only the apex of a much larger structure: more than 300 million companies operate worldwide. If business leaders can reimagine how the resources and capabilities under their control can help address the grand challenges, then humanity has more than a fighting chance to flourish. In the next section, I develop this claim by advancing the idea of “good growth,” rooted in a regenerative system of value creation that links business value and social value in a virtuous cycle.

Good growth and regenerative economies

The idea of a regenerative business builds on work in regenerative economics (Fath et al., 2019) and regenerative capitalism (Fullerton, 2015), and it draws on principles that also appear in fields such as regenerative medicine, engineering, and farming. These principles emphasise flow, learning, resilience, reinvestment, interdependence, and systems thinking. In a regenerative economy, “growth” means improving the health of the system’s interdependent elements. In economic terms, those elements include multiple forms of capital—financial, human, social (networks, innovation, and knowledge), institutional (productive capacity), reputational, natural, and communal. A regenerative approach treats these capitals as a connected system, with flows among them through reinvestment, information sharing, and learning, so that the system replenishes and strengthens each form of capital over time. This systems view contrasts sharply with neo-liberal assumptions that prioritise self-interest maximisation and, in doing so, contribute to the tragedy of the commons. In a regenerative economy, natural and community capital sit at the centre of what the system must restore and renew, alongside the other capitals.

A regenerative business functions as a constituent unit—a “fractal”—within a regenerative economy. A single firm cannot produce a regenerative economy on its own; it operates as one unit within a complex adaptive system of interconnected actors whose interactions generate emergent outcomes, including the possibility of a healthier, regenerative economy. Each firm can still self-organise and evolve by generating information, learning, and innovation. But the system depends on how firms cooperate and engage with one another through shared rules of interaction—an idea that aligns with Ostrom’s (2015) work on governing commons, which I return to shortly. Over the past eight years, I have worked with an interdisciplinary team to develop the concept of Good Dividends (Kempster, Maak and Parry, 2019) as a theory of regenerative business, which Figure 2 summarises.

Insert Figure 2 about here

As a regenerative business system, all of these capitals work together as an interdependent system to reinforce and enhance each other. Using the language of finance, these capitals create “dividends”; in regenerative systems, the language is about flow (Fath et al., 2013). Whether dividends or flow, the enhancement comes from reinvestment of resources such as finance, information, learning and skills, or innovation. These dividends—or flows—then strengthen other capitals, increasing the system’s overall capacity.

Work on regenerative capitalism also emphasises the carrying capacities of different forms of capital as central to human flourishing and to regenerative organising (Monoz and Branzei, 2021). Carrying capacity refers to limits and thresholds: for example, the sustainable workload of an employee (human capital), the number of beds a hospital can safely operate (operational or institutional capital), the amount of carbon the atmosphere can absorb without destabilising climate systems, or the tolerance of oceans to acidification (natural capital). When a system exceeds these limits, it moves toward breakdown. Substantial evidence suggests that humanity has already breached several carrying capacities within natural capital—often described as planetary boundaries (Richardson et al., 2023).

In the model shown in Figure 2, carrying capacity increases through flows of reinvestment across capitals. Investing in employees—through skill development or improved working conditions—raises the carrying capacity of human capital. That increase can then strengthen social capital by improving engagement, knowledge sharing, learning, and innovation. In turn, stronger social capital can raise institutional (operational) capital by improving productivity and quality while reducing waste, energy use, and carbon emissions. These improvements can also build reputational capital and reduce pressure on natural capital. As reputational and operational performance strengthen, the business can generate more financial capital, which then funds further reinvestment—creating a reinforcing cycle that expands carrying capacities across the system rather than exhausting and depleting them.

Figure 2 places natural and community capital at the centre of a regenerative business system. When a firm invests in environmental restoration or builds close partnerships with community organisations and charities, it increases the carrying capacity of the ecosystem and the community—and of those partners directly. Those gains then generate dividends that flow back into the business by strengthening human capital (for example, through more meaningful work)

and reputational capital. This framing treats communities and the environment not as peripheral concerns handled through compliance, guilt, or reputational manoeuvres (greenwashing or virtue signalling), but as core elements of value creation. Once a business invests across the full set of capitals, these reinforcing flows can improve environmental and community outcomes, employee experience, and financial performance—what people often summarise as “people, planet, and profits.” I offer this model as a contribution for thinking about leadership of systems change toward a regenerative economy. Similarities to the argument with the triple bottom line (Elkington, 1997) or international integrated reporting (International Integrated Reporting Council (2013), or economics of mutuality (Mayer and Roche, 2021); all three draw on notions of capitals and give emphasis to balance and measurement. What I suggest is very distinct is making explicit the systemic relationship of these capitals and the regenerative potential of such a systemic dynamic. Empirical quantitative research has given confidence to the systemic relationship (Mulligan, 2022). Additionally of importance is to make salient the leadership role in pursuing regenerative outcomes. In this way the model seeks to engage managers in a strategic leadership conversation about different forms of value aligned with respective stakeholders (Kempster, Maak and Parry, 2019), and how such value may be realized (Kempster and Barnes, 2025). From a leadership perspective, it creates conditions for shifting managerial and entrepreneurial attention from narrow self-interest to enlightened self-interest.

Back to reframing Smith’s invisible hand

To return to Adam Smith: many ethicists may contest the notion of enlightened self-interest, but it rests on a straightforward premise. When people advance the interests of others, they also advance their own. De Tocqueville captures this logic clearly: “It serves as a truth that [a person] serves himself in serving his fellow creatures, and that his private interest is to do good ... by an irresistible force” (de Tocqueville, 1835/2003, p. 594). De Tocqueville’s formulation aligns closely with Smith’s account of social approval and the “invisible hand” in *The Theory of Moral Sentiments* (Smith, 1759/1976), and it may even reflect Smith’s influence; in that sense, “enlightened self-interest” provides a useful shorthand for the moral-philosophical strand of Smith’s work.

Through this lens, we can reframe the familiar butcher–brewer–baker passage as a motivation to pursue profit in ways that generate prosocial benefits—benefits that strengthen the business’s stakeholders, including leaders and owners themselves, within a society that values and rewards such conduct:

“It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interest” ... to make a profit in order to realise prosocial benefits ... as these benefits enhance all stakeholders of the business ... including themselves as shareowners, and as members of a society that values such behaviour.

The butcher, brewer, and baker’s everyday practice of running a business rests on exchange, but that exchange unfolds within a wider social setting in which business value and social value remain intertwined. To extend this point about enlightened self-interest, it is helpful to consider the empirical work of Nobel laureate Elinor Ostrom, who studied “common resource problems”

(Ostrom, 2015). Rather than assuming that people inevitably overexploit shared resources, Ostrom shows how members of small—often relatively isolated—communities can learn to steward commons through locally developed rules, collective monitoring, and sanctions for those who break them. This arrangement relies on a combination of enlightened self-interest and a local “invisible guiding hand”: violating the rules carries not only economic costs but also relational and reputational costs within the community. In that sense, economic and social value become interdependent. This is not greentocracy (Arup, 2019), imposed from outside the community; it also sits far from neo-liberal assumptions about unregulated self-interest.

What I extrapolate from Ostrom’s work is the argument that enhancing social value directly benefits the leader, the business, and its stakeholders, including owners, employees, customers, and society at large. This shift involves seeing those leading businesses as embedded actors in society, where their success is intertwined with the wellbeing of the broader community. Building on these principles, imagine a future with a regenerative dynamic and a very different invisible hand. In this milieu—where the invisible hand reflects regenerative assumptions—business leaders who maximise business value while excluding (or damaging) social and environmental value would likely be judged as acting immorally, and treated as pariahs. We would then live in a different society, with a different political economy, and different assumptions about business leadership. In that society, what might such leadership look like?

business I have advocated responsible leadership for several years, and I believe its broad principles have much to offer. Yet the field still lacks empirical detail; researchers rarely engage evidence of the kind Ostrom developed through sustained fieldwork. As a result, the “road less travelled”—the regenerative journey—remains difficult to navigate, especially without a map. To extend the metaphor, managers who want to pursue regenerative change do not need a high-level globe; they need the fine-grained detail of an Ordnance Survey map. In what follows, therefore, I use the Cotswold Dairy case with managers to illustrate the terrain a lone walker—a leader—encounters on a regenerative pathway.

Cotswold Dairy: Towards regenerative business leadership

Cotswold Dairy, a family business in Gloucestershire, UK, has delivered milk and dairy products for over 85 years. It employs 470 people and sells more than 100 million litres of milk each year, sourced from 65 farms within 60 miles of the dairy. Justin Young, Operations Director, emphasises the firm’s embeddedness in place:

“All our staff work and live in the community and our farms are mainly family owned and these aspects have a huge influence on our strategic decisions. We collectively know that greenhouse gases and methane on farmland are quite significant. We’re working to understand how the business and the farmers can collectively reduce our impact.”

These features have helped shape Cotswold Dairy’s purpose: *to be at the heart of a responsible and sustainable dairy community.*

I first met George Workman (third-generation Managing Director) and Justin just after Covid, at a workshop where I was teaching. In that session I presented a case of a business addressing

employee attrition through social innovation: it built a partnership with a charity working to support people exiting severe forms of modern slavery in North West England. The partnership created employment placements within the business, alongside extended support with housing and training. A few months later I learned that this case had prompted Justin and George to explore a partnership with their local prison. Justin framed their situation in similar terms:

“We had a business issue that was a persistent challenge post-Brexit and following the Covid pandemic. Although the majority of our staff across our seven sites are long-standing employees, we had a retention rate of 65% and an ongoing recruitment churn in many transient warehouse roles, with almost a hundred (annualised cumulative shortfall) vacancies that we found difficult to fill in a tight labour market. Once we recruit a member of staff, it can be between four and six months before we really start to see value coming back into the business, and that is ongoing if people are leaving. The impact of the churn is costly in terms of replacing staff, training, and also on productivity.”

Several months later I met Justin again at a subsequent event. He updated me on the prison initiative:

“We are involved in a partnership with the local open prison enabling long-term prisoners’ rehabilitation and social development through employment placements. As a Board we discussed the idea of exploring a vast, untapped potential workforce, eager to work, eager for stability, eager for opportunity—people about to leave prison.”

The organisation had to work through the idea carefully. It required extensive internal discussion, stakeholder consultation, and procedural design—especially to address employee concerns about working alongside prisoners. It also required detailed coordination with the prison system, including how prisoners would arrive and leave, how the placements would operate day-to-day, and how the business would support both prisoners and employees while keeping the Board fully informed.

This case review does not cover those operational details (for confidentiality reasons). Instead, it focuses on the outcomes of the partnership between the prison and Cotteswold Dairy—outcomes that connect to multiple elements of a regenerative system. From an HR perspective, several outcomes emerged. The project prompted Cotteswold to revise—and in some cases create—new onboarding and development practices. Consultation with employees about the prison project, and employee involvement in designing a buddying system to support prisoners, led to HR processes that the business has since adopted more broadly. Justin explains:

“Our staff realised tangible value in the prisoner programme and became thoroughly committed to its success. They enjoyed the responsibilities even. And the emerging mentors (the buddies) were formally recognised in their roles.”

This buddying system also catalysed a wider training approach:

“This buddying system enabled a whole new training system to emerge with incredible results—for existing staff, the prisoner and newcomers—as we changed our onboarding processes to the new improved practice that we developed with [various] prisoners.”

The partnership also generated substantial social value. First, it helped build prisoners’ confidence and supported preparation for re-entry into society. One prisoner commented: *“Work is reintegrating me back into society with social skills and experiences.”* Another reflected on the material and relational significance of earning income: *“Having money means so much to me. When I meet my daughter, I’m able to buy her lunch and provide for her, something I have never done before.”* Although prisoners received full pay, the prison system restricts how much income an ex-offender can personally receive. Cotteswold therefore paid the remaining 60% directly to a victims’ charity. This decision emerged from detailed pre-project consultations with stakeholders, including employees, and it proved central to acceptance of the programme. Through the buddying system and the contribution to a victims’ charity, the initiative gained legitimacy internally. From the prisoners’ perspective, Justin notes that *“they became part of the Cotteswold Dairy community.”* A department manager captured the programme’s social value succinctly: *“We’re doing something good for the prisoner, helping him come back into normal life.”*

These social outcomes also connected to measurable business outcomes. During the design and consultation stage, Cotteswold agreed that it needed to measure the project rigorously. Justin developed a set of measures that used the framework in Figure 2 (which I had introduced earlier) to connect business value and social value. He summarises the results:

“The work being done made business sense. It was indeed producing good dividends for all. For example, our retention rate has increased, churn rate has decreased by two people per month, and vacancies have fallen by half. We have saved £250,000 in the first full year. The purpose of the business is better understood, and values endorsed. And connected to all of the above, employee engagement has risen.”

Following the pilot, 10 serving prisoners now work in the business through the resettlement programme. Cotteswold has also employed several individuals who have since been granted parole. Many of those released have relocated to take up employment opportunities, and they now contribute positively to the communities where they live and work. The success of the prison partnership also became a starting point rather than an endpoint. Justin describes how the organisation has begun extending the approach to other groups who face stigma and barriers to work:

“We are now working with charities who are supporting homeless people and recovered addicts given the similarities with potential stigmatism and the support needed to integrate them back into a community workforce.”

He also describes a partnership with Feed Cheltenham, a social enterprise supporting local families facing food insecurity:

“There are five food banks in the town, with Feed Cheltenham being the largest. Every week we have drinkable nutritious milk that has not been sold. Our vehicles are too large

to drop off cages of milk to Feed Cheltenham. So, we worked with the charity to come up with another solution. Our staff got behind the cause and raised over £20,000 which was used to buy a van for Feed Cheltenham. They collect milk from our depot (and also collect from other food companies) to redistribute to all food banks in the town. Families who need milk can now receive it across the county; and, we have reduced our waste as otherwise the milk has to be safely disposed of at much cost to us. It's another example of providing value to multiple stakeholders through business community leadership.”

What is emerging at Cotteswold, within its local community, is an early-stage movement toward a regenerative system of value creation—one that connects business value and social value in mutually reinforcing ways. This work is not the product of a single leader. It reflects leadership distributed across the organisation and its partners: Justin and George, employees and the Board, the prison system, and partner charities all acting in concert to pursue a different pathway.

I would offer that regenerative leadership might be conceived as a systemic relationship between people across a variety of contexts; people aligned in a congruent manner albeit that they are likely to be in pursuit of different purposes. Akin to a regenerative ecology of reciprocity, with reinforcing feedback loops. The health and well-being of one part of the system, in part, draws from how other parts of the system are thriving. Unlike regenerative systems in nature, regenerative leadership relies on the conscious and intentional pursuit of enlightened self-interest. Drawing on Figure Two, people choose to invest in parts of the system for the dividends that can flow from the interconnect parts. Cotteswold leadership invested into the partnership with the prison to create social value through enhanced prison employability; but also for the reciprocal benefits that flowed within the organisation in terms of enhanced employee induction and related well-being, productivity, reputation, and the financial savings that flowed from reduced employee attrition. Leadership in this way is not about traits, style and skills. Rather leadership is about seeing and understanding systemic relationships and identifying how to invest into these; not as a form of philanthropy, or compliance, but rather as value enhancement to all constituent members of the system, so that all flourish.

Leadership for regenerative outcomes

Building a regenerative economy and a regenerative society begins, at least in part, with business leaders who want to build regenerative business systems. That desire becomes visible as leadership. But it is also reasonable for organisational leaders to ask for evidence of what this looks like in practice, and for tools that help them build regenerative systems rather than merely endorse the idea. This is where I see a clear agenda for leadership studies. That agenda requires a shift in stance. It asks scholars not only to observe from the stands, but also to step onto the pitch and contribute to the development of leadership for regenerative outcomes. This call will attract criticism, and it should. Part of my purpose here is to provoke debate about what leadership studies should be for.

Leadership studies needs to generate timely, consequential knowledge. Drawing on Gibbons et al. (1994) and Huff and Huff (2001), we can contribute to human flourishing by moving beyond Mode 1 knowledge (theory and generalisation) and investing more deliberately in Mode 2 (knowledge for practical problems) and Mode 3 (knowledge oriented to the common good and

systemic challenges). A leadership-for-regeneration agenda would therefore build an evidence base, develop and share case studies, and design leadership development rooted in collaborative action research. It would create partnerships with organisations to discover—through practice—how regenerative business approaches actually work. This emphasis on impact also aligns with policy shifts in the UK that increasingly expect higher education research to demonstrate societal impact (Research England, 2023).

If such work gains traction and business leaders increasingly deliver regenerative outcomes, it could also shift discourse. It could normalise the expectation that business value and social value belong together, and that this interdependence serves customers, employees, communities, and shareowners. Over time, self-interest could move toward enlightened self-interest. As case evidence accumulates, policy could also evolve: governments might support regenerative practices and penalise extractive, degenerative ones. With enough time, societies may come to understand business leadership differently. Adapting Donaldson and Walsh’s (2015) phrasing: as medicine is to health, and law is to justice, business leadership would be to enabling human flourishing. In that sense, the “invisible hand” would reset assumptions about what business is for.

A fork in the road for leadership studies?

The leadership at Cotteswold Dairy, and the leadership I have seen among many owner-managers over the past decade (Kempster and Barnes, 2025), gives me optimism. I draw that optimism from work involving more than 200 businesses and from the encouraging outcomes these leaders have achieved in partnership with local stakeholders. In these collaborations, owner-managers are addressing aspects of the grand challenges in concrete ways. Their work can be replicated across countless other local partnerships by thousands—even millions—of business leaders. Imagine a world in which such activity scales without an obvious boundary, repeatedly connecting business value and social value through enlightened self-interest.

This may sound naive, and in some ways it is – reflecting a form of radical hope (Lear, 2006) or a form of hopeful imagining. I also recognise that this essay is unlikely to shift policy on its own. Few contributions from business and management scholarship have significantly shaped policy and practice (Alvesson, Gabriel, and Paulsen 2017; Tourish, 2020; Haley and Fleming, 2023). That is precisely why scholars need partners outside academia. One example illustrates what I mean.

I was invited by a former MBA student to a meeting of the Morecambe Bay Anchor Network to present ideas on how SMEs can engage with the SDGs. That invitation led to my involvement with the Procurement Group of the Network. Anchor organisations are major regional employers, and they shape local economies through procurement. Collectively, we designed a proposal called the “Bronze, Silver, Gold” project. The proposal uses procurement policy to encourage SME engagement with the SDGs at three levels:

- **Bronze** – 7.5% of points awarded if a business submits a PDF naming three SDGs aligned with its mission. Using a digital tool (used in the MBA class by the alumnus), a

business can identify relevant SDGs in approximately 15–20 minutes, alongside associated social value (Kempster and Barnes, 2025).

- **Silver** – Up to 15% of points awarded if a business submits a PDF of its business plan with SDGs embedded, along with details of a partnership with a local charity designed to realise social value.
- **Gold** – Up to 20% of points awarded for annual submission of measured social value realised through the respective partnership.

The exact number of SMEs in these supply chains is unknown, but a good guess would suggest it likely runs into many thousands around Morecambe Bay. The Bronze–Silver–Gold project therefore has the potential to catalyse significant benefits for charities and their beneficiaries.

Leaders in organisations and governments need ideas—grounded in evidence—about alternative ways to frame and lead systems change. The argument that colleagues and I have made for good growth toward regenerative outcomes (Kempster, Maak, and Parry, 2019; Kempster and Jackson, 2021; and Kempster and Barnes, 2025) is one offering, and it is almost certainly partial. Many other insights, cases, tools, and frameworks also exist (for example, the Wellbeing Economy Alliance, Doughnut Economics Action Lab, the Economics of Mutuality, B Lab governance accreditation, and others). But we still need more, and leadership studies should help generate them. We need to enable the butcher, brewer, baker—and the dairy—to lead the pursuit of regenerative business systems. We also need to cultivate hope that this less travelled path can support human flourishing.

Hopeful imagining may be an essential human quality—perhaps one that distinguishes us from other sentient beings. As Gosling (2023) puts it, “the work of leading is largely to do with a world of imagined, feared, [and] hoped-for purposes.” The Cotteswold case is, at its core, a hopeful case about leadership for systems change. It also illustrates a simple truth: without leaders willing to pursue the path less taken (Frost, 1916), the regenerative business model would never be attempted. The work is risky. The route is not well trodden. It remains unclear, with hazards and obstacles along the way. And leaders still have relatively few cases and tools to guide their efforts. The ideas we have developed for realising good growth (Kempster and Barnes, 2025) is one attempt to contribute theory to this work. It may offer useful insights, but better theories will surely follow—and we need them.

Leadership studies faces a parallel challenge. In recent work with Brad Jackson, we argued that we likely already know enough about leader traits, behaviours, and styles; dyadic leader–follower relationships; and charismatic or transformational leadership. What we need more of is sustained attention to the question: leadership for what, and for whom? (Kempster and Jackson, 2021). In the context of the grand challenges, it is not an overstatement to say that leadership studies has rarely faced a more important moment to find its voice and contribute to society. We need theories, cases, and tools that help people lead toward regenerative pathways—and away from extractive, degenerative ones. In essence, we need to build theory about leadership for systems change that enables regenerative outcomes. Leadership studies should help develop the radical potential of ideas that can offer an alternative path out of the mess humanity finds itself in.

The road less travelled toward regenerative outcomes is difficult to follow and invites scepticism. Earlier, I drew on Smith's comment about clothing: people often ridicule those who deviate from conventional attire. Leaders pursuing regenerative pathways may feel similarly awkward for some time. Scholars may feel awkward too as we learn our way into more engaged forms of research. But if we travel this path—and find, in Frost's words, that it “has made all the difference”—then we may have clarified the purpose of leadership studies.

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Figure 1: Systemic relationship of the Grand Challenges (adapted from Helbing, 2013)

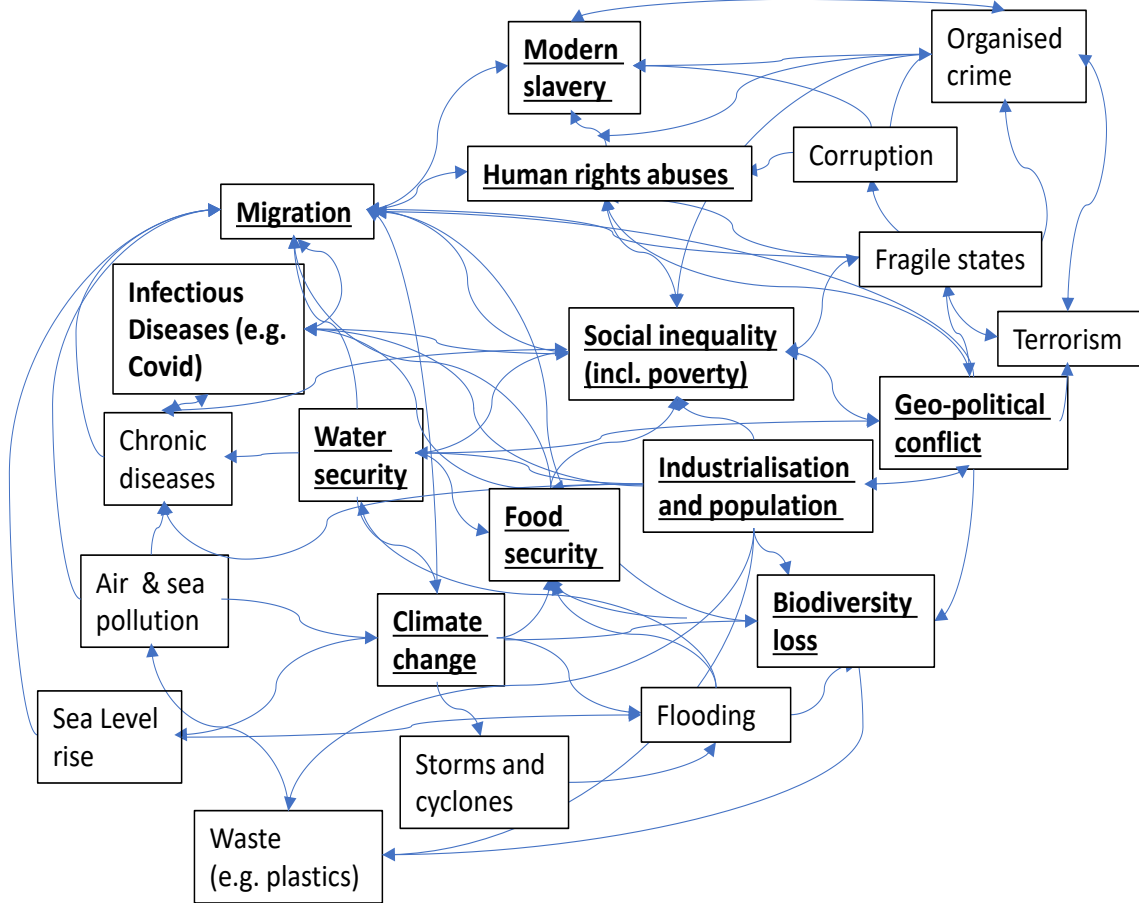


Figure 2: Good Dividends as a fractal within a regenerative economy

