

The Emerging Leadership Development Gap of the AI Era



Those who think artificial intelligence (AI) is a technological innovation, or even a technological revolution, are missing a fundamental truth. Like globalization or digitalization before it, AI is now the context in which business and leadership operate, how decisions are made, and what effective leadership looks like.

The challenge organizations face is not access to AI, but translating it into meaningful changes in behavior, decision-making, and performance. This has profound implications not just for how leaders lead, but for how organizations identify, assess, and develop them. Yet many still rely on leadership models and development approaches built for a more stable, predictable world, even as leaders are expected to operate amid volatility, ambiguity, and constant change. The gap between expectation and preparedness is widening.

Moving from expertise to judgment

For decades, leadership was tied to expertise. The more you knew, the more valuable you were. However, with AI generating convincing answers instantly and at scale, that model is now under pressure.

When everyone has access to the same tools, advantage accrues with those who apply them with greater judgment—asking better questions, applying context, and challenging what looks plausible but may be wrong. Yet this creates a new risk: judgment without experience. Leaders may act on AI-generated insights because they no longer possess the depth to interrogate them, hence scaling poor decisions faster. Simulated expertise, ungrounded in lived experience, can lead to false certainty; while true expertise arises through trial, error, and consequence. It's slower and far less scalable, but it also enables the hard-earned judgment leaders need. The real risk is not that AI replaces expertise, but that it seduces us into mistaking its imitation for the real thing.

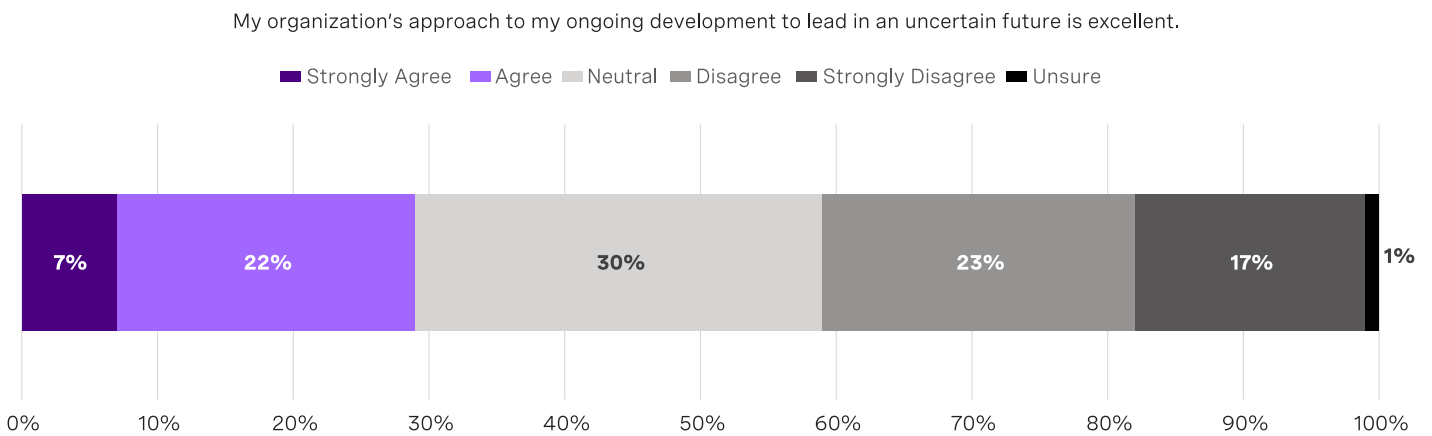
In this context, the question we should be asking ourselves is: *What does it take to cultivate judgment that holds up under real-world consequences, and what happens when organizations fail to develop it intentionally?*

Leaders themselves are recognizing this shift. In RRA's H2 2025 [Global Leadership Monitor](#), 58% of leaders identify strategic thinking as the most critical capability, far ahead of technical skills like technological literacy or financial acumen.¹ The premium has moved from what leaders know to how they think.

Why most leadership development falls short

Despite this shift, most leadership programs have not caught up. In many organizations, development remains episodic rather than continuous, experience-led, and focused on readiness for defined roles rather than adaptability to evolving ones. Senior leaders, in particular, often receive less structured development at the very moment the demands on them are changing most. The result is predictable: Only 29% of leaders agree that their organization's ability to prepare them for an uncertain future is excellent (Figure 1).

Figure 1: Leaders' views on their organization's development offerings in the face of uncertainty



Source: RRA H2 2025 Global Leadership Monitor, Base: CEOs, C-level, and Next Gen leaders (n=844)

Leaders don't just need more skills; they need greater thinking capacity and the ability to operate in complexity, navigate ambiguity, and integrate multiple perspectives. Without that, they may perform well in familiar situations but struggle when conditions shift. The result is not just a capability gap, but a deeper development gap.



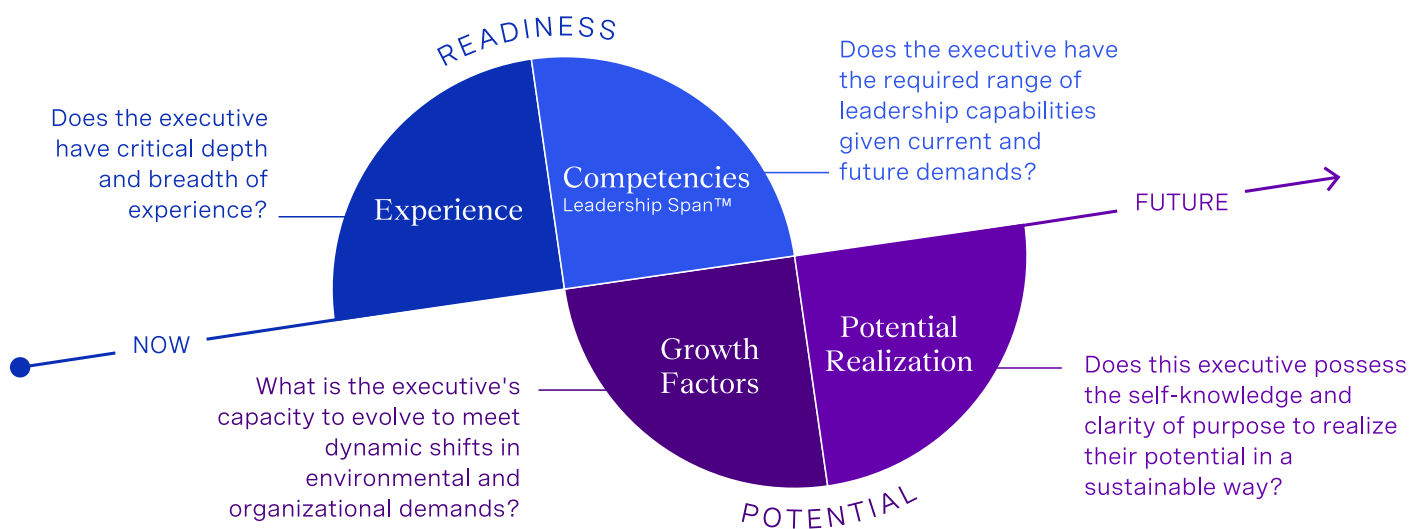
Moving from measuring performance to maximizing potential

Closing this gap requires a shift in how leadership is defined and evaluated. Past performance is becoming a weaker predictor of future success. Many leaders are stepping into roles that are still evolving or not fully defined. As a result, the focus needs to shift from what someone has done to what they're capable of doing next.

That shift, however, is easier to articulate than to execute. Performance is tangible and measurable; potential is less visible, more contextual, and inherently forward-looking. As a result, many organizations continue to rely on familiar proxies such as experience, track record, or current readiness, rather than build the discipline required to evaluate future capability with consistency and rigor.

Importantly, future capability is not an abstract concept. [RRA's Leadership Portrait](#) assesses potential by looking beyond past achievements to understand consistent patterns in how someone thinks, learns, engages others, and drives outcomes. This includes, amongst others, evaluating how quickly they question, learn, and adapt in unfamiliar situations, their capacity to apply higher-order systems thinking to navigate complexity, the degree of drive and resilience they bring, and their self-awareness in reassessing their own assumptions and behaviors. Taken together, these attributes provide a more reliable view of a leader's future trajectory.

The RRA Leadership Portrait



Source: RRA proprietary research, 2024

What happens when leadership development is left to chance?

When leadership development is left to chance, the risk of making confident but poorly grounded decisions begins to compound. AI adoption is accelerating—nearly one in three leaders report that their teams use it every day—yet only one in five leaders believe their organizations are well-equipped to enable technological change, and 58% cite gaps in internal capabilities as the biggest barrier.¹

This creates a subtle, but more dangerous set of risks. AI can create the illusion of capability, making weak thinking sound credible and allowing poor decisions to scale faster and further. At the same time, as more cognitive work is outsourced, leaders risk disengaging from the deep and expansive thinking required to navigate complexity, weakening their ability to apply judgment when it matters most.

The result is a rise in what might be called “fast food work,” where output is faster and cheaper but not necessarily better, where speed is mistaken for value and where depth, creativity, and discernment begin to erode. Already, 57% of leaders express concern that over-reliance on AI is undermining critical thinking and judgment (Figure 2).

Figure 2: Leaders' concerns about the organizational impact of AI

57%

of leaders are concerned that over-reliance on AI is undermining critical thinking and judgment

75%

of leaders believe they need to adjust their talent strategy to better align with their organization's AI strategy

Source: RRA H2 2025 Global Leadership Monitor, Base: CEOs, C-level, Next Gen, and board leaders (n=1,331)



Three development shifts organizations must make

To avoid these outcomes, organizations must take a more intentional approach to leadership development.

1. Roles: Redefine what leadership looks like

Many organizations have not updated their expectations of leadership to reflect today's reality. Leadership is no longer about providing stability but is fundamentally "an argument with tradition."² In practice, this means:

- Prioritizing adaptability over consistency
- Elevating curiosity and humility
- Recognizing transformational leadership not as a niche, but as the baseline

2. Capabilities: Bring greater rigor to assessing potential

Organizations must move beyond intuition in identifying future leaders. This requires:

- Rigorous, evidence-based assessment of potential
- Clear differentiation between readiness and future capability
- Integration of potential into hiring, promotion, and succession decisions

3. Pipelines: Be intentional about long-term development

Good leadership doesn't just "happen." However, many organizations still take a reactive approach. More effective approaches focus on:

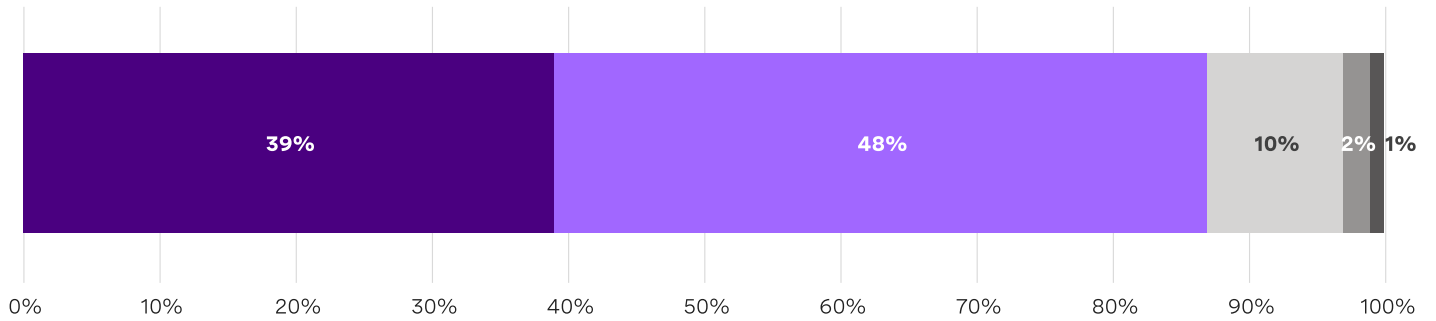
- Creating real, enterprise-level experiences that stretch judgment, not just skills
- Building thinking capacity, not just execution capability
- Providing cross-functional exposure and diverse experiences that broaden perspective
- Embedding reflection into the flow of work so leaders can process and learn from experience
- Reinvesting efficiency gains into higher-value leadership work

Reflection is not a "nice to have:" 87% of leaders say that taking time to reflect on their own capabilities helped prepare them for their current role.

Figure 3: Leaders' views on reflection in preparing for their current roles

Taking time to reflect on my own capabilities was helpful in preparing me for my current role.

Strongly Agree Agree Neutral Disagree Strongly Disagree Unsure



Source: RRA H2 2025 Global Leadership Monitor, Base: CEOs, C-level, and Next Gen leaders (n=844)

The goal is not simply more productive leaders, but more thoughtful and adaptable ones.

Great leadership in the future of work

AI is not just reshaping work. It is changing what good leadership looks like. For a long time, many organizations relied on leadership emerging naturally over time, but that approach is breaking down. The ones that take a disciplined, evidence-based approach to identifying and developing executive potential will build leaders who can navigate ambiguity, exercise judgment, and drive meaningful change. Those that do not may find themselves with more technology, but less leadership. In the end, that is a trade-off no organization can afford.



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Sources

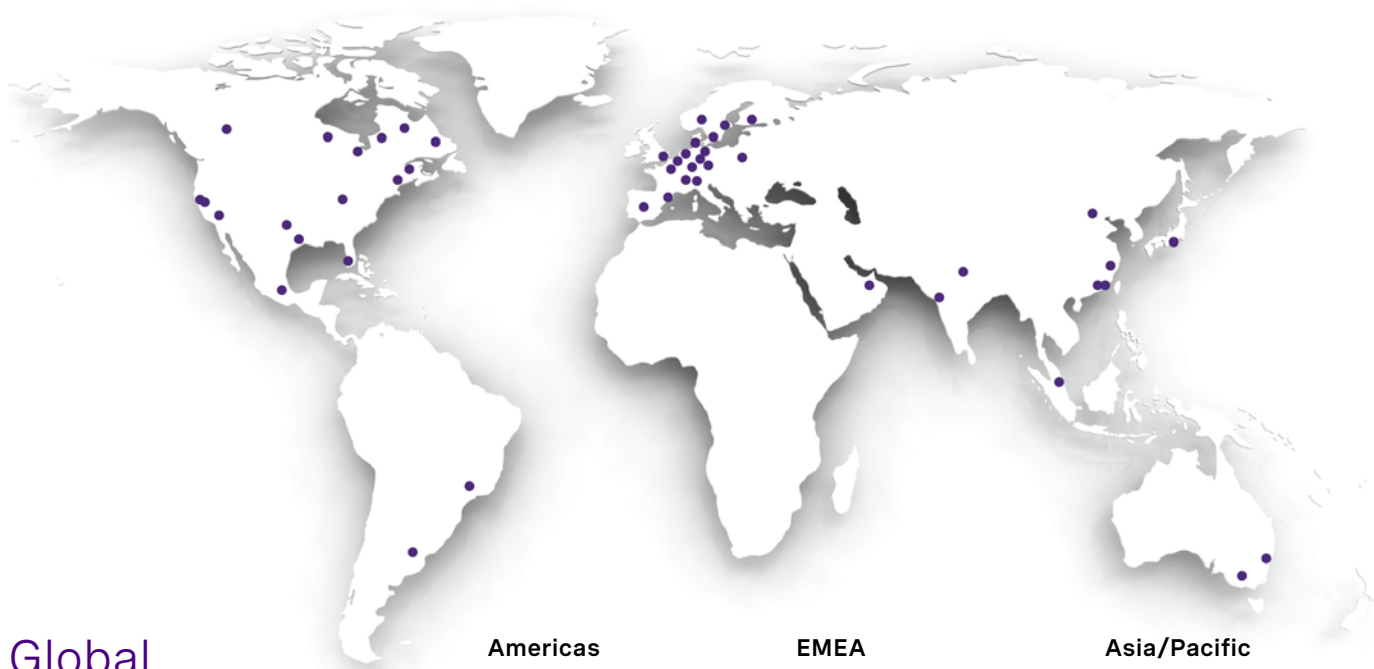
¹ Source: RRA H2 2025 Global Leadership Monitor, Base: CEOs, C-level, Next Gen, and Board leaders (n=2,553)

² Source: Petriglieri, INSEAD (2022), [Humanizing Leadership: Principles, Practice, and People](#)

About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 500+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led

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