

## LBS goes GREEN

Our planet and its ecosystem services are increasingly put at risk by the exploitation and overuse of natural resources, waste and pollution as a result of economic activities. The fascinating history of the development of ancient civilizations and empires illustrates our dependency on nature. Human and economic progress, in the form of an emerging division of labour and the formation of urban societies, set in during a period of stable and climatic conditions, a period which is known as the Holocene.

Several thousand years after that we enter a new geological epoch, the Anthropocene. The term captures the insight that human activities have reached a scale and impact which causes planetary systems to change and deteriorate. So far, such an outcome has been deemed virtually impossible because population numbers and the level of economic development seemed minor and negligible given the vast forests and oceans which cover our planet.

But according to the ecological economist Kenneth Boulding, our world is no longer empty but full, i.e. full of human activities and the associated environmental consequences. After decades of exponential growth in GDP and population, natural limits in the form of limited capacities to assimilate waste and pollution are increasingly binding constraints on further expansion along traditional pathways of economic growth. The most severe threats are due to climate change and an ongoing and significant loss in biodiversity. Both processes are already destabilizing societies in various places around the world, especially in impoverished countries.

An economic problem-analysis provides very clear results: The benefits of changing our course of action and saving nature from further degradation far outweigh the costs of doing nothing and continuing with business-as-usual. While policy makers are in the driver seat to instigate change towards a sustainable organization of energy, mobility and economic systems, firms have a very crucial role to play in what is called the social-ecological transformation.

Business schools, which are responsible for educating the business leaders of tomorrow, need to take up this challenge. After all, the disruptive change provided by new green technologies and green business models provides new economic opportunities, whereas a lack of managerial initiative towards greening their operations is likely to result in declining sales and rising capital costs.

As a response to this situation, LBS has decided to introduce new courses in the curricula of the bachelor and the master programs. The aim of the courses is to discuss the environmental impacts of economic activities, the economic analysis of why environmental problems arise in the first place as well as appropriate policy and business responses. A positive vision of the ability of firms to change and align their business models with environmental limits is conveyed and critically examined.

In the 4<sup>th</sup> semester of the bachelor program “International Business Administration” the course “The Economics of Sustainability” has been introduced and, despite the difficulties provided by Covid-19 and online teaching, has proved to be a successful start for this new era of sustainability education at LBS. Two quotes from students express their enthusiasm regarding the subject:

*“The content of the course is very interesting and important for the lives we are living now and in the future. The discussions were fascinating and mind-opening.”*

*“The subject of matter itself is very interesting and I feel that sustainability should be a subject that is taught in every university.”*

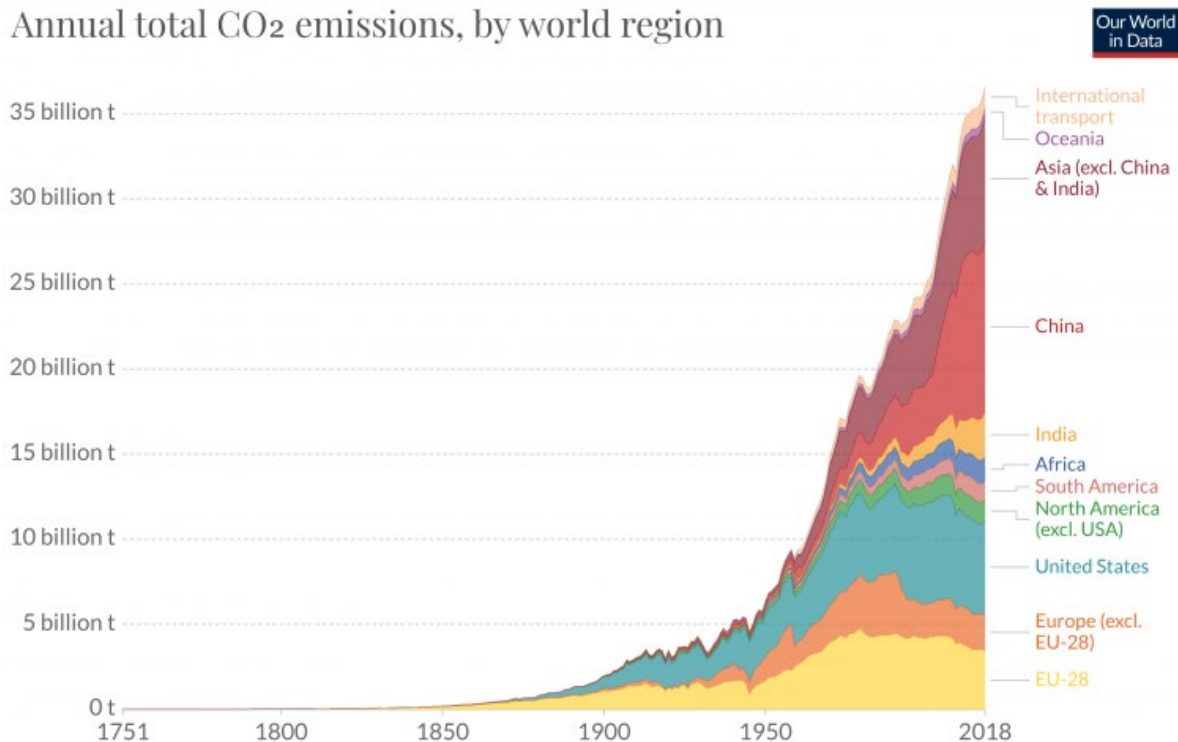
“Green Business Models and Sustainability” is the title of new course in the 3<sup>rd</sup> semester of the master program “International Management and Leadership”. It will be held for the first time in the fall term 2022.

Environmental, social and governance (ESG) criteria with a strong emphasis on sustainable finance has also gained a pivotal role in investing, valuation, auditing, etc. and these aspects are channeled in under the umbrella of a multitude of courses in the Strategic Finance and Business Analytics program.

In addition, lecturers are strongly motivated to include the relevant environmental aspects in all their courses to provide a domain-specific in-depth understanding to students. This is because sustainability is a cross-cutting issue and must be considered in every managerial decision – the sooner, the better.

At LBS we strongly believe that we can make a positive contribution to both our environment and the bottom line of firms by “greening” our curriculum!

## Annual total CO<sub>2</sub> emissions, by world region



Source: Carbon Dioxide Information Analysis Center (CDIAC); Global Carbon Project (GCP)  
Note: 'Statistical differences' included in the GCP dataset is not included here.  
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