

Chapter 22

A Mission–Based Approach to Teaching Finance

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ABSTRACT

A focus on purely economic and financial metrics and tools has contributed to the failure of our economic system to address growing social injustice and environmental threats. Educational institutions with missions that aim to mitigate these problems are uniquely positioned to improve our economies and communities by adopting an approach to financial decision making that considers a broad range of information, and selects from that the sources and tools relevant to addressing specific issues. A holistic approach to financial decision making is supported by the United Nations Sustainable Development Goals and the encyclical of Pope Francis. This chapter outlines a college-level course structure that emphasizes the critical roles of ethics, sustainability and industry-specific expertise in responsible financial decision-making. Business schools that aim to support sustainable development could provide fresh evidence to the accreditation bodies that teaching and learning in their campus communities are fully aligned with their missions by offering similar courses.

INTRODUCTION

For several decades since the late 1940s, our economic system, with its focus on market prices and Gross National Product (GDP), has served us reasonably well by improving aggregate measures of economic growth in several economies around the world. In recent years, however, growing economic externalities, especially rising inequality of income and wealth, as well as human-caused climate change and other environmental problems, have begun to threaten the stability of our economic and financial systems and the well-being of our communities and society. These developments have led to the creation of new measures of progress such as the Social Progress Imperative, and to new approaches to resource allocations and financial decision-making. In 2015, Pope Francis supported the adoption of the United Nations Sustainable Development Goals (SDGs) with the release of the encyclical, *Laudato Si*, shining a global light on the importance of inclusion, sustainability, and environmental stewardship. Associated with

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the SDGs, multi-trillion dollar opportunities for value creation are emerging that are both inclusive and sustainable. Realizing these opportunities for broad gains requires a new mindset and new paradigms for decision-making.

Yet, many of the new ethics- and sustainability-related initiatives have not yet found their way into the standard economics or finance textbooks and courses, even though increasing numbers of papers and information sources are publicly available. Mission-driven universities are uniquely positioned to integrate this knowledge into their curricula, thus unlocking new opportunities for documenting mission-informed teaching and learning, which is increasingly required by the accreditation bodies (e.g. AACSB). This chapter outlines a structure for delivering this material in a format that offers undergraduate students an integrated view of financial decision-making consistent with the SDGs and embedded in an understanding of modern economics that is both pluralistic and practice-oriented. The following sections describe a course in Sustainable Finance consisting of three main subject areas with five subtopics in each one of these subject areas. The topics move from a macro view of the role of finance in our economy and society, to issues that are relevant for resource allocations in specific industries, to financial decision-making by individual investors and managers. For the complete list of subject areas with subtopics, please refer to the Appendix. Learning goals for assessments that may be part of assurance of learning programs are provided for each of the subsections to support the overall objective of the course. The chapter concludes with some suggestions for mission-based assessments and a discussion of implications for future impacts on businesses.

BACKGROUND

Increasingly, humanity is becoming aware that the survival of our civilization in the 21st century and beyond depends on our ability to set economies and communities on a path of sustainable development, allowing us to prosper within the planetary boundaries while simultaneously providing a fair and inclusive social foundation (Raworth, 2012; Sachs, 2017; Sachs, 2015). Given our currently predominant economic paradigm of profit -- or shareholder wealth -- maximization and consumerism, a shift to sustainable development requires the construction of a new mindset along with reforms of both local and global institutions and systems. To do that, Korten (2015) argues it may be necessary to profoundly reform our spiritual worldview by permanently shifting our collective focus from money to life.

Leading the private sector and governments in this enormous effort in 2015, the United Nations adopted the 17 SDGs with 169 targets to succeed the Millennium Development Goals that had previously been established in 2000 (United Nations, 2015). Also in 2015, and consistent with the SDGs, Pope Francis published his encyclical letter *Laudato Si On Care For Our Common Home*, calling on individuals, business and government to take broad action to address poverty, climate change, environmental degradation and unsustainable development (DeCosse & Green, 2015; Taylor, 2015). In addition to the United Nations' Sustainable Development Knowledge Platform (sustainabledevelopment.un.org), SDG Academy, an initiative of the Sustainable Development Solutions Network, has followed up with educational resources. Business schools in particular have been supported in their efforts to train responsible business leaders in the spirit of the SDGs since 2007 by the Principles for Responsible Management Education (PRME) of the United Nations Global Compact. Specifically for the finance discipline, the United Nations' Principles for Responsible Investments (PRI) initiative has created a platform to help finance professionals translate the principles into action (www.unpri.org/about/the-six-principles). At

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