



Sustainability | Leadership | Innovation



Alex Edmans: Sharing the evidence on sustainability

Winner: Jeffrey Unerman award for driving change in the finance community

What

Alex Edmans, a professor of finance, has spent 15 years researching sustainability and finance. Alex focuses on building a robust financial case for sustainability. He disseminates his work widely to a diverse audience of students, academics, practitioners, policymakers and the general public.

In his 2020 book, *Grow the Pie: How Great Companies Deliver Both Purpose and Profit*, Alex summarised key points from his research. The book includes a practical framework to help business and finance professionals create purpose-driven organisations, and Alex uses this framework in his work with banks, investors, financial services firms and regular corporations. Alex uses *Grow the Pie* in his elective course, 'Managing and Investing in Responsible Businesses', at London Business School, and he shares his teaching slides with other academics.

Alex uses accessible language to bring academic research on finance and sustainability to a wide audience. He talks about sustainability to companies, investors, policymakers and business schools. He writes articles in mainstream publications, delivers free lectures for the public at Gresham College and has given a TEDx talk on the social responsibility of business. With his rigorous research and broad reach, he strives to change how we understand finance and sustainability.

'Alex focuses on bringing sustainable finance beyond academia into mainstream thinking, reaching not only the investor community but also engaging the general public on how companies can deliver both purpose and profit.'

Finance for the Future Awards judges

Why

Alex's goal is to bring sustainability into the business mainstream by making a compelling commercial case. This requires a strong evidence base. By building this evidence, Alex aims to address the concerns, complexities and trade-offs that CFOs, CEOs and investors face when embedding sustainability in their businesses.

A common belief he encounters is that sustainability is about splitting the 'pie' differently between shareholders and other stakeholder groups. Alex's pie represents the value that a company creates, which can be divided between shareholders and stakeholders. But if the value of the pie is fixed, then a company would reduce its profits and shareholder returns by investing in sustainability – creating no financial incentive for companies to take sustainability seriously. Alex counters this belief by showing that generating social and environmental value increases value for all stakeholders, so 'growing the pie'.

As an ex-investment banker, Alex has credibility with a business audience and is able to connect with finance professionals. He uses his platform to motivate companies and policymakers to make changes that are supported by solid academic research.



‘One part of a professor’s job is the creation of knowledge through research, but the main part of my job is the dissemination of this research. Not just to my own students, but to students around the world and also to the wider practitioner and policymaker community.’

Alex Edmans

How

Alex brings academic insights on finance and sustainability to a broad audience, including practitioners and policymakers, through a range of activities:

- > Alex builds credibility with companies and investors by acknowledging the challenges of embedding sustainability into corporate practice and addressing practitioners' concerns directly, such as the existence of trade-offs. His work is rooted in evidence – including research that questions the value of sustainability in a business context. This nuanced approach has been particularly helpful for reaching sustainability sceptics.
- > Three principles, including comparative advantage and materiality, are part of Alex's growing-the-pie framework. This framework is a core feature of his direct work with companies. Applying these principles helps companies to navigate trade-offs and make more informed choices about sustainability in their business.
- > In his academic work, Alex brings sustainability into the core curriculum, establishing it as a critical element of business and finance. He has applied this approach as a co-author of the forthcoming 14th edition of *Principles of Corporate Finance*, a leading finance textbook. As well as writing a chapter on responsible business, Alex has integrated sustainability into the book's core principles from chapter one.
- > In addition to his core teaching, Alex he has developed a responsible business elective based on his grow-the-pie model. To spread his ideas more widely, Alex freely shares his slides – which he regularly updates – with academics across the world. This helps other academics to build sustainability into their own classes, both core and elective.
- > As managing editor of a finance journal, *Review of Finance*, Alex encourages additional research and writing from other academics on sustainability. The journal launched a call for papers for a special issue on sustainable finance in May 2021.
- > Alex also promotes the research of other scholars beyond academic publishing, through talks, op-eds, blogs and his own book. He uses clear, jargon-free language to help a wider audience connect with the latest research on sustainability in business and finance.
- > His belief in the importance of reaching a wider audience led Alex to work with Gresham College, which exists to give free lectures to the public. As the college's professor of business, Alex gave a lecture series on how business can better serve society, exploring different aspects of sustainability and how it affects both companies and investors. He is currently delivering a lecture series on financial literacy in 2021– 2022.

www.alexedmans.com





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