Societal impact measurement and accounting

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ESCI Seminaris interns de recerca,
24 November 2020
Context (i)
Context (ii)

Impact economy?
Theoretical framework (i)

Integrated Social Value (ISV)

Polyhedral model of social value analysis → Value created for all organisation’s stakeholders → Positive and negative value that is not necessarily economic

Source: Retolaza et al. (2016)
Theoretical framework (ii)

Phenomenological perspective
Theoretical framework (iii)

In accordance with the polyhedral model, the ISV analysis process comprises four basic steps (Retolaza et al., 2016):

1. identify the stakeholders;  
2. identify the value variables;  
3. monetise the indicators; and  
4. calculate and visualise the value created.

Qualitative

Quantitative
Theoretical framework (iv)

**Monetization**: express the value in monetary units by linking indicators with financial proxies

- **Substitution logic**: Monetary value of a substitute service or good
- **Mitigation/prevention logic**: Monetary value of avoided costs
Theoretical framework (v)

Ratio of return to public funding: 4.28
Theoretical framework (vi)
Published case studies

Social value analysis: the case of Pompeu Fabra University

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ESCI-UPF School of International Studies, Barcelona, Spain
Pablo Sanchez
Roots for Sustainability, Barcelona, Spain
José Luis Retolaza
Deusto Business School, Bilbao, Spain, and
Mónica Figueras-Maz
Pompeu Fabra University, Barcelona, Spain

The current issue and full text archive of this journal is available on Emerald Insight at:
https://www.emerald.com/insight/2040-8021.htm
Social value of Catalan universities

**Aim:** Analyze the social impact of the eight universities of the Asociación Catalana de Universidades Públicas (ACUP) through ISV

→ Go beyond and complement current approaches to assess social/socioeconomic impact of universities
Scope of the study
ISV analysis – qualitative

5 value variables:
Knowledge creation, knowledge transfer, dissemination, etc.

6 value variables:
Sense of belonging, networking, exchange programmes and mobility, etc.

8 value variables:
Academic education, all-round education, access to a better professional future, etc.

4 value variables:
University extension, participation in volunteering, etc.
ISV analysis – results

SOCIAL VALUE CREATED BY ECONOMIC ACTIVITY

1.282 M€

SPECIFIC SOCIAL VALUE

2.302 M€

INTEGRATED SOCIAL VALUE

3.583 M€
### ISV analysis – social efficiency

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>MEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value public adm./budget</strong></td>
<td>0,28</td>
<td>0,29</td>
<td>0,30</td>
<td>0,26</td>
<td>0,27</td>
<td>0,27</td>
<td>0,28</td>
<td>0,28</td>
</tr>
<tr>
<td><strong>SEV/budget</strong></td>
<td>0,89</td>
<td>0,93</td>
<td>0,94</td>
<td>0,78</td>
<td>0,92</td>
<td>0,80</td>
<td>0,88</td>
<td>0,88</td>
</tr>
<tr>
<td><strong>SSV/budget</strong></td>
<td>1,31</td>
<td>1,44</td>
<td>1,61</td>
<td>1,33</td>
<td>1,53</td>
<td>1,33</td>
<td>1,47</td>
<td>1,43</td>
</tr>
<tr>
<td><strong>ISV/budget</strong></td>
<td>2,20</td>
<td>2,37</td>
<td>2,55</td>
<td>2,11</td>
<td>2,45</td>
<td>2,13</td>
<td>2,35</td>
<td>2,31</td>
</tr>
<tr>
<td><strong>SSV/employee</strong></td>
<td>87.031 €</td>
<td>71.775 €</td>
<td>75.519 €</td>
<td>63.649 €</td>
<td>63.177 €</td>
<td>96.945 €</td>
<td>78.567 €</td>
<td>76.666 €</td>
</tr>
</tbody>
</table>

**Social Value Added Index > 1**

SEV = Social Economic Value  
SSV = Specific Social Value
Edited Book (Routledge, Taylor & Francis)
(download PDF version of call for chapters)

Virtual Paper Development Workshop:

EXPLORING THE SOCIETAL AND ENVIRONMENTAL IMPACTS OF CORPORATE SOCIAL RESPONSIBILITY
Robert Kudlak, Ralf Barkemeyer, Lutz Preuss and Anna Heikkinen (editors)

We will be organizing two half-day online paper development workshops linked to the edited book on 17/19 November 2020. Please see below for the workshop programme. If you would like to participate in one of the workshops (free of charge), please contact us at info@crrconference.org by 14 November 2020!

Workshop Day 1 – Tuesday, 17 November, 15:00-19:00 (CET)
Chairs: Robert Kudlak & Anna Heikkinen
15:00-16:45
Societal impact of compliance strategies in global supply chains

**Aim:** explore how to assess the impact resulting from compliance strategies in global supply chains through a case study of a large apparel retail company

→ Contribution to the literature on societal impacts of CSR (supply chain) practices

→ Improved understanding about the factors that drive value creation of responsible supply chain management
Case study

Large apparel retailer
ISV analysis – qualitative

<table>
<thead>
<tr>
<th>No.</th>
<th>Value variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Awareness of the importance of working conditions</td>
</tr>
<tr>
<td>2</td>
<td>Improvement of working conditions</td>
</tr>
<tr>
<td>3</td>
<td>Improvement of the factory management system</td>
</tr>
<tr>
<td>4</td>
<td>Improvement of factories’ facilities and equipment</td>
</tr>
<tr>
<td>5</td>
<td>Improved relations between employers and employees</td>
</tr>
<tr>
<td>6</td>
<td>Improved worker satisfaction</td>
</tr>
<tr>
<td>7</td>
<td>Management standardization</td>
</tr>
<tr>
<td>8</td>
<td>Competitive and social positioning</td>
</tr>
<tr>
<td>9</td>
<td>Operational risk</td>
</tr>
<tr>
<td>10</td>
<td>Reduction of regulatory risk</td>
</tr>
<tr>
<td>11</td>
<td>Compliance with legislation</td>
</tr>
</tbody>
</table>

Identification of 11 value variables (for suppliers and public administrations)
ISV analysis – results

Suppliers 972,928 €

Public administrations 139,800 €

SOCIAL VALUE (2019) 1,112,728 €

Different countries: ...€
Societal accounting and environmental impacts: the case of GHG

**Aim:** analyse how to assess the environmental impact of companies from a social accounting perspective

→ Contribution to the literature on social and environmental accounting

→ Practical guidance on how to account for the environmental impact of organizations
# Environmental value analysis

<table>
<thead>
<tr>
<th>ENVIRONMENTAL ASSESSMENT</th>
<th>VALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantification of emissions or resource use</td>
<td>Valuation of impact</td>
</tr>
<tr>
<td>Estimation of change in the environment</td>
<td></td>
</tr>
</tbody>
</table>

- Greenhouse gas emissions (GHG) (kg/t)
- Potential contribution to climate change (conversion to CO₂ eq)

- Monetary valuation (€) of climate impact according to:
  - Market price
  - Mitigation cost
  - Social cost of carbon
## Monetary valuation

<table>
<thead>
<tr>
<th></th>
<th>Market price</th>
<th>Mitigation cost</th>
<th>Social cost of carbon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directly observable</td>
<td>Based on known costs</td>
<td>Expresses the cost of reducing a certain amount of GHG emissions, but not related to the impacts avoided</td>
<td>Expresses the monetary value of the impacts (damages) caused by an increase in GHG emissions</td>
</tr>
<tr>
<td>Not based on assumptions about the future</td>
<td>Lower degrees of uncertainty than social cost of carbon</td>
<td>Refers to a specific emission reduction target</td>
<td>High degrees of uncertainty</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Varies significantly between sectors (and companies)</td>
<td>Estimates vary significantly, and strongly depend on the discount rate used</td>
</tr>
<tr>
<td>Represents a measure of the amount to be paid for GHG emissions in a given political setting, and has little relationship to the impacts of emissions</td>
<td>Expresses the cost of reducing a certain amount of GHG emissions, but not related to the impacts avoided</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Varies significantly between countries and regions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24,84 €/t CO₂e (EU ETS 2019)</td>
<td>5-49 €/t CO₂e* (carbon prices revealed by companies to CDP)</td>
<td>43-679 €/t CO₂e* (SCC estimates SCC by Ackerman and Stanton, 2012)</td>
<td></td>
</tr>
</tbody>
</table>

*original values adjusted to 2019
¿CÓMO CONTABILIZAR EL IMPACTO AMBIENTAL DE LAS EMPRESAS? EL CASO DE LAS EMISIONES DE GASES DE EFECTO INVERNADERO

Silvia Ayuso Serrat (ESCI, Universidad Pompeu Fabra) ¹

Resumen:

El objetivo del presente trabajo es analizar cómo valorar el impacto ambiental de las empresas desde una perspectiva de contabilidad social. El estudio teórico contribuye a la literatura sobre contabilidad social y medioambiental y aporta una orientación práctica sobre cómo contabilizar el impacto ambiental de las organizaciones. Tras reflexionar si el medio ambiente puede ser considerado un grupo de interés y cómo se plantea el análisis del valor ambiental creado o destruido, el trabajo se limita al caso de las emisiones de gases de efecto invernadero, principal fuente del cambio climático, y por lo tanto uno de los grandes desafíos ambientales a los que se enfrenta nuestra sociedad. En concreto, se analiza la cuantificación y valoración de las emisiones de gases de efecto invernadero mediante diferentes modelos disponibles para asignar un valor monetario, desde precios de mercado a costes de mitigación o costes sociales. El trabajo concluye que la valoración monetaria del impacto ambiental puede integrarse en la contabilidad social, siempre y cuando se considere toda la cadena de valor y los costes (o beneficios) para la sociedad. La contabilización del valor ambiental de las empresas puede ayudar a transformar la contabilidad financiera convencional y mejorar la toma de decisiones interna de las empresas de acuerdo con principios de ética y sostenibilidad.
Questions?

Possible synergies with your research areas?