Corporate sustainability and social responsibility: approaches for multi-dimensional impact measurement and valuation

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Abstract

Economic activities impact the environment and society, e.g., through CO2 emissions, biodiversity loss, work-related injuries, and child labour. To account for these factors in corporate performance valuation, non-financial aspects need to be recorded holistically and documented transparently. To date, corporate reports are based on a broad and diverse set of standards, which makes interpretation and comparison difficult. This fuels the academic debate on standardized monetary valuation schemes for sustainability indicators, like the Value Balancing Alliance, founded by various multinational enterprises in 2019, and Harvard Business School's Impact-Weighted Accounts.

Currently, there is no all-encompassing comparative analysis of impact measurement and valuation approaches. This contribution shows how MRIO tables extended by environmental and social factors can be applied to perform corporate impact valuation and benchmark sectoral performance including value chains. Existing approaches are compared regarding their scope, rationale, and valuation methods, thus informing the choice of a suitable standard for a holistic and balanced corporate valuation.