

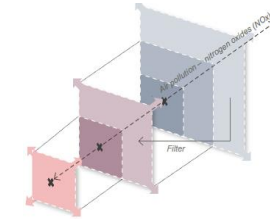
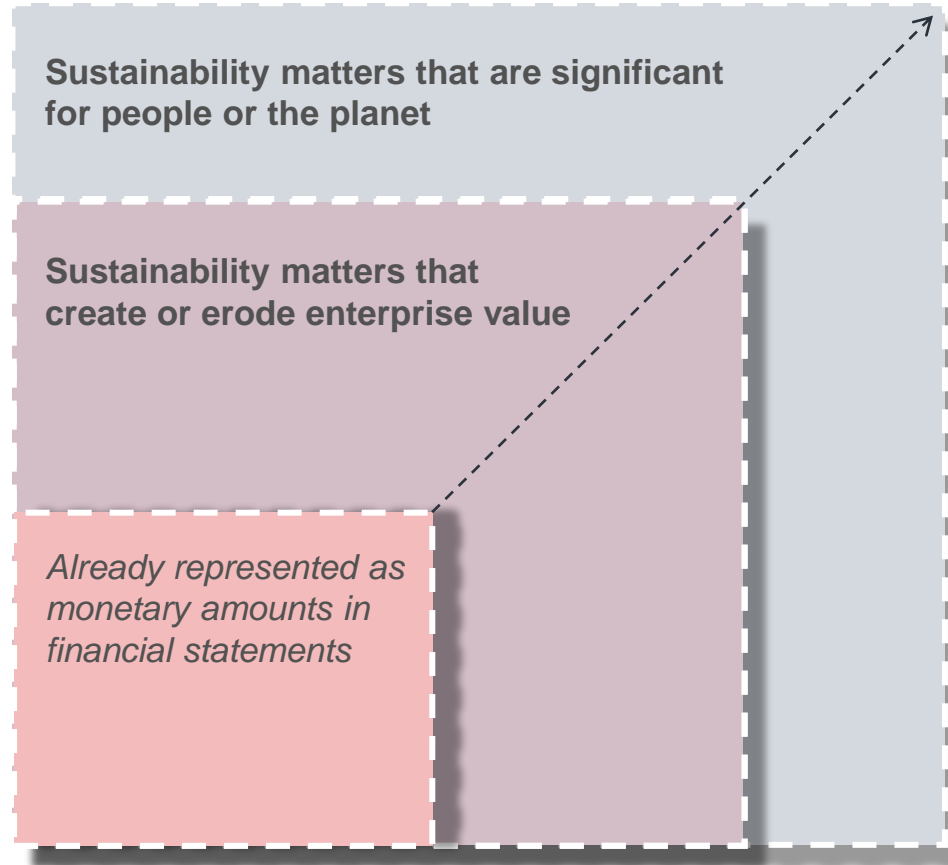
# Valuing Impacts

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January 28<sup>th</sup> 2021



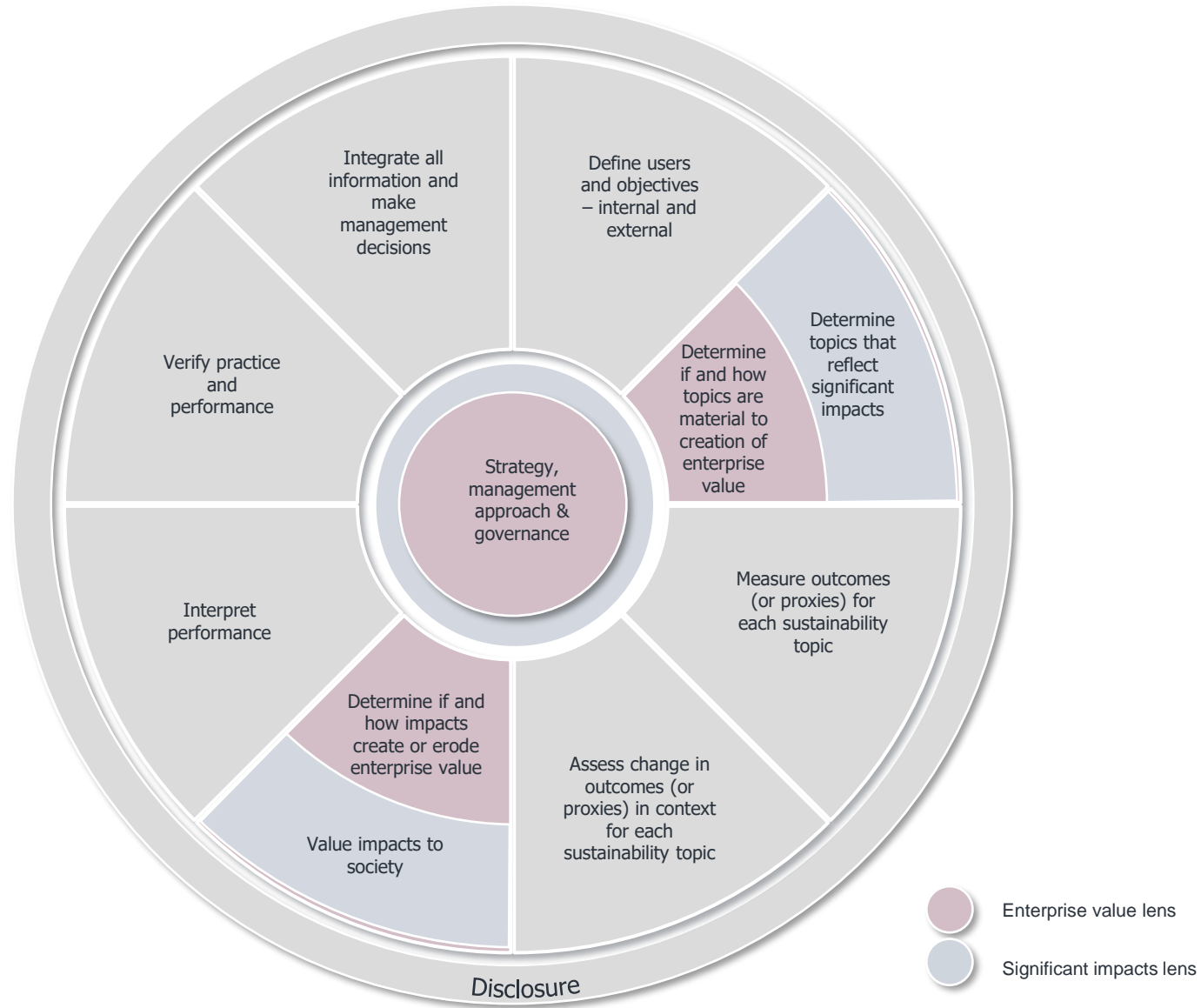
# Context: significant global developments towards a harmonised system



*Increasing stakeholder pressure, regulation, international norms, investor preferences and industry disruption are generally pushing boundaries out.*



# Context: internal management vis-à-vis external disclosure





## Three basic ways of estimating the relative value of an impact

1. **Monetary** (e.g., estimated monetary value to a stakeholder of a benefit they experience or a harm or loss that they avoid or experience)
2. **Quantitative** non-monetary (e.g., scale of 1 – 10)
3. **Qualitative** (e.g., low / medium / high)

Valuation practitioners recognize that interpersonal comparisons of value are technically challenging and raise complex moral questions.

However, value judgments are already being made in any resource allocation decision. Impact valuation represents a way to make the data and rationale behind these value judgments more explicit, transparent, and informed by the perspectives of the stakeholders experiencing the impact.

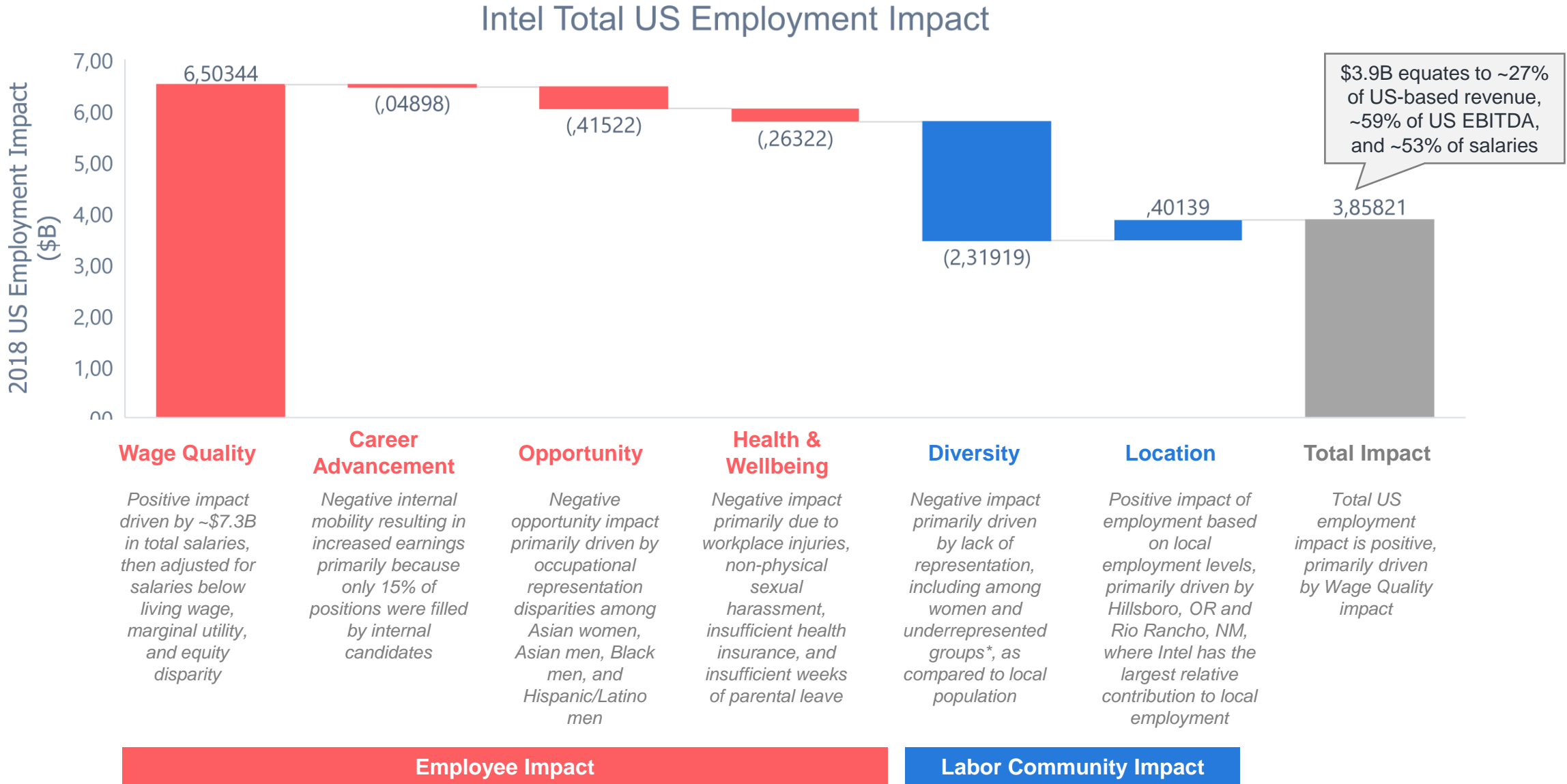


## Why is impact valuation useful?

The ability to apply a common measure to dissimilar impacts can help enterprises to:

1. **Compare options** (e.g., among potential organizational projects/initiatives or capital investments), make decisions, and communicate the rationale for those decisions internally and externally; and
2. **Communicate** performance not only in terms of impacts, but in terms of the relative value of impacts to those who experience them, for use in making decisions among options that offer different mixes of impacts by external stakeholders (e.g., investors, policymakers)

Illustration: based on the IWAI approach, Intel Corporation created a total positive impact of \$3.9B through employment



Source: Harvard Business School "Accounting for Organizational Employment Impact" by David Freiberg, Katie Panella, George Serafeim, T. Robert Zochowski

\*In this analysis the term underrepresented groups refers to the EEOC categories of Black, NHPI, American Indian, Hispanic/Latino, and Two+.