



Placing a value on sustainability

Presentation for The Prince's Accounting for Sustainability
Forum – Current Developments Discussion Group 3

Wednesday 17 December 2008

Professor Jeffrey Unerman
Royal Holloway School of Management

Royal Holloway
University of London



Techniques currently available to account for the social impact of operations

- Many frameworks available
 - Most do not attempt to reduce social impact to a single 'value' figure
 - For many areas they recommend narrative disclosure
- Various valuation techniques exist
 - Resultant valuations need to be treated with caution
 - A single valuation figure can convey simplicity and objectivity for what is a highly complex and subjective process



Gaps & challenges in translating social impact into organisational value

- Need consensus on what organisational value comprises
 - Conceptions of this vary between stakeholders, so consensus requires dialogue and is highly political
 - Current economic situation may affect conceptions
- Inappropriate to copy financial accounting
 - Aimed at different range of stakeholders
 - Financial immateriality may be socially material
 - Discounting techniques inappropriate for social impact



Potential responses to addressing these gaps & challenges

- Need simple-to-use but meaningful measures
- Need continual refinement to frameworks
 - Possibly moving to focus on creating social wellbeing rather than maximising short-term profits
- Challenging the business time horizon
- Dissemination of best practice as toolkit from which each organisation can draw as needed
- Need effective stakeholder engagement
- Need user tools to flexibly interrogate data



Summary

- ‘Value’ means different things to different people and is a dynamic concept
 - Inappropriate for preparers to calculate a single value figure for their sustainability impact
- Need to communicate a range of sustainability information
 - Also need tools to help each stakeholder draw from and summarise this data in a manner relevant to their understanding of ‘value’

