

ReSChape



MEASUREMENT AND MANAGEMENT OF SOCIAL VALUE IN BUSINESS

A PRACTICAL RESPONSE TO REGULATORY REQUIREMENTS

This industrial brief, as part of the ReSChape project, addresses the measurement and management of social value in business under new EU regulations. It emphasizes the need for companies to evaluate their social and environmental impact across value chains through tools like social accounting. Using the Polyhedral Model, the brief illustrates how firms can quantify the value they generate for stakeholders and identify areas for improvement. A case study of an industrial SME highlights the practical application of these methods.

JUNE 2025

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delle Ricerche

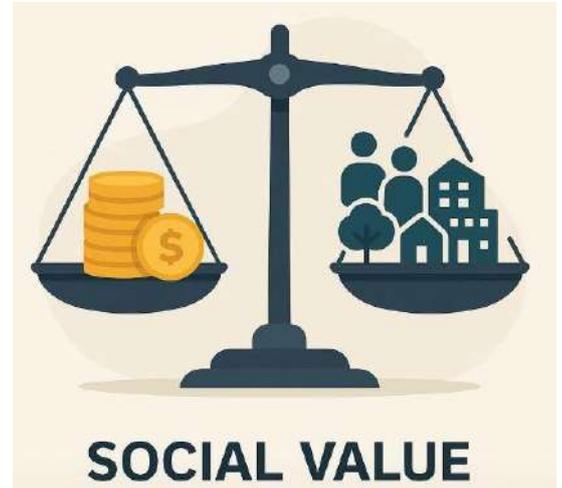


RESCHAPE PROJECT
IS FUNDED BY THE
EUROPEAN UNION

Introduction

The business environment is undergoing an accelerated transformation, driven by an increasing demand for sustainability, transparency, and social responsibility. This new regulatory and social context is forcing companies to review their business models, reporting systems, and, above all, their ability to generate and demonstrate value beyond the economic.

Social value has emerged as a key concept in this process. It is not just about creating jobs or contributing to the socio-economic development of the environment, but about understanding and communicating the real impact that the organization has on the people and communities with which it interacts. This value, which until now has often been implicit or ignored, is becoming a regulatory requirement, a condition for accessing funding, a tool to strengthen corporate reputation, and a transformational axis for long-term sustainability.



Social Value as a Business Requirement and Opportunity

This concern to demonstrate social impact is not new. Organizations in the so-called fourth sector, a category that groups hybrid entities combining social purpose and business management models, such as cooperatives, associations, or foundations, have been seeking to highlight their contribution to collective well-being for years. However, this impact is often blurred by its intangible nature or the difficulty of expressing it in terms understandable to society or economic agents. For example, the value of supporting a vulnerable person, promoting territorial cohesion, or improving working conditions may be perceived as subjective if there is no systematic evaluation and valuation framework.

The approval and implementation of regulations such as the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) are marking a

before and after. These rules require companies not only to report relevant information in the social sphere but also to demonstrate how they prevent and manage issues that transcend the organization itself, thus raising awareness and proposing improvements to the impacts generated by their value chains.

In this scenario, social accountability can become a key tool to move forward on this path. It allows for the identification, measurement, and monetization of the social value generated by the company, beyond its direct economic benefits. Furthermore, it strengthens sustainability reports and becomes another element to consider in decision-making processes.

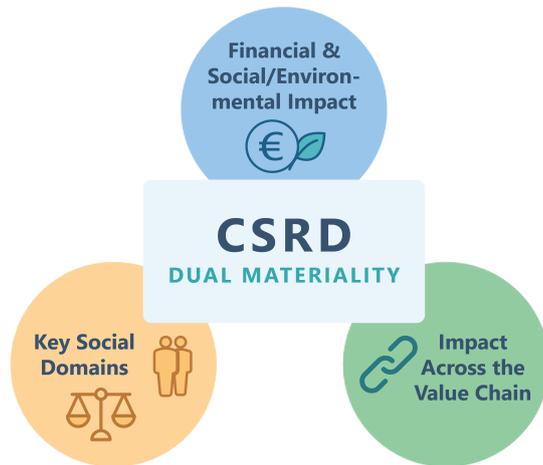
This Industrial Brief aims to present a practical, direct, and educational approach to how social accountability can be used to successfully address new regulatory demands, improve performance, and contribute tangibly to a fairer and more sustainable model.

The Regulatory Framework: What Companies Need to Know

New regulations related to sustainability and social responsibility require companies to adopt a more structured and transparent approach to manage and report their impact. Regulations such as the CSRD and the CSDDD are fundamental in this process, and their key implications are outlined below.

CSRD and the Requirement of Double Materiality

Double materiality is a central concept in the CSRD and represents a significant shift in how companies must assess and report their impact. Instead of focusing solely on the financial impact of business activities, double materiality also requires organizations to measure how their activities affect the environment and the communities in which they operate.



CSDDD and Due Diligence in Human Rights and the Environment

The CSDDD introduces the concept of due diligence in human rights and the environment, requiring companies to prevent, identify, and remedy negative impacts that may arise in their supply chains.

CSDDD

Due Diligence Obligations

<p>Implications for Suppliers and Subcontractors</p> <ul style="list-style-type: none"> Firms must assess risks in their supply chains and ensure compliance with social and environmental standards. 	<p>Obligation to Prevent and Remedy Impacts</p> <ul style="list-style-type: none"> Companies must implement processes to avoid and correct adverse impacts on human rights and the environment. 	<p>Relevance for Large Companies and Connected SMEs</p> <ul style="list-style-type: none"> Due diligence requirements also apply to SMEs linked to large firms.
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Other Relevant Regulations and Initiatives

In addition to the CSRD and the CSDDD, there are other key regulations and initiatives that strengthen the regulatory framework for corporate sustainability.

- **EU Taxonomy:** The EU Taxonomy establishes a system for classifying economic activities that significantly contribute to sustainability goals. Companies must identify which of their business activities are considered “green” and align with the established criteria to ensure that their practices are financially sustainable and environmentally compatible.
- **ESRS Standards:** The European Sustainability Reporting Standards (ESRS) provide specific guidelines for companies to develop their sustainability reports. These standards cover three key areas: E (environmental), S (social), and G (governance), requiring companies to report on topics ranging from climate change to gender equality and labour practices.
- **2030 Agenda and Sustainable Development Goals (SDGs):** The United Nations’ 2030 Agenda sets a global roadmap for sustainable development. Companies must align their strategies with SDGs, working to eradicate poverty, protect the planet, and ensure people’s well-being. This global framework guides both the planning and implementation of responsible business strategies.



What Is Social Value? How is it Identified and What is it For?

Social value is the positive impact a company generates in society, beyond its economic profits. It is not about philanthropy or isolated actions, but rather the result of integrating social and environmental commitment into daily decision-making. In other words, it refers to how a company contributes to collective well-being through its operations.

This value has become increasingly important in Europe, especially with new regulations such as the CSRD and the CSDDD, which require companies to measure and report their social and environmental impact. This is where social accounting comes into play as an interesting tool that allows these impacts to be evaluated and communicated in a clear and structured way.

What dimensions does social value cover?

To fully understand what social value is, it is useful to look at its three main dimensions:

- **Economic:** creation of quality employment, promotion of local development, responsible procurement, or generation of shared wealth.
- **Environmental:** efficient use of resources, reduction of emissions, circular economy, protection of the environment.
- **Relational:** responsible relationships with employees, customers, suppliers, and communities. This includes fair working conditions, diversity, dialogue and cooperation.

These three dimensions are interconnected and reflect a key idea: the true value of a company is not measured only in euros, but also in how it improves people's lives and the environment in which it operates.

Why should companies care about measuring social value?

Measuring and demonstrating social value is not only a matter of regulatory compliance, it is a competitive advantage. It brings key benefits such as:

Benefits of measuring Social Value



Regulatory Alignment

Social value measurement helps organizations meet new EU disclosure and due diligence obligations efficiently and credibly



Social Legitimacy

Companies that generate social value earn the trust of communities and avoid conflict



Access to Financing

More and more funds prioritize companies with positive social impact



Good Reputation

The perception as a responsible company opens doors with customers, investors, and talent



Improved Labour Relations

A fair and committed work environment could enhance motivation, talent retention, and productivity

What is social accounting and why does it matter?

Social accounting is a tool that allows companies to measure, assess, and communicate the social impact they generate. It goes beyond traditional sustainability indicators and aims to capture the value created for all stakeholders: employees, customers, suppliers, communities, public administrations, and others.

There are various methodologies for applying social accounting, but one of the most comprehensive and adaptable is the Polyhedral Model. This model offers an integrated vision of social value, representing the company as a flower: the center symbolizes the total value generated, and each petal represents the value created for a specific stakeholder group.



The model distinguishes three key dimensions of social value:

MARKET VALUE

It analyses the added value generated by the company through its economic activity, as well as its distribution among different actors (for example through job creation or purchases from suppliers).

NON-COMMERCIAL

It identifies stakeholder expectations through interviews and enables the monetization of social outcomes not reflected in market transactions.

EMOTIONAL VALUE

It refers to stakeholder satisfaction, measured through surveys or qualitative interviews.

Covering all three dimensions of value requires a thorough process of information collection and analysis, which often involves expert participation and in-depth interviews. In the context of the ReSChape project, a more operational and self-applicable approach has been adopted, allowing companies to evaluate their social impact autonomously and directly. For this reason, the tool proposed in ReSChape, focuses on the monetary valuation of social impact based on market value. This approach facilitates practical implementation without sacrificing methodological robustness and represents a first step toward systematic and accessible social accounting for all types of organizations.

Business case: measuring social value in an industrial SME

This case illustrates how an industrial company can apply social accounting tools to analyse the social impact generated throughout its supply chain, using the Polyhedral Model approach and, in particular, monetary valuation based on market value.

The case analysed is that of a company specialised in adhesive solutions for both the retail and industrial sectors. The methodology based on accountable social value has made it possible to assess the economic and social value generated by the company and its most relevant suppliers (85% of its total purchase volume), mainly located in Spain, Germany and Italy.

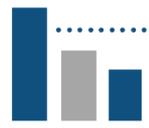
Through this evaluation, the company has been able to:



Quantify the economic value added generated by the company and each supplier, and how it is distributed among employees, public administrations, and other stakeholders.



Calculate the Social EVA (Economic Value Added with a social focus), considering as social impact the portion of value transferred, among others, to people (wages) and administrations (taxes).



Compare this distribution with the national average, to detect whether a supplier contributes above or below the social standards of its country of operation.



Visualise the GAP between each supplier's actual contribution to social value and the country's potential for social development, using the SEDA index (Sustainability Economic Development Assessment), developed by the Boston Consulting Group.

This analysis has allowed the company not only to identify the suppliers generating the highest social impact, but also to visualise where there is the greatest improvement area in its supply chain. In doing so, it opens the door to collaboration strategies aimed at jointly increasing the social value generated.

This case demonstrates that, using existing income statement data, it is possible to make significant progress in assessing social impact with quantifiable and useful data for decision-making.

Barriers and enablers for progress

Despite the growing interest in measuring social impact, many companies still face difficulties when applying social accounting. These obstacles are not only technical, but also cultural, organizational, and regulatory in nature.

Barriers and enablers for progress

Common Barriers

- Lack of awareness and organisational culture
- Limited access to suppliers' accounting data
- Lack of international standardisation
- Resource constraints

Key Enablers

- Engage top management from the beginning
- Start with something small and tangible
- Integrate with existing processes
- Training and external support
- Harness the potential of self-assessment

Conclusion

The new regulatory requirements should not be seen as a burden, but rather as an opportunity to create shared value. Social accounting enables companies to demonstrate their real impact, strengthen relationships with their stakeholders, such as suppliers, public administration and customers and society, and prepare for an increasingly demanding environment. Starting with what is feasible, using simple tools and data that are already available, is key to making progress toward more responsible and sustainable business models.



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This project has received funding from the European Union's Horizon Europe research and innovation programme under grant agreement No. **101061729**.

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