

# 6th OECD World Forum

measuring business impacts on well-being: a  
goal-oriented approach

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# Business as the key actor

Multiple frames of non-financial performance measurements exist but...

# Main issues:

Weak **theorization** and modelization

Low internal and external **validity** of indicators

Indicators lack **independence**

Sample **selection bias**

**Correlational** analysis without control for serial correlations, endogeneity,...

No causal **identification**

...

Still:

**IBM US Equity** | 99) Export to Excel | **Environmental, Social & Governance Analysis**

International Business Machines Corp | History 5 Years | Currency USD

Summary	vs History	vs Peers	w) ESG Scores   RV ESG	
Environmental	Better	Worse	RobecoSAM Rank	69
Social	Worse	Worse	Sustainalytics Rank	95.2
Governance	Worse	Worse	Bloomberg ESG Disclosure	47.5
			ISS Quickscore	6
			CDP Climate Score	4

  

Metrics	vs History			vs Peers					
	Current	History	Change	Low	Range	High	Median	Difference	History
1) Environmental									
11) GHG/Revenue	24.8		-0.7 B	11.9		29.6	19.4	5.4 W	
2) Social									
21) Women Empls Mgmt Ratio	0.84		-0.02 W	0.6		0.6	0.6	0.24 B	
22) Women Employees %	31.4		2.9 B	28.2		33	33	-1.6 W	
23) Employee Turnover %	--		--	18.1		21.5	19.8	--	
24) Employees Unionized %	--		--	0		14	0	--	
25) Lost Time Incident Rate	0.17		0.04 W	0.02		0.06	0.04	0.13 W	
3) Governance									
31) Independent Directors %	85.7		-6 W	63.6		92.3	86.1	-0.3 W	
32) Women Directors %	21.4		4.8 B	0		38.5	12.7	8.7 B	
33) Director Avg Age	65		1 W	54		67	58	7 W	
34) Director Meeting Attd %	97		22 B	73.6		92	75	22 B	
35) Board Size	14		2 W	6		14	10	4 W	

  

**IBM US Equity** | 96) Output | 97) Settings | **Relative Valuation**

Comp Source: BICS Best Fit (Algo) | Region: Local | Mkt Cap > 5B | Curr: USD

Segment	Revenue %	Metric	IBM	Low	Comp Range	High
Whole Firm	100%	Est P/E Current Yr	11.40	8.59		69.54
IT Services	58%	EV/Est Sales Cur...	2.17	0.55		9.58
Infrastructure Softw...	30%	Sales Growth Yo...	-11.91	-12.46		30.65
Computer Hardware...	9%	EBITDA Margin (%)	25.79	7.54		42.14
Commercial Finance	2%	Revenue per Em...	216.39k	56.00k		1.53M

  

2) Overview | 2) Comp Sheets | 23) Markets | 24) EPS Preview | 25) Ownership | 26) Credit | 27) Custom | 3) Equity Valuation | 33) Op Stats | 34) Profitability | 35) Balance Sheet | 36) ESG

Add Column		93) Fields		19) Save As		20) Discard	
Name	RobecoSAM Tot 1	RobecoSAM Econ Dim	RobecoSAM Environ Dim	RobecoSAM Soc Dim			
(BICS Best Fit)	Sustain Rnk	Rnk	Rnk	Rnk			Rnk
100) INTL BUSINESS MAC...	69.00	65.00	80.00	65.00			65.00
101) HEWLETT PACKARD E...	100.00	100.00	75.00	100.00			100.00
102) HP INC	95.00	95.00	65.00	95.00			95.00
103) XEROX CORP	85.00	81.00	89.00	83.00			83.00
104) COMPUTER SCIENCES...	78.00	93.00	69.00	70.00			70.00
105) ORACLE CORP	74.00	68.00	77.00	68.00			68.00
106) COGNIZANT TECH SO...	57.00	48.00	67.00	56.00			56.00
107) CITRIX SYSTEMS INC	35.00	48.00	29.00	35.00			35.00
108) NETAPP INC	20.00	45.00	15.00	25.00			25.00
109) CDW CORP/DE	--	--	--	--			--

(Accounting adjustments: Adjusted for abnormal items, when applicable) | 10) Analyze List

# Two Logics

## Materiality

Information is material **if omitting or misstating it** could **influence decisions** that users make on the basis of the financial information of a specific reporting entity (FASB)

## Political

SDGs

low match on business activities (SDG4 and 10, 15 or 16)

# Taking Goals seriously: s.m.a.r.t.

Specific and Measurable

Attainable

Relevant

Timely

# s.m.a.r.t goals to reach impact

Including a materiality analysis in defining s.m.a.r.t. goals helps reach the political agenda (of SDGs) by having salient and achievable objectives in relation with a firm's resource uses (cost/benefits)

see: Durand, Hawn, Ioannou, Academy of Management Review, forthcoming – available on ssrn

Figure 1 SMART Pathways to Measuring Business Well-being

