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FROM VALUE TO IMPACT

In today's environment, companies must demonstrate not only financial performance but also their broader contribution to society and economy. As they increasingly seek to define added value, socioeconomic impact assessments offer a structured, data-driven way to quantify how business operations support employment, income, public finances, and community wellbeing.

Socioeconomic impact analysis helps companies to understand and quantify the broader impact on the economy and society. This reliable, data-driven approach maps the multiplier effects of your company's activities across sectors, regions, and communities. The result is a comprehensive picture of how your company positively influences areas such as employment, GDP, state revenues, and regional development.

UNDERSTANDING THE INPUT-OUTPUT MODEL

The foundation of the socioeconomic impact assessment is an input-output model, that analyzes production, added value, household income, and employment.

At the heart of this methodology is a macroeconomic calculation that maps how spending in one sector stimulates activity in others. By combining company-specific data (such as revenue, wages, and employment) with national economic statistics, the model calculates three layers of impact:

- **Direct impact:** The company's own operations—such as the number of employees it hires, the wages it pays, and the value it adds to the economy.
- **Indirect impact:** The effect on suppliers—jobs and income generated at companies that provide goods and services to the business.
- **Induced impact:** The broader economic activity generated when

employees spend their wages—such as in retail, housing, and services.

This framework provides a comprehensive view of how a company supports the economy, both upstream and downstream, and is particularly useful for communicating value to stakeholders in a credible, data-driven way.

WHAT WE MEASURE

The input-output model allows for the quantification of a company's contribution across several key dimensions:

- **Production:** Total output generated directly and indirectly through the company's operations and supply chain.
- **Gross Value Added (GVA):** The contribution to GDP, calculated as revenues minus intermediate consumption.
- **Employment:** Jobs supported across the economy, including direct employees, supplier jobs, and those created through household spending.
- **Household Income:** Wages paid directly and indirectly, which fuel consumption and local development.
- **Taxes Paid:** Corporate, payroll, and indirect taxes paid to the state, contributing to public services and infrastructure.
- **Sponsorship and Community Investment:** Contributions to education, culture, sports, and social programs that enhance community wellbeing.

These indicators provide a holistic view of how a company contributes to economic and social development, making them valuable for ESG reporting, stakeholder engagement, and strategic planning.

WHY THIS MATTERS

Socioeconomic impact assessments are far more than academic exercises or public relations tools—they are voluntary strategic instruments that help companies articulate their broader value to society. They enable businesses to demonstrate their contribution to stakeholders, including regulators, investors, and communities, by providing quantifiable social and economic metrics that support ESG reporting. These assessments also inform decision-making on local sourcing, employment, and community investment, while strengthening a company's license to operate in sensitive or high-impact regions. When published transparently and supported by clear methodological notes, they enhance accountability and build trust.

In a time when public confidence in institutions is fragile and expectations for corporate responsibility are rising, socioeconomic assessments offer a credible way for companies to align their operations with societal goals and long-term resilience.

RECOMMENDATIONS FOR BUSINESSES

Embed socioeconomic impact into ESG strategy:

Companies should move beyond basic compliance and integrate socioeconomic impact into their core ESG and sustainability frameworks. This means proactively measuring and managing their social and economic footprint, not only to meet regulatory expectations but to drive long-term value. Setting clear KPIs related to employment, income generation, and community investment helps ensure that social contributions are intentional, measurable, and aligned with business goals.

Use reliable data:

The credibility of any socioeconomic assessment depends on the quality of the data behind it. Businesses must ensure that internal data—such as employment figures, wage levels, and procurement volumes—is accurate, consistent, and up to date. Aligning this data with national statistics and economic models enhances the robustness of the analysis. Transparency in data sources, assumptions, and methodologies is essential for building trust with stakeholders and ensuring the results are defensible.

Communicate clearly:

The value of socioeconomic impact assessments lies not only in the analysis but in how the findings are shared. Companies should publish results in accessible formats, using visual summaries, infographics, and contextual narratives to make the data understandable and engaging. Tailoring

communication for different audiences—such as investors, policymakers, employees, and the general public—ensures the message resonates and supports broader engagement.

Update regularly:

Socioeconomic impact is dynamic and evolves with changes in the business, economy, and society. Regular assessments—conducted annually or biannually—allow companies to track progress, identify emerging risks or opportunities, and refine their strategies accordingly. This ongoing process ensures that impact measurement remains relevant, responsive, and aligned with both internal priorities and external expectations.

CONCLUSION

In an era of growing scrutiny and social and economic expectation, companies must go beyond traditional financial or non-financial metrics to show how they contribute to the wellbeing of society. Socioeconomic impact assessment and input-output model offer a powerful, data-driven way to do just that—revealing the full extent of a company's economic and social value. For businesses in Slovakia and across Europe, this is not merely a reporting exercise—it's a meaningful approach that aligns business success and growth with inclusive and sustainable societal progress.