

Expanded abstract

Approach to the Social Value of a Rural Cluster School: the Case of RCS "Sierra de Alcaraz"

Context and Objective

Rural Cluster Schools (RCS) play a very important role in the provision of an essential and fundamental service such as education (infant and primary levels) in sparsely populated rural areas (less than 2,000 inhabitants) with a scattered population. RCSs emerged in Spain in 1986, as a result of Royal Decree 2731/1986 (Ministry of Education and Science, 1986) to avoid the closure of rural schools in those municipalities which, due to their small population, did not reach the minimum number of pupils required to continue functioning. RCSs consist of the grouping of several rural schools into a single educational centre which operates and maintains the location of the rural schools that make it up (called sections) and which share resources to achieve a more efficient and functional operation. The RCSs thus contribute to rural development, to social and territorial cohesion and to the fight against the very serious problem of depopulation suffered by Spain's sparsely populated rural municipalities. If the school, the health centre and, in short, the most basic and essential services in rural areas are closed, the villages end up disappearing. Therefore, the role of the RCSs goes beyond the provision of the non-market service, i.e., the infant and primary education service to the population where they are located.

In this context, this article consists of the analysis of a case study, the RCS "Sierra de Alcaraz", which groups together schools located in five localities in the southwest of the province of Albacete (Castilla-La Mancha, Spain, all of which are municipalities with less than 500 inhabitants). The case study is relevant to the extent that Castilla-La Mancha is one of the Spanish regions with the lowest population density, the highest concentration of population in sparsely populated areas and the one that is suffering the most from the phenomenon of depopulation in rural areas.

As the contribution of Rural Grouped Schools goes beyond the provision of the education service in the rural area where it is located, the aim of this article is the quantification and monetization of the social value generated by the RCS "Sierra de Alcaraz" during the year 2019. To achieve this objective, the use of social accounting and, specifically, the San-Joseand Retolaza's *Polyhedral Model* or *SPOLY Model*, is proposed.

Design and Methodology

The methodology employed is based on the use of social accounting applied to the RCS “Sierra de Alcaraz”, a public educational centre that provides a non-market service. The aim of social accounting is to quantify and monetise the social value generated by an organization beyond its Gross Value Added (GVA).

The methodology used to measure and monetize the social value generated by the RCS “Sierra de Alcaraz” is the San-Jose and Retolaza’s *Polyhedral Model* or *SPOLY Model*. This model is based on Freeman’s *Stakeholder Theory* and the concept of *shared social value*. (1984), as well as in Porter and Kramer’s concept of *shared social value*. (2011). This makes it possible to establish a set of specific indicators to quantify the social value perceived by an organization’s stakeholders.

Following the *Polyhedral Model*, the process and methodology for measuring and monetizing the integrated social value of the RCS “Sierra de Alcaraz” was as follows: Firstly, the GVA generated or direct socio-economic value was quantified by using data from the financial accounts of the entity under study; secondly, the knock-on effects that the entity under study induces through its purchases from suppliers, also known as mobilized value or indirect socio-economic value, were quantified. The sum of these two elements makes up the social market value. Thirdly, the specific social value has been quantified. To do this, a map of the organization’s stakeholders was drawn up and, through a series of in-depth interviews, the variables of value that the organization has on all its stakeholders were identified. These value variables are translated into indicators and proxies whose monetary quantification makes it possible to approximate the specific social value. Finally, the sum of the specific social value and the social market value will make up the integrated social value (ISV). The authors of the *Polyhedral Model* also add the emotional value but, due to its high subjectivity, it has not been possible to approximate it in this article.

Results and Conclusions

This article quantifies and monetizes the Integrated Social Value (ISV) of the Rural Grouped School “Sierra de Alcaraz” in 2019, which amounted to a total of €1,624,487. 52.8% corresponded to the market social value (direct and indirect socio-economic value) and the remaining 47.2% to the specific social value. This shows that for every euro of added value generated by the RCS Sierra de Alcaraz, 0.91 euro of specific social value is generated for all its stakeholders. Moreover, for every euro that the Public Administrations allocate to finance this centre, the RCS Sierra de Alcaraz returns a value to society of at least €1.96. In this sense, those responsible for educational and territorial management policies should consider the results obtained by the RCSs, in terms of social profitability and not only cost, when deciding on their creation, maintenance or closure in a given region.

Original Value and Limitations

The main contribution and originality of this article is to contribute to the visibility of RCSs. In Spain there is an almost total absence of statistical information and theoretical and/or empirical work on RCSs. Another innovation is the application of the Polyhedral Model for the quantification of the integrated social value to a Rural Cluster School, since until now this methodology had been applied to different types of organizations but never to a RCS.

One of the main contributions of this article and of all those that attempt to approximate the social value of organizations is to highlight the need to measure the value generated by an entity, which goes far beyond the value reflected in their Gross Value Added figures, and to quantify and monetize it.

In this sense, progress needs to be made in the development of methodologies that account for the social value of all types of organizations in order to quantify all those elements of value that GVA does not measure. The Polyhedral Model is one of these methodologies and its merits lie in the mere fact of trying to measure social value, because everything that is not measured is invisible. However, both the Polyhedral Model and the rest of the Social Accounting methodologies must advance in the systematization and standardization of indicators, not only to reduce the cost of their compilation at a microeconomic level, which makes their extrapolation to a macroeconomic level difficult, but also so that, as it occurs with the financial accounting of organizations and the National Accounts of countries, we all can measure the same thing in the same way and the magnitudes that are extracted from this accounting process are analogous and comparable.

Keywords: Monetising social value; stakeholders; SPOLY; Rural Cluster School.