

## EXPANDED ABSTRACT

### **Social value of social cooperatives: application of the Polyhedral Model to ZABALDUZ S.COOP**

#### **Objectives**

For several decades, we have observed re-structuring of social welfare services at an international level that create a new network of agents and models for governance to meet basic needs (Marbán and Rodríguez, 2006; Evers, 2005; Salinas *et al.*, 2011; Jorge *et al.*, 2013; Etxezarreta and Bakaikoa, 2011; Etxezarreta and Bakaikoa, 2012; Arnáez, 2014; Mori, 2014).

The offer of social services or proximity services (Laville, *et al.*, 2001, Fernandez and Vivas, 2001; Enjolras, 2008, Pastor, 2011; Etxezarreta and Lasa, 2016) as well as the creation of structures to provide protected employment spaces to people who are in a situation of social exclusion (Defourny *et al.*, 1998; Marcuello *et al.*, 2007; Manterola, 2013; Retolaza *et al.*, 2014b; Gianfaldoni, 2014), are spheres where Social Economy has taken root as an essential agent. In parallel, the need to assess these interventions in terms of social and economic efficiency has arisen. Measuring the social contribution of these entities for these services has opened an extremely broad field to design appropriate methods and indicators for this objective (Díaz *et al.*, 2012; Stievenart and Pache, 2014; Marcuello, 2015; Retolaza *et al.*, 2015; Bassi and Vincenti, 2015).

The objective of this work is to attempt to contribute to the design of measurement tools that best meet the particularities inherent to Social Economy. To this end, we have applied a measurement methodology (the polyhedral model) to a social cooperative in Guipuzcoa (Zabalduz S.Coop), and we have analysed the results obtained.

#### **Methodology**

The methodology applied in our case study is called the integrated social value quantification, based on a polyhedral model of analysis, which falls under the participatory evaluation models (Bouchard and Richez-Battesti, 2010), and was broadly documented in prior works (Retolaza *et al.*, 2016, 2015, 2014).

The polyhedral model is methodologically based on a cost-benefit analysis, whose main goal is to assess in terms of efficiency, the outputs created and the inputs necessary to do so (either by reducing inputs or by maximising outputs). To identify and then quantify an organization's outputs,

the polyhedral model considers the value each interest group assigns to the organisation, which, depending on its particular interest, is greater or lesser.

Using the work conducted for the organisation Lantegi Batuak as the main reference (Retolaza *et al*, 2014), and the process established by Retolaza *et al* (2015), we followed these six steps: i) making a Map of Stakeholders; ii) identifying Variables of Social Value (Ecosystem of Interests); iii) making a Matrix of Social Value; iv) identifying proxies and assigning quantitative values, using the reasonable value approximation; v) writing the Social Value report; vi) in coherence with the research-action perspective, feedback was given on the results, facilitating improvement processes for the social value measurement methodology.

### **Results/Limitations/Implications**

The results obtained for the Zabalduz S.Coop case show that the cooperative has a considerable social impact, both directly through its economic activity, and indirectly, on its main client, the Provincial Council of Gipuzkoa. The indirect value for suppliers is more limited, since these are large supplier companies (gas, food, electricity, etc.), where the invoices for Zabalduz S.Coop's activity are scarcely noticed by them.

Moreover, it was decided to dismiss calculation of savings in both the public administration and in families. Disbursements made through cooperative funds were added to the specific social value section, which, since this is a social cooperative that is small in size, are not large amounts, either.

Lastly, the SROI (social return on investment) is calculated based on total public funding received, through provision of services and grants. The grants received by Zabalduz S.Coop are small. Since this is the provision of a publicly-owned social service, the public administration tenders these services through the public procurement form, and not via grants. The ratio obtained is 1.38, which would mean that for every euro assigned to the indirect provision of the service, the administration creates a total social value of 1.38 euros

### **Conclusions/originality**

The theoretical framework proposed in this work establishes a relation between governance models and ways to evaluate, which would lead to presume that the participatory evaluation models are more suitable for entities in the "new" Social Economy. These new entities, such as Zabalduz S.Coop, are characterised and set apart from traditional mutualism, since they have more open governance models, and thus, the self-management model is affected by the participation of very different kinds of stakeholders(private, public, social, etc.).

The polyhedral model is especially suitable to measure the social value of this kind of entity, since the social impact is not measured based on pre-established indicators; rather, variables are generated ad hoc for each organization based on the stakeholders affected by its activity.

Notwithstanding, the conclusions stemming from the results obtained in our case study pose a series of limitations that collide with the very nature of the evaluation model applied.

On one hand, regarding the value generated as socioeconomic return, and beyond the increased tax revenue, it does not appear that the rest of tax savings identified is considered as a positive value by all stakeholders, since, as previously analysed, the savings generated could partially lead to precarious employment conditions caused by outsourcing the service.

On the other hand, the results obtained in the specific social value collide with one of the main limitations of this methodology, since it cannot assign an economic value to social aspects that are difficult to monetise. Many aspects were identified in this study that cannot be monetised and that were finally related to emotional value. Of tremendous importance are the interests identified by employees, both individual (excitement, motivation, attachment, feeling of belonging, etc.) and collective (exemplary nature of the management model, self-management, participation, belonging to the third sector, etc.), which, if possible to quantify them, would particularly modify the final result for social value generated.

Under no circumstances do we believe that the aforementioned limits jeopardise the validity of the polyhedral model; rather, they must be complemented by measurement methodologies that are more qualitative. The existence of countless variables that cannot be monetised (due to their intangible nature) does not mean that they cannot be measured. Thus, the alternative would be to pose evaluation methods that are more qualitative. This is the exercise put forth with Zabalduz S.Coop in more recent works, where a series of indicators was established on participation, in order to first diagnose the channels through which participation is facilitated to propose measures for improvement, and to finally analyse evolution over time.

**KEYWORDS:** Social Value, Poliedric model, Social Cooperatives, Zabalduz S.Coop.