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BARCELONA

# Foundations' Transparency Levels

## The Case of Catalan Foundations

Josefina Jerez Bernat

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PhD in Business | Josefina Jerez Bernat

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PhD in Business

**Foundations' Transparency Levels**  
*The Case of Catalan Foundations*

**Josefina Jerez Bernat**



UNIVERSITAT DE  
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# PhD in Business

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**Thesis title:**

**Foundations' Transparency Levels**  
*The Case of Catalan Foundations*

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**Josefina Jerez Bernat**

**Advisor:**

**Maria Rosa Rovira i Val**

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# Summary

The Social Economy sector (SE) is especially relevant because its entities have a social aim and they principally operate in areas not fully covered by either the market or the public sector. The number of SE organisations has increased significantly in the last decades and its importance is still growing at global, European and national scale.

The high expectations of stakeholders towards the activity of these organizations have increased the transparency and accountability requirements of this sector's entities. Consequently, deficiency of transparency is considered a serious problem as it damages social trust in the organizations that belong to this sector.

The objective of this thesis is to study the transparency level of foundations, a specific type of SE organizations, whose volume has significantly risen in the past decades.

As a frame, the variety of coexisting registers in Spain and Europe were studied, as well as the evolution of the Spanish and Catalan regulations for foundations, which in recent years has undergone significant changes, especially due to the leading role that these institutions play in the economy. A database of 2,554 foundations from the Register of Catalonia, the largest in Spain, was used; information from the websites of 1,382 foundations, 54.11% of the total, was collected and analysed applying different statistical methodologies: bivariate, multivariate and logistic regression modelling, in order to find the drivers that influence the level of transparency of foundations.

Conclusions indicate that this sector has a challenge to overcome: 45.89% of a total of 2,554 foundations do not have an active website, and in application of law 19/2014, in force from 1st July 2015, they should stop their activity. The main driver influencing the transparency level of foundations is the variable *activity*, being the healthcare activity the most influential. The variable *province* of Barcelona is more influential than the rest of Catalan provinces. However, there is not a conclusive effect of the variables *decade of registration* and *regulation period*.

The methodology used to assess the degree of transparency can be extrapolated to other sectors (public or private). One possible future research field suggested is the study of the temporary evolution of the degree of transparency derived from the impact of legislation (law 19/2014).

# Resumen

El sector de economía social (ES) es de especial importancia porque las entidades de este sector tienen un fin social y operan principalmente en áreas no plenamente cubiertas por el mercado o el sector público. El número de organizaciones que forman parte de la ES ha incrementado notablemente en las últimas décadas y su importancia es creciente a escala global, europea y nacional.

Las mayores expectativas de las partes interesadas hacia la actividad de estas organizaciones han aumentado las exigencias de transparencia y rendición de las entidades de este sector. La deficiencia de transparencia es un grave problema pues daña la confianza social en las organizaciones de este sector.

Esta tesis estudia el *grado de transparencia* en un tipo específico de entidades de ES: las *fundaciones*, las cuales han aumentado significativamente en las últimas décadas.

Como marco de referencia se realizó el estudio de la diversidad de registros que coexisten en España y Europa y, por otra parte, la evolución de la legislación española y catalana que regula las fundaciones, que en los últimos años ha experimentado cambios significativos por la importancia que están adquiriendo estas entidades en la economía. En la parte empírica, se trabajó con una base de datos de 2.554 fundaciones del Registro de Cataluña, el más numeroso del estado español, para la caracterización del sector fundacional en Cataluña; se recogió la información de la web de 1.382 fundaciones (54,11% del total) y se analizaron los datos aplicando diferentes metodologías estadísticas: bivariante, multivariante y modelización mediante regresión logística, para hallar los principales factores que influyen en el grado de transparencia de las fundaciones.

Las conclusiones indican que este sector tiene un reto por superar con el 45,89% del total de 2.554 fundaciones que no disponen de web activa, y en cumplimiento de la ley 19/2014, con aplicación a partir del 1 Julio 2015, deberían cesar su actividad. El principal factor que influye en el grado de



transparencia de las fundaciones es la variable *actividad principal*, siendo la actividad asistencial la que más influye. La variable *provincia* de Barcelona es la más influyente respecto a las restantes provincias de Catalunya. No hay una influencia concluyente para las variables *década de inscripción al registro* y *período legislativo*.

La metodología utilizada para evaluar el grado de transparencia es extrapolable a otros sectores (público o privado). Una de las futuras investigaciones sugeridas es la evolución temporal del grado de transparencia derivada del impacto de legislación (ley 19/2014).

# Resum

El sector de l'economia social (ES) és d'especial importància perquè les entitats d'aquest sector tenen una finalitat social i operen principalment en àrees no plenament cobertes pel mercat o el sector públic. El número d'organitzacions que formen l'ES s'ha incrementat notablement en les darreres dècades i la seva importància es creixent a escala global, europea i nacional.

Les expectatives creixents de les parts interessades vers l'activitat d'aquestes organitzacions ha incrementat les exigències de transparència i rendició de comptes de les entitats d'aquest sector. La deficiència de transparència és un greu problema doncs perjudica la confiança social en les organitzacions d'aquest sector.

Aquesta tesis estudia el *grau de transparència* d'un tipus específic d'entitats de l'ES: les *fundacions*, que han augmentat significativament en les últimes dècades.

Per enquadrar la recerca es va fer l'estudi de la diversitat de registres que coexisteixen tant a Espanya com a Europa i, per altra banda, l'evolució de la legislació espanyola i catalana que regula les fundacions, que en els darrers anys ha experimentat canvis significatius degut a la importància que estan adquirint aquestes entitats en l'economia. En la part empírica es va treballar amb una base de dades de 2.554 fundacions del Registre de Catalunya, el més nombrós de l'estat espanyol, per a la caracterització del sector fundacional a Catalunya; es va recollir la informació del lloc web de 1.382 fundacions (54,11% del total) i es van analitzar les dades aplicant diverses metodologies estadístiques: bivariant, multivariant i modelització mitjançant regressió logística, per trobar els principals factors que influeixen en el grau de transparència de las fundacions.

Les conclusions indiquen que aquest sector té un repte a superar amb el 45,89% del total de 2.554 fundacions que no disposen de lloc web actiu, i en compliment de la llei 19/2014, amb aplicació a partir de l'1 Juliol 2015, haurien d'aturar la seva activitat. El principal factor que influeix en el grau

de transparència de les fundacions es la variable *activitat principal*, essent l'activitat assistencial la que més influeix. La variable *província* de Barcelona es la més influent respecte a la resta de províncies de Catalunya. No hi ha una influència concloent per a les variables *dècada d'inscripció al registre* i *període legislatiu*.

La metodologia utilitzada per avaluar el grau de transparència és extrapolable a altres sectors (públic o privat). Una de les futures investigacions suggerides és l'evolució temporal del grau de transparència derivada de l'impacte de la legislació (lleï 19/2014).

## **Keywords**

Social Economy, non-profit entities, foundations, transparency, register of foundations.

## **Palabras clave**

Economía social, entidades no lucrativas, fundaciones, transparencia, registro fundacional.

## **Paraules claus**

Economia social, entitats no lucratives, fundacions, transparència, registre fundacional.

# Table of Contents Thesis

The Table of Contents of this Thesis consists of four parts: Introduction and Pretext, Foundations and Transparency, Empirical Study and General Conclusions. Each of these parts is divided into several chapters. The objective of the last chapter in each part is to offer the conclusions that will provide a broad overview of the main issue developed.

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# List of Acronyms

Abbreviation of Acronyms	Title of Acronyms
ACCID	Associació Catalana Comptabilitat i Direcció
ADENLE	Asociación de Directivos de Entidades no lucrativas
ACFID	Australian Council for International Development
AEF	Asociación Española de Fundaciones
ALNAP	Active Learning Network for Accountability and Performance in Humanitarian Action
BBB WGA	Better Business Bureau Wise Giving Alliance
BOND	British Overseas Non-Organitzacions for Development
CEE	Central and Eastern Europe
CEMEFI	Centro Mexicano para la Filantropía
CEPAA	Council on Economic Priorities Accreditation Agency
CEPES	Confederación Empresarial Española de Economía Social
CCIC	Canadian Council for International Co-operation
CONCORD	European NGO Confederation for Relief and Development
CSO	Civil Society Organizations
DAFNE	Donors and Foundations Networks in Europe
EC	European Commission
ECB	Emergency Capacity Building Project
EEC	European Economic Community
EESC	European Economic and Social Committee
EFC	European Foundation Center

EFS	European Foundation Statute
ELI	European Law Institute
EU	European Union
FE	Foundation European
FOREMAP	Foundation Research and Mapping Project
GDP	Gross Domestic Product
GPP	Good Practice Project
GRI	Global Reporting Initiative
ICFO	International Committee of Fundraising Organizations'
INAEF	Instituto de Análisis Estratégico de Fundaciones
INGO	Internacional non-governmental organizations
IRS	Internal Revenue Service
ISEA	Instituter for Social and Ethical Accountability
IWG	Inter-Agency Working Group
JEEAR	Joint Evaluation of Emergency Assitance to Rwanda
NGO	Non-Governmental Organizacions
NPE	Non-Profit Entities
NPO	Non-Profit Organizacions
PVO	Private Voluntary Organizations
SAC	Scientific Advisory Committee
SE	Social Economy
SME	Small and medium enterprises
TIC	Tecnologia Infomación y Comunicación
TS	Third Sector
UK	United Kingdom
UN	United Nations
URD	Urgence Réhabilitation Développement

US	United States
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# ***PART I: INTRODUCTION***

This first part is divided into three chapters:

**Chapter 1: Overall Context and Problem Definition** presents the general context and the problem to research. This chapter then proceeds to elaborate the general and specific objectives that lead to the research question. From the core of this thesis, the research question has determined the structural development process of the ongoing and ever-changing topic of this study.

**Chapter 2:** after taking us to its birth, early years and perspectives, **Social Economy (SE)** presents a review of the literature that examines accountability, transparency and accountability mechanisms of SE organizations. The chapter finally closes with an overall picture of the Spanish and the Catalan SE environment.

Chapter two is based on the paper published in October 2012: “*Transparencia y rendición de cuentas en las entidades no lucrativas. El caso de las fundaciones.*” in the monographic report of *volume 14* entitled “*Nuevas tendencias en las entidades no lucrativas*” of the journal *Contabilidad y Dirección*, ACCID.

**Preliminary Findings** round up this section with the first conclusions, which are a preamble to this thesis' research on SE.



# Chapter 1: Introduction

## *1.1. Overall Context and Problem Definition*

The number of *social economy* (SE) organizations has grown significantly over the past few years. Therefore, the relevance of these non profit entities, which carry out their work between the public and the private sector, is greater and greater. At present their promotion and development is part of the European Union strategy.

At a global level, a much more precise conception of SE emerged over twenty years ago. This new more exhaustive appreciation gave a more detailed picture of the previous concept of SE. Today as Defourny and Develtere (1999) say, this field is still growing. People are discovering or rediscovering a third sector that has existed alongside the private, the for-profit and the public sectors. However, its designation and definition may vary from one country to another.

The concept of SE first appeared in economic studies that date back to the XIX<sup>th</sup> century. Renowned authors like John Stuart Mill and Leon Walras used the term social economy to name those new organizations that were being created as a response to the incipient social problems generated by the capitalist society.

One's own a priori conception of SE can be developed, simply by placing more or less emphasis on either its economic or its social dimensions, both of which are wide-ranging. According to Gueslin (1987), both any economic phenomenon that has a social dimension, and any social phenomenon that has an economic dimension could be considered part of social economy.

The different organizations in this non-profit sector have started as popular self-managed initiatives that have responded to financial, laboral, housing and other needs of their founders.

As needs change, stakeholders with different social problems become more and more segregated and specific and responses to these needs institutionalize with different features and in different forms. The SE concept and the types of organizations have gradually adapted to the changes in the civil society from which they emerge and which they want to represent.

Cooperatives, mutualities, associations and foundations are the four kinds of organizations that can be found in today's SE context in Spain. Within SE, foundations in particular have become an appropriate legal instrument for those who pursue socially supportive objectives. Consequently, these organizations represent a solidarity pillar due to the fact that they transcend merely individual interests and reach an outstanding social value.

The arising problem is that as the foundational sector has naturally increased, its growth has not taken place in an organized or efficient way, causing a disarray that is not in line with present day society's high demands of quality standards.

A first step towards the improvement of this structural heterogeneity necessarily involves registration.

On the basis that a foundation starts existing as such only after it has been registered, the findings of the in-depth research of the day to day management of this registration has shown that there is a desperate need for improvement because: (i) not all countries apply the same registration procedures, (ii) there are different types of foundations, public and private and within the latter we can have commercial and non-commercial, ones (iii) open and not publicly available registers co-exist and (iv) the institution in charge of registration varies depending on the kind of foundation or the geographical area in which it operates.

Hence, the relevance of this reflection on issues that deserve serious thought. It is with the understanding of this extreme importance that this study focuses on the reflection upon the regulatory framework of the registration in Europe and Spain of these non-profit entities that need organizational and co-operational articulation.

Simultaneously, a common problem to this sector's organizations is the deficiency in transparency and accountability. Irregular practices and



corruption in general have negatively affected the level of social trust in non-profit entities.

The Global Reporting Initiative (GRI) published a sectoral supplement in 2010 with the aim of eradicating this problem. The key element to succeed in the achievement of this objective is the improvement of transparency and accountability by means of efficiency indicators of the programmes.

The more transparent a Non-profit Entities (NPE) is the more and the stronger social trust it will generate. In fact, the lack of transparency is not acceptable in the non-profit sector, which as such serves society and which is intrinsically funded publicly or privately.

For these reasons, non-profit entities must strive to gain and maintain social confidence in them. They should go to great lengths to achieve constant communication and participation with stakeholders.

## ***1.2. Objectives of the Thesis***

The objective of this research is to analyse different aspects of social economy, a sector currently in rapid ongoing growth, which is the result of present day needs of society. This phenomenon has developed in a disorganized and unplanned way, because civil needs have arisen spontaneously, in unforeseen circumstances. As stated in 1.1. social economy materializes in the form of four different non-profit entities in Spain: mutualities, cooperatives, associations and foundations. This research is limited to the study of transparency level of foundations.

### ***1.2.1. General Objectives***

The general objective of this thesis is to study transparency in Catalan foundations.

Transparency constitutes an integral part of foundations and it is one of the features which will highly contribute to the good reputation of any

foundation. It is the basis of communication and relationships with society. In this study, which analyses the degree of transparency of foundations, it has been observed that there are different levels and manners in which this transparency is fostered and which differs from one foundation to another. The segment of Catalan foundations has been the one chosen to carry out this study because it is a sample of reference weight. Catalonia is the region which has more foundations in Spain and therefore the study of the transparency of the non-profit entities of this region in particular provides very significant data in as much as Catalan foundations accurately depict the SE sector in a very representative way.

### ***1.2.2. Specific Objectives***

The general objective described above has led to three specific objectives that will be thereupon presented:

- To describe the evolution of the weight of SE and its implications in terms of transparency and accountability. This specific objective is developed in Chapter 2, Section 1.
- To get a picture of registers of foundations situation at European and Spanish level, taking into account in each country: (i) the person or entity responsible for the registry, (ii) the public availability of registration: open, open upon demand or not publicly available, and (iii) the existence of just one register versus the co-existence of more than one. This specific objective is developed in Chapter 5, Section 2.
- To analyse transparency thorough an empirical study using different quantitative and qualitative statistical tools, which offer a vision of the complexity and diversity that characterize the foundational sector. This specific objective is developed in Section 3.

The main and specific objectives make a significant contribution to the understanding of register and transparency in foundations.

### 1.3. The Research Question

The arising problem is that as the foundational sector has increased, its growth has not taken place in an organized or efficient way. This does not fit in today's society which places more and more demands on great formal exigency and transparency. This concern prompts the researcher to ask the following question: which is the degree of transparency in Catalan foundations?

Figure 1.1. Degree of Transparency

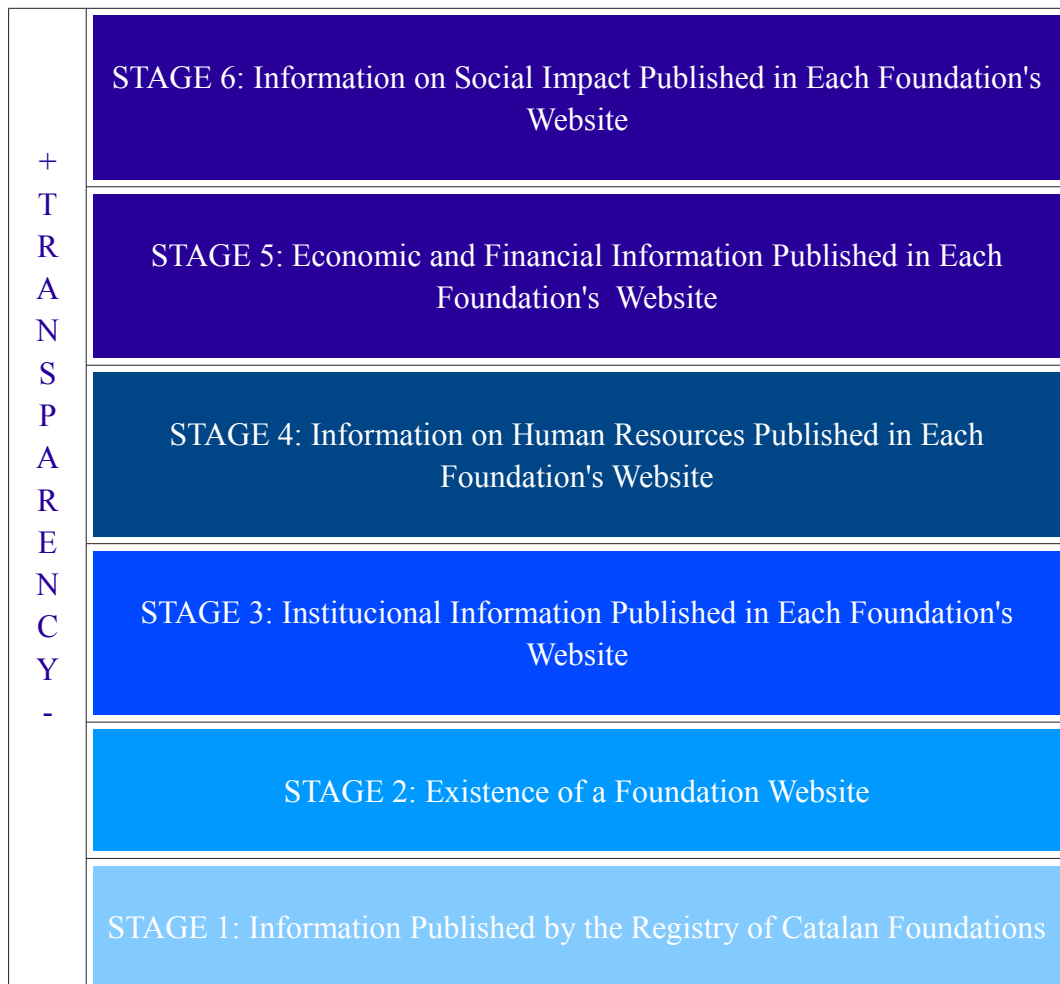


Figure 1.1 above shows the amount of information provided by foundations about their activities, human resources, accountability, their statutes, year of founding, field of action and other information; the scope ranges from those foundations at the bottom, which provide little information, to those foundations at the top, which provide much more and more detailed information. The more information provided, the more transparent a foundation can be described as.

- STAGE 1 Information Published by the Registry of Catalan Foundations. This includes: (i) name of each foundation, (ii) year of constitution, (iii) field of action, (iv) postal address and (v) electronic address. This has given a global view of the Catalan foundational sector. It should be noted that most data have been very useful to understand the overall Catalan foundational context, but the problem is that the data indicating changes is not fully updated.

All the information from this first stage is presented in Chapter 7 and the information from the other five stages in Chapter 8.

- STAGE 2 *Existence of a Foundation Website* indicates whether the foundation publishes a website or not. Having a website is the first step towards transparency. In fact, those foundations that count on a website convey a certain level of transparency to society, just because of the existence of that on-line information service.
- STAGE 3 *Institutional Information Published in Each Foundation's Website* concentrates on three items: (i) mission, (ii) board of trustees and (iii) statutes. The understanding of these items explains what the organization is like and it also shows an image of the foundational entity. What is shown is who governs the foundation, what the foundation wants to reach and which the internal legislation followed is.
- STAGE 4 *Information about the Human Resources Published in Each Foundation's Website* studies two items: (i) number of

employed workers and (ii) number of volunteers. In this sector it is very important to take into account that the work force is made up not only of workers who are employed and paid by the entity, and therefore have a job stability. But, one has to keep in mind also the volunteers that participate and cooperate with their capacity to work and their altruist enthusiasm, but without any financial remuneration.

- *STAGE 5 Economic and Financial Information Published in Each Foundation's Website* focuses on two items: (i) annual budget and (ii) annual accounts. These indicators help society to see that the accounts are adequate and suitable to the field of action; they also allow stakeholders to keep track of all the financial and economic actions performed by the entity.
- *STAGE 6 Information about the Social Impact published in each Foundation's Website* is the stage with the highest level of difficulty to search for transparency items, because in fact an impact caused is something intangible. To measure this immateriality poses a challenge that has been overcome with the number of beneficiaries as the only item taken into consideration. As a matter of fact, the beneficiaries are the final recipients of the foundations; therefore, the more beneficiaries a foundation has, the more widespread the activity of such foundation will be.

## 1.4. Process of Thesis Structure

Table 1.1. Process of Thesis Structure

Phase	Focus	Activity
Phase 1	Ethic Banking	Literature review on ethic banking and initiatives, and the topics: ethical banking, investment social responsibility, social responsibility of the company.
Phase 2	Literature review	Literature review on this study's topics: social organizations, accountability and transparency. Stakeholders concerns about non-profit organisations' performance and accountability. Donors have an interest in non-profit entities. They want to ensure that their contributions fulfil their charitable intent.
Phase 3	European, Spanish and Catalan non-profit entities.	<b>Evolution of Non profits Transparency and Accountability in Europe (2012)</b> New trends in non profit entities." Association of Chartered Accounts of Catalonia. October 2012. Presentation of the article: Transparency and accountability in non-profit organizations. The case of foundations. Spain and Catalonia "in the monograph of Accountancy and Management No. 14 entitled," New trends in non-profit entities.
Phase 4	European and Spanish non-profit entities are registration.	<b>Lack of a common Registration of Foundations. (2015)</b> Foundations are one of the legal forms that play a crucial role in social well-being entities. For this reason, there is a need for transparent registration of these foundations. Unfortunately, so far there is a lack of homogeneity at both national and European levels and the subsequent confusion that this creates emphasizes the a need for a Common Registration of Foundations.
Phase 5	Empirical Study	Catalan foundations are significant samples because for the last eight years in Spain, Catalonia has been the region with the biggest number of active foundations in the SE sector.
Phase 6	Thesis	Conclusion writing and revisions

## ***1.5. Thesis Structure***

This thesis is structured in four parts: Introduction, Foundations and Transparency, Empirical Study and General Conclusions. Each of these parts is divided into several chapters. The last chapter of each part presents the conclusions and the references of the issue developed.

***Part I, Introduction*** is divided in two chapters: Chapter 1 **Overall Context and Problem Definition** starts by presenting the general context and by defining the problem. This chapter then proceeds to focus on the general and specific objectives that lead to the research question, which is the overarching element of this research. This question also determines the thesis structure, which has undergone a process of development, due to the current nature of this alive and changing topic in constant evolution. Finally, the personal reasons for the research project are provided.

Chapter 2 **Social Economy** is based on the paper published in October 2012: “*Transparencia y rendición de cuentas en las entidades no lucrativas. El caso de las fundaciones.*” in the monographic report of volume 14 entitled “*Nuevas tendencias en las entidades no lucrativas*” of the journal Contabilidad y Dirección, ACCID.

This chapter, firstly presents a brief reference to the origin of SE and to its various perspectives as a step prior to the literature review on some of the most mentioned problems in this sector: accountability, transparency and accountability mechanisms of SE organizations. Finally, a general overview of SE in Spain and Catalonia is provided.

**Preliminary Findings Part One** closes this section by providing the preliminary conclusions about SE organisations.

***Part II Foundations and Transparency*** covers from Chapter 3 to Chapter 6, in which all the main features of foundations are developed and the transparency problems of these entities are studied.

Although SE comprises different types of non-profit entities, this dissertation studied foundations exclusively. The focus of study will be transparency as an essential practice that contributes towards generating social trust in these entities and which responds to their ethical commitment to stakeholders.

Chapter 3 **International Initiatives in Foundations** presents the range of the main existing initiatives related to the transparency and accountability of foundations at international level. These initiatives constitute the variety of tools for operationalising and/or implementing accountability and transparency in non profit entities. This part then takes a holistic accountability approach, in line with the GRI. Non Profit Organizations (NPO) should be held accountable to stakeholders which have influence on the organization activities. Ultimately, accountability mechanisms ought to gradually move towards this perspective.

Chapters 4 and 5 in this part are devoted to the subject of foundation registration in-depth. Because registration is the first required step towards the formalization of any entity, it is considered to be one of the main pillars of transparency.

However, there is a profound heterogeneity in Europe because foundations have grown at a faster pace than the laws and measures that regulate the sector. Due to this lack of synchronization, regulation has been gradually applied as problems have been encountered and the needs have arisen. Different civil societies, normative frameworks and environments promote, hinder, or even prevent the creation of foundations, having as a consequence a different impact on the strength of the transparency with which the foundational sector operates.

The contents of **Chapter 4, Analysis of Registry of Foundations and Chapter 5 Registration perspectives for Foundations** were developed with the aim of being a paper for an international journal. The core issue is the lack of a common registration of foundations. Each chapter is structured in 3 levels: European, national and regional.



Finally, an overview of part II by drawing the preliminary conclusions about registry and transparency is provided.

***Part III, The Case of Catalan Foundations, Chapters 6 to Chapter 11 and Preliminary Findings Part III*** have been carried out from an extensive fieldwork. The data of the Catalan foundational reality were difficult to gather, because foundations in Catalonia can be registered either in a regional registry or in a national ministry registry. As a consequence of this lack of a unified register for all foundations in Spain, the starting point, obviously, was to check the option of registry taken by the various existing Foundation Commission.

In the last eight years Catalonia has been the region with more foundations in Spain. 2,554 foundations in the Catalan registry have made of it a dynamic sector. The significant impact that this non-profit segment has on society makes it necessary to use the results of this study and to understand and analyse the state of Catalan foundations.

The information in the data collection came from various sources:

- **Secondary data** of the Catalan foundational sector reviewed and analysed have been previously collected and provided by (i) the on-line register of Catalan foundations in the government of Catalonia and (ii) *Coordinadora Catalana de Fundacions*.

The information from these two sources has given valuable insight into the issue of transparency in the 2,554 registered foundations in Catalonia. The knowledge gained has guided the further research undertaken when subsequently collecting the primary data.

The information from these two sources gave valuable insight into the issue of transparency in the 2,554 registered foundations in Catalonia. The knowledge gained guided the further research undertaken when subsequently collecting the primary data.

- **Primary data** were collected to create a data base to study the

transparency in Catalan foundations' websites. The total number of foundations taken into account trimmed down substantially. In fact, out 2,554 Catalan foundations, 1,382 publish a website, which represents 54.11% of the total amount.

These sources have represented a unique opportunity to learn more about the often unknown world of foundations.

This analysis investigates how many foundations there are in Catalonia, what they do, where they act, where they are financed, etc. From here, a step forward has been taken and it has been checked whether the information regarding transparency can be found in foundations' websites. This has been done taking into account the items specified in Article 6 in Law 19/2014 and which determine the relevant information that should be posted in websites of foundations that define themselves as transparent.

In this research to study transparency in foundations up to 30th June 2015 has been very interesting, as right after this date a new legislation came into force. However, the meticulous collection of data has not been an easy task. On the contrary, the great diversity encountered has turned this collection into a complex process in which hundreds of targets, structures and activities have been taken into account to consider all the features of this very dynamic social initiative. Foundations are social organizations that concentrate many synergies, which make the results obtained difficult to quantify. Even with limited human and financial resources, foundations can generate a big social impact.

Subsequently, the research carried out could be complemented with a study of the post- 30th June 2017 period to see how this new transparency law has impacted in the foundational sector.

Chapter 6, **Methodology** provides the information about the database construction, its design validation. And the statistical methods used to analyse this database presented; Pareto's Diagram, Pearson's Correlation Coefficients, Khi-Quadrat Test the methods used.

Chapter 7, **Catalan Foundational Sector** follows the lines established by

the professional association of this sector. *Coordinadora Catalana de Fundacions* in 2001 and 2009. *Registre Català de Fundacions* is the source that provides the data that will be used to describe the Catalan foundational sector, paying special attention to: (i) the development of this Catalan sector from its origins, (ii) the geographical distribution of foundations and (iii) the scope of foundations' actions. This chapter closes by relating variables from both the foundational and the economic sector.

Chapter 8, **Transparency in Foundations** studies four transparency indicators in different foundations' websites: information and communication technology in foundations, institutional information, human resources information and economic and financial information. At the end of this chapter the main transparency deficiencies in Catalan foundations are identified by means of Pareto's Diagram.

Chapter 9, **Results of the Bivariate Analysis Indicators Transparency** firstly studies different types of transparency indicators according to three particular variables: field of action, geographical distribution and temporality. In the second part of this chapter, the presence or absence of each type of transparency indicator in the different Catalan foundations is analysed.

Chapter 10, **Multi-variant Analysis** closes part III by clustering the amount of data from Catalan foundations in homogeneous groups by means of multi-variant techniques. This analysis shows differences and similarities that lead to the classification of foundations and that determine which group they belong to.

Chapter 11, **Statistical Modelling** presents the modelling significant results of the presence of each transparency indicator as per field of activity, geographical distribution and temporality. Four models have been presented: MODEL I: according to year of founding, field of activity and geographical area, MODEL II: according to implementation period for the

legislation, field of activity and geographical area and MODEL III and IV: according to field of action, but on this particular model from a different organizational distribution depending on field of action.

***Part IV, General Conclusions***, in the last part of the thesis **Chapter 12 General Conclusions** illustrates the limitations of the research carried out, the contribution to the knowledge, and the importance of the results. It also identifies the opportunities for future research.

## ***1.6. Personal Reasons for the Research Project***

I have always combined my research with my professional career, with my personal life and with my experience as a volunteer in non-profit organizations. These PhD research years have become a path full of meticulous and systematic learning that has helped me build academic knowledge of the SE sector. In this process I have grown at a personal awareness level and I have been encouraged to help create a more favorable environment for society.

Non-profit entities, which constitute the framework of this thesis, form a sector which has been built as civil society needs have arisen and therefore they have been growing for the purpose of helping others from the perspective of care, education, culture... in the different areas where 2,554 foundations are active in Catalonia.

This research has helped me understand the world of foundations beyond the point of view of a volunteer or of a passionate follower of social economy. It has given me a much broader scope than the one I had up until now.

All this has been possible thanks to the help of the people, the organizations and the environment that I have met in my research. All of them have pushed me to continue researching so that I can contribute a small grain of sand to the field of SE.

My academic life has always been very active and wide; I studied Business

(Pompeu Fabra University) while following the international musical studies I had begun at an early age, and which led me to get a degree in Music. Finance and Accounting have always been one of my main interests and for this reason I studied a degree in Actuarial and Financial Sciences. Finally, I decided to do a PhD at the University of Barcelona. My first research project was on ethical banking and gradually I deepened in non-profits, to ultimately concentrate on foundations and their transparency.



## **Chapter 2: Social Economy**

This Chapter provides an overview from the Mediaval period to present and focuses on the literature review of the concept of social economy (SE) that first appeared in economic studies that date back to XIXth century. Renowned authors like John Stuart Mill and Leon Walras used the term social economy to name the new organizations that were being created as a response to the incipient social problems generated by the capitalist society. The different organizations in this sector have always started as popular self-managed initiatives that have responded to financial, labour, housing and other needs of the founders. As needs change, stakeholders with different social problems become more and more segregated and specific and responses to their needs institutionalize with various features and in different forms. All in all, it can be concluded that the SE concept and the types of organizations have gradually adapted to the changes in the civil society from which they emerge and which they want to represent.

### ***2.1. Social Economy Evolution***

Within European history, the gradual process of development of SE takes us back to the Middle Ages. Aside from traditional non-monetary forms of mutual support, on the basis of reciprocity (Polanyi, 2001), artisans' guilds in Medieval cities can be regarded as an example of the predecessors of today's SE. These guilds played an essential role not only in ethical production, namely fair trade, or in the distribution of basic products, but also in providing their members with a mutual support network.

With the arrival of the Industrial Revolution two new forms of relations emerged: the philanthropic one, based on the employer mentoring of the employee and another one which was linked to mutualities and cooperatives

(Spiker et al. 2009, p.109).

In Europe mutual help associations proliferated in the XVIII<sup>th</sup> and beginning of the XIX<sup>th</sup> century. Such associations included insurance mutualities and also savings and building societies, created by people to save and build their own homes (Birchall 1997, p.25). Years after, the cooperative movement was born. Consumer co-operatives emerged in the UK and credit cooperatives first appeared in Germany, while in France skilful artisans created their own production cooperatives (Birchall 1997).

Many SE organization founders such as Robert Owen or Charles Fourier based their ideas on utopian socialist thoughts. At the end of the XIX<sup>th</sup> and beginning of the XX<sup>th</sup> century, catholic circles provided ideological support, as it can be seen in papal encyclicals time from that (*Rerum Novarum*, 1891 and *Quadragesimo Anno*, 1931). These encyclicals were linked to the Christian socialist movement, which emphasized communal property and bottom-up associations.

Since then, European SE organizations have been growing, despite important involutions during fascist regimes, the Second World War and the communist Eastern and Central European Post-War.

As Laville et al. (1999) point out, one can find a radical movement within the historical European approach. This perspective considers SE organizations not only rare instances in which there has been a market failure, but also a sector in its own right. As such, SE organizations have been viable alternatives in which primacy has been given to humanistic values above a purely market approach. The latter has been regarded as not very ethical because it is based on profit values instead of on public interest. From this perspective, it must be noted that the main aim of SE organizations has not been to maximize profits, but instead, their foundational goal has been to provide service to their members or to serve a social cause. These organizations have been non-profit, democratically governed, independent of the public sector and providers of services to their members (Spiker et al. 2009, p.109).

This European approach used to contrast with the one in North America and the UK , which moved towards a clear distinction between the profit and



the non-profit sector. The term “third sector” of economy was the most used nomenclature in these two cultures and it was based on the idea that it was not private neither public sector. In the last years, though, this differentiation has been overcome. The Anglo-Saxon concept of “third sector” (Salomon and Anheier, 1996), which was previously limited to *Non-Profit Entities* (NPEs), is now used as synonym of the European term “social economy”. Likewise, in North America (Zunz, 2011) the term “third sector” is equivalent to “non-profit”.

A myriad of third sector definitions is provided by different global institutions, among which two stand out. On the one hand, the *European Foundation Centre* (EFC) considers that the third sector is “the space between the government and different businesses, where the capital can be either private or public, and whose objective is a social benefit” (EFC, 2007). On the other hand, *United Nations* (UN) defines the third sector as “legal or social entities created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit, or other financial gain for the units that establish, control or finance them. In practice, their productive activities are bound to generate either surpluses or deficits but any surpluses they happen to make cannot be appropriated by other institutional units” (United Nations, 2003).

Along this same line, in a SE research about employment in the context of the European Union, Vivet and Thiry (2000) highlight the lack of homogeneity among different European countries as far as the concept of SE is concerned. This is due to the diversity of terms and specified realities and also to the absence of harmonization. Even so, these authors provide the following provisional classification:

- Countries where SE is established: France, Spain and Belgium
- Countries where SE is emerging: Denmark, Finland, Greece, Italy, Sweden, Ireland, Portugal and the United Kingdom.
- Countries where the SE concept is linked to the third, non-profit and volunteer sectors: Germany, Austria, Luxembourg and Holland.

Despite the variety of terms and realities in these European countries, SE is a concept that originates from research carried out in France in the seventies, and it is structured around the system of values and principles of action of popular associations, cooperatives, mutual societies and foundations. The organizations of this sector have been created to serve a social cause and they focus on the management of non-profit activities. As a matter of fact, they are more and more important, because they emerge as a result of the state and market failure (Goodin, 2003).

The first SE reference document is the 1980 *Charte de l'Economie Sociale* (Monzón, 2006), from which the *Charter of Social Economy Principles* develops (Permanent European Conference of Cooperatives, Mutualities, Associations and Foundations, 2002), and which establishes the principles that characterize the entities of this sector. These principles are the following:

- Primacy of people and social purpose over capital
- Voluntary and open access adherence
- Democratic control by members
- Members' and general converging interests
- Defence of solidarity and responsibility principles
- Management autonomy and independence from public authorities
- Use of most surpluses for the sustainability development, members' and general interest

Spain's SE law (Law 5/2011) was passed, on the basis of *the Charter of Social Economy Principles*. The aim of this law is to establish a common legal framework for all the entities of this sector. The following definition is found in the above mentioned Spanish legal text:

*“Social Economy is the set of economic and business activities carried out in the private sector by entities that, according to the principles found in Article 4, pursue either the objective of the collective interest of its members, or the general economic or social*

*interest, or both” (Art. 2, Law 5/2011).*

The European Commission (EC) recognizes different above mentioned legal entities in this sector: cooperatives, mutual societies, associations, foundations and social entities. A European statute for these different typologies has gradually been developed. In 2003, the European cooperatives statute was approved and since 2006 the European mutual societies, associations and foundations statutes have been at draft stage.

## ***2.2. Literature Review***

The framework of this research considers SE as it is currently defined, but it is essential to bear in mind that, as it has been explained in 2.1., this concept has existed for centuries in Europe, although it was not known with this name.

### ***2.2.1. Social Economy Organizations***

As previously mentioned, various terms are used to refer to the non-profit sector; the most common ones are: third sector (TS) and social economy (SE). Likewise, the nomenclature of the different organizations that are active in this sector is not the same at international level, where different words are used to refer to these organizations, such as, NPEs or non governmental organizations (NGOs). In society this sector plays a complementary role to the private (companies) and public (public administration) sectors. Private companies are at one end of the spectrum, while the public administration is at the other end and in the middle of these two extremes we can find NPEs.

This sector encompasses a wide range of organizations of a different nature and different legal form which carry out activities that can be very different from one to another, but what they have in common is that they are all

non-profit. These organizations have considerably increased in industrialized countries (Pedro, 2007).

The most relevant features of such organizations in this sector are the ones below:

- They lack a lucrative purpose
- They search for social benefits
- They enjoy their own legal personality
- They are entered in the corresponding register
- They are regulated by the legal form estatutes of NPEs

Anglo-Saxon literature focuses its studies on a particular kind of organizations: NGOs. Unerman and O'Dwyer (2006a, p.309) make reference to NGOs citing the United Nations (2003), while Gray et al. (2006, p.324) stress that NGOs are heterogeneous in size, functions, objectives, norms and different strategies and tactics to be followed by each entity.

Taking into account that NPEs are the centre of this study's attention, of the four legal entities that comprise the third sector: cooperatives, mutual societies, associations and foundations, this study's purpose and concern are specifically centred on foundations. According to the European Commission (EC, 2012a), "foundations are bodies with their own source of funds which they spend according to their own judgement on projects or activities of public benefit. They are entirely independent of government or other public authorities and are run by independent management boards or trustees.

The main characteristics of foundations are:

- They are run by appointed trustees
- Their capital is supplied through donations and gifts
- They may finance and undertake research. They support international, national and local projects. They might also provide grants to relieve the needs of individuals, fund voluntary work, health and elderly care".

As Martin (2011) points out, founders establish which the objectives of their foundations will be, and these objectives become law. The board of trustees ensure compliance with the following requirements:

- The foundation object has to be of the general interest of citizens.
- The foundation has to serve the will of founders.
- The foundation has to be managed rationally and it must support efficient use of allocated adequate resources.

### ***2.2.2. Accountability***

The term *accountability* first appeared in the United States in the sixties and in Europe in the seventies. The concept of *accountability* gives prominence to the issue of “moral duty” and not to the issue of “legal duty”. According to Gray et al. (1996), *accountability* is seen as the obligation to inform about the policies and the proceedings of the organizations, to justify their actions, and to be subject to any suitable control to check the consistency of the information given.

The scope of the term *accountability* goes beyond the responsibility to inform about the management of the organization. It includes the responsibility to report about the structure and operating function of the governing body.

Foresti, Sharma and Evans (2007), translating the concept of "accountability" used by O'Neil, Foresti and Hudson (2007) defend that:

*“...responsibility and applicability are two critical dimensions of substantive accountability. Real accountability implies some form of sanction, either through the ballot box, the legal processes, organizations of institutional control or disclosure through the media.”*

Another meaning of accountability which is closer to the clarification of the content of that of what one is responsible for is found in the English definition of *accountability*, in the French definition of *Responsabilité of rendre compte (Redevabilité)* and also in the Castilian definition in OECD (2007), which follows:

*“Obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately the results obtained compared with the functions and / or entrusted plans. This may require a careful demonstration, which can be enforced even judicially, that the work done is consistent with contractual terms”*

The term *accountability* has been applied to NPEs more and more as these entities have become more visible and more influential both in the economic and the political sphere.

This is so because these entities exist thanks to the trust they convey to society, and to maintain this confidence, their transparent economic management is essential (Vernis, A. et al., 1998).

However, in non-profit sectors, *accountability* cannot be limited to the economic area. It is also a matter of legitimacy and identity, which is a vital part of its own nature of service to society. This has been named “social contract” between non-profit organizations and society as a whole (Fuentes, 2007).

On the one hand, accountability as such has an external dimension, in as much as it is an obligation to comply with the established norms of behaviour (Chisolm, 1995). On the other hand, it also has an internal dimension to justify actions and to describe the goals of the organization to the stakeholders (Fry, 1995).

Ebrahim (2003a) considers that *accountability* operates in multiple dimensions and involves many actors: clients, workers, creditors.... He adds that accountability uses different mechanisms and performance standards: external or internal, explicit or implicit, legal or voluntary, which require different levels of response from the organization at functional level or

strategic level.

Kearns (1996) proposes a similar framework for accountability. He attaches the same importance to both, short and long-term accountability systems.

In a review of non-profit accountability literature, Brody (2001) finds four different features of accountability:

- Adherence to mission
- Demonstration of the charity's effectiveness
- Good governance
- Fiscal honesty and avoidance of fraud

Brown and Moore (2001) analyse accountability in NPEs making use of the frame “accountable to whom?” which refers to the key relationships, and “accountable for what?”, which concerns the set of standards of accountability. Kearns (1994) refers to an NPE accountability system which has two elements: performance measures and positive or negative achievement of the objectives.

Accountability is not a mere justification for the expense at the time and neither is solely an explanation of the way in which money has been spent. Thus, accountability also takes into account the global behaviour of each entity as a wide dimension from which the reasons for the activities, the proceedings and the results are explained. In intermediation literature Cutt and Murray (2000) support this wider perspective.

The lack of accountability or its deficiency is a common problem shared by all the organisations of this sector. The various stakeholders have different worries about the management and accountability of NPEs. On the one hand, donors want the guarantee that the purpose of their contributions is one of the goals of the non-profit entity. On the other hand, managers and employees seek the accomplishment of the social objectives of the non-profit entity, and this way, they ensure the survival and prosperity of their organisation.

Several authors (Odenhal, 1990; Ostrower, 1994; Gordon and Khumawala, 1999; Herzlinger, 1996) argue that most donors are not satisfied with the

current information system of the allocation of funds for investment projects. This is why there is a requirement to create new transparent accounting procedures that reflect the investments and financing cash-flow in an irrefutable manner. These improvements are key to the development and growth of this kind of entities.

Unerman and O'Dwyer (2010) highlight the importance of the research in NPEs, especially due to the vital role these entities play in society, both in the relief of the suffering of the disadvantaged and also in the future of the poorest people in the world. These authors study the use and development of accounting mechanisms, which improve the efficiency of accounting information for decision making in NPEs.

On a global scale, (i) GRI *Global Reporting Initiative*, (ii) SA8000 of CEPAA (Council on Economic Priorities Accreditation Agency), (iii) AA1000 of ISEA (Institute for Social and Ethical Accountability) and (iv) Global Compact of United Nations are the four most prominent international standardization systems used globally.

The GRI of CERES (the Coalition for Environmentally Responsive Economies) is particularly emphasized. Their proposal is an international standard that produces Sustainability Reports which include the economic, social, environmental and good governance scope of these organizations. In May 2010 GRI, published an NPE sectoral supplement with the aim of enhancing the transparency and accountability of this type of organizations. This illustrates the relevance of this problematic issue. GRI (2010) applies a sectoral supplement for NPEs with a specific set of quality indicators of the efficiency of the stakeholder programmes.

While the GRI reporting guidelines focus on the business impact on the natural environment (Logsdon and Llewellyn, 2000, p.429), SA8000 concentrate more on labour and workplace practice of suppliers and procedures on matters such as health and safety, child labour, labour forces, remuneration and working conditions (Waddock and Smith, 2004, p.55).

AA1000 is more comprehensive in concentrating on linking social and ethical issues to business strategy by focussing on stakeholder engagement



throughout the processes of accountability. The aim of AA1000 is to develop a process standard for social accountability that would resolve in dialogue with all relevant stakeholders and means of communicating effectively with them. (Logsdon and Llewellyn, 2000).

Global Compact aligns business operations with the universal principle of human labour rights, the environment and anti-corruption (Vidaver-Cohen and Simcic-Bronn p.451) as a state in the UN declarations. The difference between Global Compact and the other standards is that it does not endorse companies; instead, it only asks companies to act on these principles in their own corporate domains (Tencati, Perrini and Pogutz, 2004, p.176).

The first step in the design of new accounting models must be the change from passive information methods to more active ones. Principles to the accounting framework should be elaborated with the objective of ensuring the truthfulness of the accounting information. This information should be based on the data provided by the NPE, thus allowing to make good decisions, to make reliable future predictions and to keep stakeholders well informed.

### ***2.2.3. Accountability Mechanisms***

As Gray *et al.* (2006, p.319) note, “the essence of accountability lies in the relationships between the organizations and the society and/or stakeholders groups of interest”.

Different authors provide and discuss a variety of accountability mechanisms that are used. Examples of such mechanisms are the following:

- *Upward accountability*, which recognizes that an NGO is accountable to those who provide funds, and that those providing funds want an account of what their money has been spent upon (Davison 2006; drawing on Edward and Hulme 2002; Ebrahim 2003a, 2003b; O'Dwyer 2007).
- *Downward accountability*, which recognizes that NGOs can and

should be accountable not just to those who fund them, but also to their beneficiaries. Recently, some governments that fund overseas development aid have come to realize that to make the development of aid more effective, it is important for NGOs to engage in downward dialogue with their beneficiaries (Edward and Hulme 2002; Ebrahim 2003a, 2003b; O'Dwyer 2007).

- *Holistic accountability*, which attempts to combine upward and downward accountability, ideally with the addition of multidirectional dimensions of accountability. It suggests that NGOs should be accountable to all those upon whom their activities impact (Unermann and O'Dwyer 2006b). This approach is in line with the GRI-G3 NGO's sector supplement (GRI, 2010).

In this line of research Ebrahim (2003a) analyses several different mechanisms of accountability along with multiple dimensions: upward-downward, internal-external, and functional-strategic.

Other different regimes are identified by Goodin (2003). These are different mechanisms of accountability depending on the three types of organization that exist:

Table 2.1. Mechanism of Accountability depending on Sector

Type of sector	Subject of accountability	Mechanism of accountability
State sector	Actions	Hierarchy
Market sector	Results	Competition
Non-profit sector	Intentions	Cooperative networks

As introduced in section 2.2.2. Accountability, there are other researchers that have developed a more general non-profit accountability framework. Chisholm (1995) calls for the adjustment of the legal framework in the hope of improving accountability, thus overcoming shortcomings in the charitable sector. Brown and Moore (2001) analyse non-profit accountability using a scheme of “to whom, for what”. Kearns (1994) regards a non-profit accountability system as having two elements:

performance measures, and the positive and negative responses to achieving or missing these targets.

It is important not to impose inappropriate accountability mechanisms on NGOs, because such mechanisms could well be destructive to realizations of their aims (Gray et al 2006).

Table 2.2. below shows that the three types of entities found in any country's economy have different objectives and different approaches to accountability.

Table 2.2. Different Objectives of Accountability

Type of entity	The objectives of the accountability	Approach to accountability
Public Entities	The analysed actions	Hierarchical
Private Entities	Results obtained	The competitive market system
Non profit Entities	Market intentions	Cooperative networks

Source: Own elaboration

The objective of accountability in private companies is to inform about the results obtained. In this case the accountability mechanisms follow the perspective of the competitive market system. Mechanisms are required to guarantee that the information provided gives an accurate image of the company.

Those responsible for public companies have the accountability objective of estimating whether the analysed actions are within the foreseen parameters. The accountability objectives are hierarchical; they operate from an authoritarian relationship. The subordinates are responsible to justify their actions to their superiors.

In non-profit companies, the intentions of the managing agents are studied. The objective of their accountability focuses on the previous phase of motivations. At this stage the different intervening factors in decision making are estimated. The main feature of accountability is the gradual building of shared values, as needs arise. The evolution of rules is adjusted taking into account the different perspectives and preferences of the NPEs and stakeholders. These shared values are part of these entities' day-to-day

operations, so that they can count on common indicators of accountability.

#### ***2.2.4. Transparency***

Transparency is closely linked to accountability. In fact, Vidal (2010) states that transparency is the basic principle of accountability and it consists of two components: *the level of information and the attitude with which accountability is faced.*

To be a transparent organization means to regard transparency in your accountability as a primary objective of any activity that is carried out.

Actually, transparency and accountability are intrinsically connected with participation and communication with stakeholders of the organization. The former is one the main focuses of transparency and these groups of interest are the driving force for the increase of transparency.

Transparency is also the basis of communication relationships with external stakeholders. Managers disseminate information which provides a comprehensive picture of the organization, which will create credibility. Donors, financing members, users and partners in general will be more willing to cooperate with an organization if it has a transparent communication strategy which generates confidence.

As in the world of business, also in the sector of NPEs the need to improve transparency to consolidate their reputation and the stakeholder's confidence is bigger and bigger.

Novell (2002) states that not only are profit entities making progress with improvements, but also public administrations and NPEs are advancing the introduction of mechanisms to increase transparency and responsibility to society.

According to the OECD (Organization of Economic Cooperative and Development), transparency is a concept related to the possibility that the actual information of a company, government or organization may be consulted by the various parties affected by it, so that they can make decisions with full knowledge of the facts and without information

asymmetry. One of the first documented actions in favour of greater transparency of information is found in the XVIII<sup>th</sup> century in the United States, when some communities in New England managed to hold individual meetings between citizens and public servants. Since then, there has been a slow but steady process, in favour of freedom of information and free access to it. In 1766 the Press Freedom Act was created in Sweden. This act is a legislation which regards freedom of information as the representation of the right to request information from the government and to receive it without cost or at minimal cost. Currently, over 85 countries in the world have adopted similar legislation measures. (UNESCO, 2008).

In society a paradigm shift in the relationships between public, private, non profit entities and society is taking place, not only with regards to access to information, but also with reference to the ethics that encourages transparency.

Society increasingly demands transparency from the way institutions work. The principle of transparency has become a necessary requirement in the process of decision making and development of legislation.

In Spain, part of the lack of confidence in different institutions stems from insufficient transparency in the political system and the management of its leaders, as well as the deficiencies in transparency in the private sector institutions and in large companies. The Spanish economy, like the rest of modern market economies, can only function efficiently if all economic and social agents have access to more and more relevant and reliable information to guide and nurture the making of strategic public and private decisions.

In the Spanish context some entities engaged in analysing the transparency of NPEs can be found. Examples are:

- “*Fundación Lealtad*”, which specialises in the analysis of the transparency of NGO that voluntarily request so.
- “*Fundación Compromiso Empresarial*”, which publishes transparency, good governance and accountability reports of Business Foundation NPEs.

Credibility is based on trust and true knowledge of the functioning of the institutions and their directors and managers. Markets and investors in

general need to know with accuracy the data of public and private institutions and companies but unfortunately, lately much doubt has been cast on the information provided in Europe and in Spain.

Transparency is an important topic to work at international level, because it develops and promotes practical tools that reduce the opportunities for corruption and enhance the ability of people and organizations to resist this malpractice. Experts from companies, universities and other NPEs need to create tools suited to a range of situations in many sectors of society.

Over the years, these transparency tools have been adopted by governments, business companies, researchers and civil society groups from a wide range of fields. Some of these initiatives can be found in the table below:

Table 2.3. Transparency Initiative in the Public, Private-profit and Non-profit Sectors

Different sectors	Transparency Initiative
Public Sector	<ul style="list-style-type: none"> <li>• TI Transparency International Spain: <a href="http://www.transparencia.org.es">www.transparencia.org.es</a></li> <li>• Tools include <u>Integrity Pacts</u></li> <li>• <a href="http://aepda.es">aepda.es</a></li> </ul>
Private-Profit Sector	<ul style="list-style-type: none"> <li>• Law of transparency private sector 19/2013, 9 December: transparency law that allows public access and good governance.</li> <li>• <a href="http://www.integridad.org.es">www.integridad.org.es</a> (Process 2015-2018)</li> <li>• Tools include the <u>Business Principles for Countering Bribery</u></li> </ul>
Non-Profit Sector	<ul style="list-style-type: none"> <li>• GRI Supplement</li> <li>• TI-Spain and Foundation (June 2015)</li> <li>• Law of transparency 19/2014, 29 December, foundations and association.</li> <li>• <b>TransparEnt</b> is a tool addressed to NPEs, which allows them to perform transparency self-diagnosis and to obtain self-validation of success level. <a href="http://www.transpar-ent.info">www.transpar-ent.info</a>.</li> </ul>

Table 2.3. above shows the main initiatives of transparency classified by: public sector, private-profit sector and non-profit sector. It can be seen that in the three sectors transparency law has been created and in all cases there is a certain kind of mechanism that helps entities to carry out good practices. An international institution that stands out in the world of transparency is Transparency International (TI), which is the only non governmental organization universally devoted to fight against corruption. TI brings civil society, private sector and governments to a global coalition and it gives voice to the victims and witnesses of corruption. They work together with governments, business companies and citizens to stop abuse of power, bribery and secret deals.

The existence of institutions like TI and their concern about the topic of transparency clearly indicates that the analysis and statistical techniques used in this study about foundations can also be applied in the public and the private-profit sector. This would provide a global view of transparency and would contribute to create a higher level of confidence than the one society has in institutions at present. Unfortunately, in the last years many cases of corruption have undermined the reliance of society on all kinds of organizations to the point that faith in them has dramatically decreased. However, all these transparency resources can help to restore lost trust in all entities of the three sectors.

#### ***2.2.4.1. Transparency in the Public Sector***

As Garcia (2007) the evolution of transparency in the Public Sector in Spanish society has identified pronounced and disturbing deficiencies in transparency. These are opaque weaknesses found within different entities' budget and they are included in the scope of the State, even if they are not the State itself. This is the case, for example, of political parties, social organizations dependent on public resources, and social and commercial entities that receive State subsidies and grants. The risk of corruption flourishes from this environment and it jeopardizes the quality of democracy, and the creditworthiness and reputation of the State and of

politicians.

In the area of economic information the transparency requirement of public authorities is more relevant and it acquires the status of principle that should guide the actions of public authorities. This transparency principle affects not only the amount of information provided, but also the quality of the information given. Such information must be published on a regular and predictable way, according to schedules that citizens know. Besides, it must also be published in a way that suits citizens; that is to say, with enough disaggregation to give an accurate idea of how the public authorities work. Finally, this information should be published in accessible and modern media, thus easing its study and analysis. The statistical information is an essential input for the development of diagnoses, for wording, implementation, monitoring and evaluation of public policies and at the same time it is an essential element in the carrying out of studies and research by users in the private and academic sectors, and by the public in general.

The need for transparency also affects all public authorities regarding the origin of funds, procurement, expenses and investments made.

Among the aspects that make up the policy of transparency of public administration the ones listed below are the most outstanding: (i) economic information, (ii) relations with citizens and society, (iii) transparency in the contracting of services and staff recruitment, and (iv) transparency in urban planning and public works. These items help trace lack of transparency in public administrations as a potential cause of corruption.

Lizcano (2010) notes that the biggest corruption cases in Spain stem from the reclassification of the land and he adds that the existence of obstacles and excessive bureaucracy are a real breeding ground for crime. According to the findings of his study, it is urgent to promote greater transparency in the public sector to prevent such corruption.

In this sense, the most transparent countries are those in which corruption is most unlikely to occur and the least transparent are those in which crimes are easier to commit. Different kinds of reports on this topic have been published. For example, TI annually publishes reports on the transparency in town and city halls and in autonomous regions.



The demand for transparency is directly related to the development of economies. Kurtzman and Yago (2009) have developed an opacity index that measures the lack of transparency in fifty countries. The variables used include corrupt practices, the effectiveness of the legal system, harmful economic policies, inadequate accounting and governance practices and inadequate regulatory structures.

In Spain, the possibility of introducing policy evaluation in the discursive political agenda opened up in 2007 (Law 28/2006) and , therefore, this allowed changes to the scarce current habits of those who run the public sector, in all its forms of government. This was so thanks to the creation of a new body, a state agency called Evaluation Agency and Service Quality, (AEVAL)<sup>1</sup> designed to evaluate public policies. This body is currently part of the organization of the Ministry of Finance and Government.

The Transparency Index of Spanish City and Town Halls, which has been made by TI Spain, is publicly available, and so is the information on how this index has been measured using a set of eighty indicators, based on an evaluation of five areas of transparency<sup>2</sup>.

It is true that, in recent years, progress has been made in the transparency of public administration. This is what has been happening, for example, with the provisions of the new Law on Public Sector Contracts Act 30/2007 of October 30th , on Public Sector (BOE of 31/10/2007).

To define corruption in this area the definition by Bobbio et al. (1988) is taken. It states that corruption is:

*“the phenomenon through which a civil servant is driven to act differently from regulatory system of standards to favour private interests in exchange for a reward. It is, therefore, regarded as corrupt the illegal behavior of one who fullfills a function in the state structure.”*

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<sup>1</sup> AEVAL [www.aeval.es](http://www.aeval.es) (10/03/2017)

<sup>2</sup>[www.transparencia.org.es/INDEX % 20TRANSPARENCIA % 20AYUNTAMIENTOS / INDEX % 20IT A.htm](http://www.transparencia.org.es/INDEX%20TRANSPARENCIA%20AYUNTAMIENTOS/INDEX%20ITA.htm)

*“Corruption is a particular way of exerting influence: illicit, illegal and illegitimate influence. This fits in reference to the operation of a system and, in particular, to its decision-making procedures.”*

Feinstein (2007) comments that the possibility to place assessments on the Internet in evaluation processes is a way to facilitate transparency.

Berman (1997) summarizes the views of citizens regarding their government in three negative factors: (i) they feel misunderstood or ignored; (ii) they consider that their government does not use its power to favor them; and (iii) they consider that public policies and services are ineffective. To avoid such situations he suggests three strategies: the first one would be to explain what the government intends to do to meet general interests; the second strategy would head towards the new public sector management: development and trends to incorporate citizens as input in public decision-making; and finally, the need for the public sector to defend its reputation, showing the degree of efficiency achieved in the process.

Public authorities have taken good note of these desires, providing external communication and public participation. They have done so because external communication and public participation must be considered, according to McTavish and Pyper (2007), the basic driving forces in this process of change in the public sector in its orientation towards the citizen. External communication involves constant provision of information to citizens and stakeholders on two aspects. The first aspect, publication of strategic plans, would be related to the future actions of the administration in the pursuit of general strategic interests, and the second aspect, publication of service charters, would refer to the rights of citizens in relation to public activity.

The publication of annual plans entails an effort to improve information so that citizens know (i) what benefits they can claim, (ii) the resources that will be allocated and (iii) feedback of the system with data relating to the objectives achieved the previous year. According to Galofré Isart (1997, pp. 69-70), service charters are written documents that make quality commitments known to citizens. They intended to be the expression of a service contract, in which citizens are entitled to claim the breaking of the

agreed terms and to obtain compensation. The need for public participation, as Bourgon (1999) argues, is a consequence of the fact that:

*"citizens are not satisfied with voting once every four years. We want to have the chance to have a say in the design of policies that will affect us. We want to cooperate with the government in designing our future. We want to have access to democratic institutions in accordance with our needs. "*

Until recently, literature identified the conduct of citizens towards the public administration as the fear of sanctions. It should not be forgotten that as the OECD (1996, p. 33) notes, *"the administration has the monopoly of creating obligations; only OECD can demand data and require or forbid certain kinds of specific behaviour"*. This situation is undergoing major changes, the administration establishes effective channels for collecting information and opinion; that is to say that the administration is encouraging citizen participation. The confluence of the reforms pushed forward under the new public management does not necessarily imply a globalization of actions taken by governments of different countries, but on the contrary, they are heterogeneous actions that differ widely from one another (Pollitt, 2002, p. 934).

Generally, comparisons between countries are often based on the comparison of the reforms carried out in three specific areas (Pollitt and Bouckaert, 2000): (i) personnel policies such as selection procedures, remuneration and promotion, (ii) changes in the organizational structure decentralization and (iii) improvement of financial and control techniques which include budgeting, accounting, auditing and management indicators.

#### ***2.2.4.2. Transparency in the Private Sector***

Transparency in the private sector involves the issuing of information by a company with the intention that the recipient can make appropriate decisions. Such information must be complete, accurate, timely and

distributed through the best possible channel. The lack of transparency in the private sector produces asymmetry of information, which may be misleading or it may cause market paralysis due to distrust.

The transparency of a company can be assessed based on the analysis of either the financial or the non-financial information published by the company itself. Another means of evaluation can be the memory of social responsibility, but it must be pointed out that not all companies issue this document. There are multiple studies that examine the transparency of companies. One of the latest studies is the one carried out by Mañas, E. and Montes, O. (2016)<sup>3</sup>, whose purpose was to examine the situation of transparency in the private sector in Spain. They present a discursive analysis of 25 interviews of the business sector where transparency is regarded as true, relevant, understandable, complete, useful and accessible information. These interviews were analysed from two angles: on the one hand, similarities and differences were identified, and on the other hand, this information was contrasted with the existing literature and making use of ten indicators from these reference texts. This study enlightens us on how new technologies ensure flow of accessible information, which responds to the increasing social demand about the management of private organizations.

Most results show a positive evolution over time, but with a tendency to stagnation, though. In this regard, Baraibar and Luna (2012) suggest that social transparency among companies that are part of the IBEX 35 increased by 15% between 2004 and 2009, but stagnation is occurring around a transparency score of 7 out of 10.

Accordingly, public and legislative pressure in the interests of greater transparency of large companies is paying off. However, there is still room for improvement. Similar to what happens in the public sector, the recent scandals of corruption and fraud in the private sector have led many agents that interact with companies from shareholders to consumers, for example,

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<sup>3</sup> Informe sobre la Transparencia Corporativa en España: una visión desde el sector empresarial, los medios de comunicación y las organizaciones y pro-transparencia. ISBN:978-84-15860-55-6

to demand greater transparency in the information submitted.

The less transparency, less market capitalization of the companies, less bank assets and more corruption (Kurtzman and Yago, 2009). Therefore, transparency is a relevant variable to bear in mind when legislating the private sector, since it is an essential feature for the competitiveness of the economy. Instruments used by businesses to improve transparency include financial information, social responsibility reports, corporate governance reports, customer relations, etc. In terms of social responsibility, one of the most used tools is to report following the methodology of GRI, which is composed of a series of standard indicators for the preparation of reports on economic, environmental, social and governance, as explained in section 2.2.2.

The integration of information technologies, particularly the Internet, adds a new dimension to the process of corporate communication between companies and their stakeholders, in such a way that it has significantly increased the volume of information disseminated by them, being the corporate website the medium through which most of it spreads.

Corporate transparency has been adopted as one of the guiding principles of good governance by international bodies like the aforementioned OECD, the International Federation of Accountants (IFAC) or the International Finance Corporation (IFC) (Hilton, Choi and Chen, 2004). Greater transparency helps investors to better understand management, it reduces asymmetric information, it increases confidence in the capital market and it encourages more foreign direct investment (Bushman and Smith, 2001).

In this context, Mercer (2004) and Hodge, Hopkins and Pratt (2006) argue that the credibility of information is an essential element for the good governance of a company. It shows that the corporate transparency has a positive impact on the assessment made by the market about businesses. Its aim is to protect the minority investor and reduce the extraction of private benefits by large shareholders (Bushman, Piotroski and Smith, 2004; Ostberg, 2006).

There are many authors who argue that corporate transparency protects the minority shareholders. This protection prevents these minority shareholders

from being expropriated by the controlling shareholders, which leads to the increase of investor confidence, reduces capital cost and increases the value of shares (Berglöf and Pajuste, 2005; Ostberg, 2006).

According to Bushman, Piotroski and Smith (2004), corporate transparency can be viewed from two dimensions. On the one hand, financial transparency relates to the intensity, time, analysis and dissemination of financial information. On the other hand, government transparency captures the information needed to evaluate and hold managers accountable.

In most countries and with the regulations related to the best corporate governance practices, transparency is an issue of great importance, particularly in the case of emerging Latin American economies, where literature is scarce. Therefore, it is important to identify factors that affect the level of corporate transparency. According to institutional theory, the formal factors that have an impact on a major or minor level of transparency are (i) the legal environment, (ii) the macroeconomic variables and (iii) the corporate governance practices (Miller, 2004; Bushman, Piotroski and Smith, 2004; Ghazali, 2010). As far as the informal factors are concerned, the most influential ones are those which basically refer to national and corporate culture (Orij, 2010; Qu and Leung, 2006; Hope, 2003, Archambault and Archambault, 2003, Jaggi and Low, 2000; Matoussi and Jardak , 2012).

Studies of transparency levels for the prevention of corruption have focused mainly on the analysis of the public sector as the main source of the problem, understanding that the most relevant behaviours affected corruption, when corruption was defined as the use of public office in the official's own self-interest.

Hence, national criminal laws and international conventions have focused on preventing corruption and on punishing conducts affecting public administrations and the national and foreign public officials. Nevertheless, international law, conscious of the need to neutralize also corrupt practices in the private sector, has in recent years established rules that impose obligations on private actors too.

Not only does corruption affect the use of public office for personal gain, but also practices between individuals that further damage fair competition, and thereby directly injure also the market, price formation and consumers through the so called behaviours of private corruption. Therefore, bearing in mind these two sectors affected by corruption, it is necessary to focus corruption prevention studies both on acting agents: the public sector (public administration and civil servants) and on private operators (the private or public company, its directors and employees, and any particular that plays in the market).

From this perspective, cooperation and responsibility of the company are necessary and constitute an essential element in the prevention of corruption. This aspect has also been revealed at community level in relates that in 2000 the European Council in Lisbon<sup>4</sup>, in which it was declared that:

*“It is imperative that European companies behave with the utmost responsibility, both to its employees and shareholders and to society in general.”*

Likewise, in a statement issued on September 5, 2009 by the G20 Ministers of Finance and by G20 Governors of Central Banks<sup>5</sup>, it was emphasized that anti-corruption measures are of paramount importance. Consequently, measures should be taken to ensure sustainable growth and, at the same time, a stronger international financial system should be built.

To prevent corruption in business is therefore key not only to reduce levels of corruption in the public sector, but also primarily to contribute to fair and equal competition among the attendees. On the one hand, corruption injures public administration, but on the other hand, it poses a decline in the competitiveness of companies. In this sense, the damage that such distortion of competition rules means for business is incalculable. The fact that the business has been affected in recent decades by an increasing level of corruption cannot be ignored. It cannot be forgotten either that this has had

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<sup>4</sup> [www.europarl.europa.eu/summits/lis1\\_en.htm](http://www.europarl.europa.eu/summits/lis1_en.htm) (consulta on-line 5-5-2017)

<sup>5</sup> [www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Featured/G20/G20-Finance-Track-Documents.html?nn=106764&view=pdf](http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Featured/G20/G20-Finance-Track-Documents.html?nn=106764&view=pdf) (Consulta on-line 5-5-2017)

an impact beyond contracting with the public sector.

Garcia (2007) comments what has also been consolidating in business between individuals have been practices that reduce significantly the competitiveness of enterprises and that distort not only fair competition but also price formation in the market. Such practices have also damaged the objective and transparent selection system in the recruitment. For this reason, the criminal laws of the Member States of the EU have incorporated, as a result of international and European conventions, new offences that considerably expand the catalogue of behaviours of corruption that existed until now, and they have even included the so-called crime of corruption between individuals.

For example, Law 5/2010, of June 23, amending the Criminal Code, added to the Spanish criminal law the crime of corruption in the private sector as competition injurious behaviour. Another instance is the fact that, bribery of officials in foreign public bodies has been expanded, regardless of whether the offence has been committed in Spain or abroad. In this same vein, in order to protect the market, reforms have been carried out in the area of crimes against the market and consumers by incorporating the new offence of scam of investors. Also, advance has been made in relation to the idea of the criminal responsibility of the company itself as acting subject in the market and therefore as possible responsible perpetrator of harmful acts of competition. These steps forward respond to the demands that had been made by the various international conventions against corruption.

As is known, one of the major reforms of the Law 5/2010 to amend the Penal Code, was the incorporation of direct criminal responsibility of enterprises. These proposals have followed guideline of action by several EU Member States. This law applies regardless of personal criminal responsibility either of directors or of employees. The catalogue of offences and behaviours for which a company can respond has been explicitly assessed by the legislature.

This legal reality puts the company on a new plane, making it necessary to incorporate or adapt to the new legal scenario ethical codes, internal protocols and performance standards designed to protect the legal position of the company of these risks against possible corruption actions of its



directors and / or employees that may trigger criminal liability that may affect them directly with the consequence of severe fines and also an important reputation damage.

The Criminal Code introduces criminal liability of legal persons irrespective of the size or dimension of the company, so that all are responsible. Hence corporate transparency recommendations suggested in this code are aimed at all companies in general.

Leeuw (1996) emphasizes the application of the concepts of economy, efficiency and effectiveness in government organization. It places special stress as well on political instruments and programs, striving to achieve total quality in the provision of services. All this is accomplished by devoting less attention to the procedural requirements, standards and recommendations. That is, the current system of public action operates in a new scenario with two basic designs of coordination. Firstly, the public sector reduces the differences from the private sector in terms of personnel, compensation systems and management methods; and, secondly, there is a decrease in the volume of rules and procedures that articulate performance management departments, subject to uniform rules for hiring and incurring costs (Dunleavy and Hood, 1994, p. 10). Perhaps the presence in all the aforementioned theories of the need to develop and perfect control tools, especially aimed at assessing the achievements or results, is either (i) associated in the literature to the new public management with the introduction of concepts, practices and techniques from the private sector (Fernández Rodríguez, 2000, p. 108), designed exclusively to control results (Boden et al., 1998, p. 267 and Broadbent and Laughlin, 1998, p. 403), or it is (ii) extended to the introduction of improvements in management, through the deregulation, the decentralization and the introduction of competition and transparency in accountability (Coninck-Smith, 1991; Ladner, 1999; Montesinos, 1999).

### **2.2.4.3. Transparency in the Non-Profit Sector**

As for transparency in the non-profit sector, there is *Fundación Compromiso y Transparencia* which is a foundation created by a group of professionals from private businesses, the educational world and the non-profit sector, whose aim is to encourage good governance and transparency. The impact of *Fundación Compromiso y Transparencia*'s reports has been positive in enhancing transparency in Spain, where there has not been a transparency tradition in the foundational sector, unlike countries like the UK. In contrast, businesses and the public sector in Spain do have a history in transparency as they have indeed counted on a code of good practice.

For the last seven consecutive years, *Fundación Compromiso y Transparencia* has been analysing transparency levels in websites of 90 of their own businesses and family foundations. Seven indicators have been studied in these websites: (i) contact, (ii) mission, (iii) field of action, (iv) governance, (v) statutes, (vi) financial information and (vii) evaluation. The analysis of these indicators has led them to the classification of foundations according to their level of transparency. They have concluded that a foundation can be described as: (i) transparent, (ii) translucent or (iii) opaque.

Table 2.4. below shows the evolution of percentages of transparency in the foundations studied by *Fundación Compromiso y Transparencia*. It is seen that there has been meaningful progress in all indicators. In fact, their 2015 analysis was optimistic, as there was an increase in the number of foundations that have evolved positively. The conclusions from this analysis also explain that this advance is meritorious, if it is considered that despite the lack of a code of good practice in the non-profit sector, its entities still strive to improve the transparency levels in their websites.

Table 2.4. Evolution of Foundations' Transparency 2009-2015

Criteria "Construir Confianza 2015"	Criteria of this research question	2009	2010	2011	2012	2013	2014	2015
Contact	Stage 1: TIC	64	76	84	87	82	88	87
Mission	Stage 3: Institutional	82	84	84	88	28	38	49
Field of Action	Stage 1: TIC	76	82	85	88	85	91	91
Governance	Stage 3: Institutional	45	47	49	58	63	67	67
Statutes	Stage 3: Institutional	-	-	12	20	27	23	26
Economic and Financial information	Stage 5: Human resources	3	13	19	29	26	34	42
Evaluation	It is not studied in this research question	-	-	-	-	-	13	16

Source: Adapted from Construir Confianza 2015, page 8.

Part III of this thesis, which corresponds to the empiric study, uses two frameworks as its basis; on the one hand, the Catalan scope relies upon both the Catalan Transparency Law and *Coordinadora Catalana de Fundacions*. And, on the other hand, at national level, the seven years of reports of *Fundación Compromiso y Transparencia* serve as reference.

This empirical study concentrates on transparency levels based on the entire number of the existing Catalan foundations; in fact, a total of 2,554 registered foundations in Catalonia were taken into account, and the following three indicators are considered: (i) activity, (ii) geographical distribution and (iii) year of constitution or legislation period.

Out of the 2,554 foundations, only 1,382 publish a website, which means that 54,11% had a website. This group of foundations that publish information on-line constitutes a representative sample. And within this context eight indicators of transparency were used: (i) website, (ii) mission, (iii) statutes, (iv) number of employees, (v) number of volunteers, (vi)

number of beneficiaries, (vii) annual budget and (viii) annual accounts.

### ***2.3. Structure of the Social Economy Sector in Spain and Catalonia.***

It is essential to have data that provide information about the structure and importance of the SE sector in Spain and Catalonia. The table below gathers the most relevant data in the year 2011.

Table 2.5. Social Economy Sector in Spain and Catalonia

Spain	Catalonia
<ul style="list-style-type: none"> <li>• 200,000 entities</li> <li>• 10 % Spanish GDP</li> <li>• 2,000,000 employee</li> <li>• 87,000 million de €</li> </ul>	<ul style="list-style-type: none"> <li>• 7,500 entities</li> <li>• 2.8% Catalan GDP</li> <li>• 100,093 employee</li> <li>• 1.7 million of €</li> </ul>

Source: Observatorio Español de la Economía Social (2011).

At a Spanish level this sector had 200,000 entities of different kinds. It employed 2,000,000 workers, which mean 8% of the active population, and it generated a money moving amount of 87,000,000€, which represented 10% of the Gross Domestic Product (GDP). Comparatively, the importance was equivalent to that of one of the most important sectors such as tourism, which in 2011 reached 10,4% of the Spanish GDP.

In Catalonia this sector had 7,500 entities, and the money moving amount generated was in this case of 1.7 million of €, five times more than in 2003. These entities represented 2,8% of the Catalan GDP. In 2011 it employed 100,093 workers. The employment created is stable and mainly female.

As far as the evolution of the different legal figures is concerned, foundations, associations and NGOs increased 6,97% in the last decades in Spain. This percentage was nearly double higher than that of profit entities, which has only grown 3,63%.

According to these data, to deepen the study of foundations was interesting because these entities were a type of the Spanish NPE which had greatly increased in the last years, as more than 50% of foundations were only 50 years old.

Table 2.6. Social Economy and Spanish Foundations

Spanish SE Sector	Spanish Foundations
<ul style="list-style-type: none"> <li>• 200,000 entities</li> <li>• 10 % GDP</li> <li>• 2,000,000 employee</li> <li>• 87,000 million de €</li> </ul>	<ul style="list-style-type: none"> <li>• Geographic distribution : Catalonia and Madrid are the areas where there are more foundations.</li> <li>• 0.25% GDP</li> <li>• 86,000 employees</li> <li>• Over 50 % of foundations are less than 10 years old.</li> <li>• 39 % of foundations have relations with the autonomous communities.</li> <li>• 60 % of foundations are financed by public funds.</li> </ul>

Source: Observatorio Español de la Economía Social (2011) and Fundación Luís Vives (2011).

The table above compares data of the Spanish SE sector with specific data of foundations. It could be highlighted that 60% of foundations, were financed with public funds while 39% were related to the autonomous communities.

Most foundations were found in Catalonia, 28,55%, and in Madrid 10,65%. The foundational sector employed 86.000 workers.

The Empirical Study in section III is a deep insight into the foundational sector in Catalonia, because. Their size the biggest in Spain, these Catalan entities have a very significant importance.

# Preliminary Findings Part I

SE organizations have experienced a substantial growth in the two decades years. This sector has become especially relevant because (i) it operates in areas not covered either by the markets or the state; and (ii) its entities all have a social aim and are non-profit, even if very different activities are carried out.

As NPEs have acquired greater visibility and influence, the demands on their accountability have grown in strength because the stakeholders' expectations towards this sector have soared and so has their level of requirement for transparency. Donors in particular claim guarantee that their contributions were allocated for the proposed aim.

However, a common problem to this sector's organizations is still the deficiency in transparency and accountability. This issue affects the level of social trust in NPEs. It has been noted that in fact the level of trust has decreased in Europe and more specifically in developing countries, due to irregular and corrupt practices.

The GRI published a sectoral supplement of sustainability reports for NPEs. The objective of this specific supplement was to improve the transparency and accountability in this type of entities. The main feature of this supplement is an additional section dedicated to the efficiency indicators of their programmes.

Transparency is one of the most important practices of good governance and it is also an essential asset to strengthen and increase social trust in NPEs. Transparency in NPEs is indispensable for three reasons, (i) because it is a non-profit sector, (ii) because it serves society and (iii) because it exists thanks to public and private funds. To maintain social confidence in NPEs and in their legitimacy to operate, these organizations must go beyond the minimum and mandatory accountability required by law. It is believed that there is a need for the NPE sector to advance in the adoption of techniques and mechanisms of managing transparency and

accountability, in the same way as business sectors do. Participation and communication with stakeholders of the organizations are vital components of transparency and accountability.

The known limitations and obstacles associated to transparency and accountability also have an impact on the SE sector. The size of the organizations is one of the main limiting factors; the smallest organizations have to face an important lack of resources and structure.

Other problems all organizations have and in a major degree small ones, are the following:

- The economic cost of the development and dissemination of public information can become an insurmountable barrier for many ENPs that prioritize the allocation of the scarce financial resources to the attention of beneficiaries.
- The scarce culture of transparency is also an obstacle that requires training and time to be overcome.

To face up these adversities, each organization must find their own suitable way to their situation (size, resources, experience, values...) to gradually advance in transparency and accountability to their stakeholders.

It is relevant to study the transparency and accountability of foundations within the different types of NPEs. The reasons for this interest include four facts: (i) foundations have been increasing significantly in the last decade. This is clearly reflected in the fact that over half of the total number of foundations in Spain are under 10 years old, (ii) the majority are publicly funded, (iii) foundations are concentrated in two areas: Catalonia and Madrid, and (iv) according to Martin's (2011) results and conclusions, Spanish foundations must improve their communication with stakeholders and must make a tangible effort to be more transparent, specially in two aspects: in the economic information (availability of annual accounts) and in the information about the members of their governing bodies and steering committee.

After studying transparency in NPEs it has been seen that there is a scarcity of research about foundations. Among the few existing studies, the most useful has been the one by *Fundación Compomiso y Transparencia*, which analyses the level of transparency in 90 foundations' websites over a period of seven years. Chapters 8 and 9 in the empirical part of this thesis follow their research guidelines and conclude that there are similarities. In fact, their findings and the findings of this thesis, in which 1382 foundations' websites were studied, coincide in as much as the levels of compliance of foundations with transparency standards are concerned. Subsequently, what Chapter 11 does is go beyond and take a step forward into a statistical analysis.

Limitation. To conduct research at Spanish level, it would be necessary to have access to a data base which currently does not exist. As Rey and Martin (2011) highlight in their study, the main obstacles encountered when wanting to obtain an updated research data base are the following: (i) the lack of an official register at national level, (ii) the difficulty to distinguish active foundations from passive ones, (iii) the lack of economic information available and (iv) the lack in some foundations of a website where to publish about their daily operations. In view of this limitation, this research scope was exclusively Catalan foundations. The empirical study will be presented in part III, and the methodology used could be replicated in future national and international studies of the topic.



## ***PART II: FOUNDATIONS AND TRANSPARENCY***

Although SE comprises different types of non-profit entities, from this point on this dissertation will centre on foundations exclusively, and the focus of study will be transparency as an essential public good that contributes towards generating social trust in entities and that responds to the ethical commitment to stakeholders.

The structure in which the thinking process regarding Foundational Transparency will be organised in this part is presented below:

Firstly, the study makes a brief reference to the origin of SE and to the structural traits of this sector in Europe and Spain. Special emphasis will be put on geographical areas where differential features characterise their foundations. To close this section, the text presents the literature review of foundations, which focuses on accountability, transparency, the main initiatives related to both, and registration. (Chapter 2)

Secondly, **Chapter 3: International Initiatives in Foundations** presents the range of the main existing initiatives related to the transparency and accounting of foundations at international level. These initiatives constitute the variety of tools for operationalising and/or implementing accounting and transparency in non profit entities. Sustainability within an organization and aims to compare these various tools in the European strategies are also studied.

Foundations are one of the legal forms that play a crucial role in social well-being entities. For this reason, there is a need for transparent registration of these foundations. Unfortunately, so far there has been a lack of homogeneity at both national and European levels and the subsequent confusion that this creates emphasizes the need for a common registration of foundations. This is especially relevant because a foundation enjoys its

own legal personality only upon registration of the public deed of incorporation at the corresponding Foundations' Registry. On view of this need, the European Commission launched a proposal for the regulation on a European Foundation Statute. The unanimity of the European Council is necessary for this proposal to be approved. Consequently, National governments and Members of the European Parliament must make a decision regarding this issue. This proposal should help foundations to take a step forward, and make progress in terms of transparency, with the aim of offer a fair view of these entities.

These two chapters are devoted to the subject of foundation registration in-depth. Because registration is the first required step towards the formalization of the entity, it is one of the main pillars of transparency. The research proceeds then to study the state and current registration of foundations in Europe and in Spain in particular. Part of this information is found in an annex with the listed findings of research on the registration procedures of foundations in different territorial scopes. This section closes with a comparative approach of registration in Europe and in Spain. (Chapter 4). Thirdly, an analysis of a proposal was presented. This proposal was at present a draft that looks ahead but it won't be accepted to take a step forward in a future for the foundations. (Chapter 5)

Finally, as an overview of Part II, the preliminary conclusions about registry and transparency are provided.

## Chapter 3: Legislation and Initiatives in Foundations

As mentioned earlier, the number of *Social Economy (SE)* organizations has grown significantly over the past two decades. The relevance of these non profit entities, which carry out their work between the public and the private sector, is greater and greater. This is so to the extent that at present their promotion and development is also part of the European Union strategy.

This study focuses on registration in foundations and the heterogeneous nature of it. This scarce homogeneity leads to the consequent lack of transparency and accountability of these organizations. Society is increasingly concerned about this problem because this specific type of non-profit entities has boosted in the last decade in Europe, and there is a recognised requirement for improvement. This research includes two aspects (i) the main initiatives related to transparency and accountability in this sector in Europe and in particular in Spain, and (ii) an overview of the European and Spanish laws that regulate the registration of foundations.

There are different international initiatives in relation to good governance, accountability and transparency. In spite of all these initiatives carried out in Europe, according to Bonbright (2007), the level of confidence in NPEs tends to slightly decrease in developing countries. This has been so since the occurrence of illegal and corrupt practices. However, these organizations continue being leaders within the sector (48% in 2001 and 45% in 2005). In fact, it was in 2007 when for the first time in the history of NPEs, these entities were placed in third position (with 50% votes of confidence), after business entities (60%) and the media (53%).

### ***3.1. Legislation of Foundations***

For many years no modifications had been introduced in the legislation of foundations, but recently there has been a growing movement in order to reach a common framework of action for all the SE sector and in particular for foundations, because these are non-profit entities that have increased in the last decade and they have a greater impact on society.

Some proposals of this process of harmonizing and developing the legislation of foundations are: the proposal of a European Foundation Statue, which was presented in 2012, and the Draft of the Spanish Foundational Law, which was created two years later.

Law 21/2014, a foundations' law whose main purpose is clearly linked to transparency, came into force in July 2015. This strongly indicates that these days in this sector the degree of transparency in foundations is more and more relevant.

Table 3.1. Legislation of Foundations

Initiative	Example
<p>Legislation: a common framework of action for all the SE sector, and in particular for foundations, is to be established</p>	<ul style="list-style-type: none"> <li>• European Foundation Statute. 8 February 2012. COM (2012) 35 final. With drawal of Commision Proporsals (2015/6 80/08)</li> <li>• Spain-Law 50/2002 of Foundations, article 25: obligations in strictly financial accounts: journal, book inventories, annual accounts, balance sheet, income statement and notes), and article 27(in addition to the accounting documents, it provided for the development of an action plan which reflected the objectives and activities expected to develop during the following year.</li> <li>• Spain-Law 49/2002 fiscal regime: non-profit entities shall prepare annually a "financial report specifying the income and expenditure for the year so they can be identified by category and projects as well as the percentage of ownership in commercial entities that maintain".</li> <li>• Spain-Law 05/2011. The object of the Act is to establish a common legal framework for all SE entities.</li> <li>• Spain-Draft of Foundational Law, 29 August 2014: The Ministry of Justice published the Draft. (Chapter 5)</li> <li>• Spain-Law 21/2014, 29 December: board of trustees of foundations and verification activities of the associations declared of public utility</li> </ul>

Source: Adapted from Warren and Lloyd (2009), Rey and Martin (2011) and own elaboration.

- **European Foundation Statute. 8 February 2012. COM (2012) 35 final**, proposed a new European legal framework intended to facilitate foundations' establishment and operation in their own singular market. This proposal, which was withdrawn on 7/03/2015 (2015/6 80/08)<sup>6</sup>, should have allowed foundations to more efficiently channel private funds to public benefit purposes on a cross-border basis in the EU, which should in its turn have had a positive impact on European citizens' public good and the EU economy as a whole.

- **Spain-Law 50/2002 of Foundations, article 25, *Accounting, audits***

<sup>6</sup> [http://eur-lex.europa.eu/procedure/EN/2012\\_22](http://eur-lex.europa.eu/procedure/EN/2012_22)

*and business plan* makes Spanish Foundations keep orderly accounting that is appropriate to their activity, one that permits the transactions carried out to be tracked chronologically. The presentation of annual accounts must reflect the fair view of the foundation.

- **Spain-Law 49/2002 of 23 December 2002**, which introduced the new tax regime for non-profit organizations (NPOs), entered into force on 25 December 2002. The new regime abolished Law 30/1994 of 24 November 1994 and has generally applied from 1 January 2003.
- **Spain-Law 5/2011 of 29 March on Social Economy**, without trying to replace current legislation of each of the entities making up the sector, its basic goal is to set a legal framework: (i) involving recognition and better visibility of SE, (ii) giving greater legal security through the actions of definition of SE and (iii) establishing the principles of the different SE entities. Based on these principles, this law aims to encourage and develop the work of all SE organizations and companies as a task of general interest.
- **Draft of Foundational Law** as indicated in table 3.1., is explained in Chapter 5 and **Spain-Law 21/2014**, in Part III.

### ***3.2. Main Organizations Representatives of Foundations***

Since 1989 foundations have counted on the collaboration of organizations that serve as a reference point and act as a baseline. They operate at European and Spanish level, and some offer foundations the chance to become members. This hand in hand engagement with these committed teams will guarantee co-operation and support.

Table 3.2. Main Organizations of Foundations

Initiative	Example
Main Organizations: listing of the most outstanding organizations	<ul style="list-style-type: none"> <li>• The European Economic and Social Committee (EESC)</li> <li>• Social Economy Europe.</li> <li>• European Foundation Centre (EFC)</li> <li>• DAFNE Donors and Foundations Networks in Europe</li> <li>• <i>“Consejo para el Fomento de la Economía Social”</i>. (<i>“Art. 9 de la Ley 5/2011, de 29 de marzo, de economía social”</i>)</li> <li>• <i>“Confederación Empresarial Española de Economía Social” (CEPES)</i></li> <li>• <i>“Asociación Española de Fundaciones” (AEF)</i></li> <li>• <i>“Taula d’Entitats Tercer Sector Social a Catalunya”</i></li> <li>• <i>“Coordinadora Catalana de Fundaciones”</i></li> </ul>

Source: Adapted from Warren and Lloyd (2009), Rey and Martin (2011) and own elaboration.

The table presents these main organizations of foundations. Listed in the top of the table are the European examples, then the layout proceeds to display the main national societies in Spain and finally the organizations in the area of Catalonia close this section.

- **European Economic and Social Committee (EESC)** is a consultative body of the European Union whose main concern is the contribution to the European integration and to the promotion of the values on which this integration is founded and advancing. In order to achieve this objective they: (i) give the opportunity to civil society organisations from the Member States to express their points of view, (ii) promote the development of a more participatory European Union which listens to popular opinion, (iii) represent, inform, express the views and secure dialogue with civil society and (iv) assist the European Parliament, Council and European Commis-

sion. <http://www.eesc.europa.eu/?i=portal.en.the-committee>.

- **Social Economy Europe** is an organization which includes all NPEs, cooperatives, mutual societies, non-profit associations, foundations and social enterprises in Europe. It promotes the integration of the SE model into the EU policies and programmes. To this aim, they (i) provide a wide range of products and services across Europe, (ii) generate millions of quality jobs, (iii) launch initiatives and official documents that recognise the importance of SE, (iv) maximise social inclusion, (v) promote entrepreneurship, and (vi) provide incentives to motivate access to social services, social and environmental innovation and social cohesion. [www.socialeconomy.eu.org](http://www.socialeconomy.eu.org).
- **European Foundation Centre** it is the institutional association for European foundations. It has many activities areas, including health, education, employment, environment, the arts, culture and human rights. They have a large number of members from across Europe and worldwide that makes an impact at community, city, regional, national and international level. In their work they: (i) foster positive social change globally, (ii) release publications on philanthropy, the management of foundations and the areas they are involved in and support and (iii) discover examples of the good work foundations are doing. [www.efc.be/about/at-a-glance/](http://www.efc.be/about/at-a-glance/)
- **DAFNE Donors and Foundations Networks in Europe** is a network with its own governance structure of 25 donors and over 7,500 foundations from across Europe, which serve public benefit foundation and other grant makers at national level. DAFNE supports the individual activities of its members by encouraging collaboration in the exchange of national experiences and best practices. They provide a platform for exchange of knowledge that often leads to the development of joint projects and programmes. DAFNE provides a collective voice for Foundations supporting the



representative role that Associations play at national level. DAFNE works with two main strategic partners EFC and WINGS to strengthen the voice and representation of the philanthropic sector at European and global levels. <http://www.dafne-online.eu/Pages/About.aspx>

At Spanish level:

- ***Consejo para el Fomento de la Economía Social. (Council for the Promotion of Social Economy)*** is a consultative and advisory body for activities related to SE, which was developed by Royal Decree 219/2001 of 2 March, on the organization and functioning Council. The Council, therefore, is configured as the institution that provides the visibility set of entities of SE.
- **CEPES Confederación Empresarial Española de Economía Social (Spanish Business Confederation of Social Economy)** is a national multisectoral confederation representing the interests of cooperatives, worker-owned societies, mutual benefit societies, insertion companies, special employment centres, Fishermen´ Guilds and Disability Associations. All these entities are national or regional confederations and specific business groups with more than 200 support structures.  
  
CEPES provides a platform for institutional dialogues with the government. It compiles existing economic actions under the SE model. CEPES works only as spokesperson by integrating and organising all the confederated structures. [www.cep.es](http://www.cep.es)
- **AEF Asociación Española de Fundaciones (Spanish Association of Foundations)** is a private Spanish association of public interest that brings together foundations from all geographical areas and disciplines. It is created as the result of the merging of two national associations of foundations: the Foundation Centre and the Spanish

Confederation of Foundations. With the experience of these two entities, the Spanish Association of Foundations was constituted with the aims of (i) offering more and better services, (ii) contributing to a clear identification and a stronger influence of foundations, and (iii) acting as representative of the foundational world. [www.fundaciones.org](http://www.fundaciones.org)

At Catalan level:

- ***Taula Tercer Sector (Third Sector Table)*** the institution that represents most of the main non-profit social organizations of the third sector in Catalonia. It encloses nearly 3,000 entities. Table Third Sector has the aims of (i) raising awareness of the sustained daily effort third sector entities make to aid people in situations of social vulnerability (ii) moving towards a society with less poverty and less inequality, (iii) extending welfare to disadvantaged social groups and (iv) representing the sector to the government, the media and other institutions and social agents. [www.tercersector.cat/qui-som/presentacio](http://www.tercersector.cat/qui-som/presentacio).
- ***Coordinadora Catalana de Fundacions (Catalan Foundations Co-ordinator)*** is an association of foundations, with a network of more than 500 Catalan foundations, which belong to many areas: social services, hospitals, culture, education and research. Its objectives are (i) to provide tools to associated foundations for reflection (ii) to encourage collaboration among foundations and (iii) to voice and represent the Catalan foundational world to defend and strengthen the network of Catalan foundations. [www.ccfundacions.cat/la-coordinadora-catalana-de-fundacions](http://www.ccfundacions.cat/la-coordinadora-catalana-de-fundacions)

### 3.3. Codes of Conduct and Ethics for Foundations

Different initiatives at international and European level help foundations by offering guidelines, advising on standards and teaching good practices on transparency, accountability and effectiveness.

This set of formal and informal recommendations supports these entities by shedding light on how to display foundations' ethical and responsible attitudes, which will contribute to an image of honesty and reliability. Subsequently, this will make stakeholders pleased with the entity.

Table 3.3. Foundations' Codes of Conduct and Ethics

Initiative	Example
Codes of conduct and ethics: their objective is to offer a set of norms and criteria about certain types of behaviour	<ul style="list-style-type: none"> <li>• European Foundation Centre (EFC) Principles of Good Practice</li> <li>• Accountable previously named Internacional Non-Governmental Organizacions (INGO) Accountability Charter</li> <li>• International Committee of Fundraising Organizations' International Standards.</li> <li>• Australian Council for International Development (ACFID) Code of Conduct.</li> <li>• Open Forum for CSO Development Effectiveness.</li> </ul>

Source: Adapted from Warren and Lloyd (2009), Rey and Martin (2011) and own elaboration.

- **European Foundation Centre (EFC) Principles of Good Practice** represents a shared vision of good practices and it constitutes a general recommendation to reinforce exemplary behaviour, openness and transparency in the European foundation community. These entities are encouraged to respect the spirit in which these principles are drafted and to use them as guidelines. [www.globalhand.org/en/browse/guidelines/7/global\\_issues/document/26805](http://www.globalhand.org/en/browse/guidelines/7/global_issues/document/26805)

- **Accountable previously named Internacional Non-Governmental Organizacions (INGO) Accountability Charter** is a commitment of international NGOs to a high standard of transparency, accountability and effectiveness. This organization provides a global, fully comprehensive and cross-sectoral accountability framework for NGOs driven by NGOs. [www.ingoaccountabilitycharter.org](http://www.ingoaccountabilitycharter.org)
- **International Committee of Fundraising Organizations' International Standards** works with donors' trust. Although most charities are honest and reliable, there are a few which misuse donors' trust by directing money to activities other than those for which the foundation was raised. Others even deny donors access to information about their financial activities. This is where ICFO can help by offering standards that increase and enhance donors' trust. <https://www.icfo.org/>
- **Australian Council for International Development (ACFID)** unites Australia's non-government aid and international development organizations to strengthen their collective impact against poverty and provides leadership. [www.acfid.asn.au/about-acfid/what-is-acfid](http://www.acfid.asn.au/about-acfid/what-is-acfid)
- **Open Forum for CSO Development Effectiveness** it brings together civil society organisations from around the world to discuss the issues and challenges of their effectiveness as development actors. Through an Open Forum format, civil society has developed the International Framework for CSO. [cso-effectiveness.org/about,001?lang=en](http://cso-effectiveness.org/about,001?lang=en).

### 3.4. *Certifications for Foundations*

There are some entities of renowned prestige at international level that provide compliance standards and codes for foundations. Foundations that meet minimum rating criteria and satisfy certain operational requirements can be certified.

Documents issued by such entities outline ethical principles that must be accepted and promoted by non-profit entities. Examples and explanations of good practices are also provided to ensure and strengthen public confidence in the integrity, quality and effectiveness of foundations.

Table 3.4. Certifications for Foundations

Initiative	Example
Certificates: their aim is to certify that foundations comply with certain standards	<ul style="list-style-type: none"> <li>• Interaction Private Voluntary Organization (PVO) Standards</li> <li>• Canadian Council for International Cooperation (CCIC) Code of Ethics</li> <li>• Peer Certification Non Governmental Organization Good Practice Project.</li> </ul>

Source: Adapted from Warren and Lloyd (2009), Rey and Martin (2011) and own elaboration.

- **InterAction's PVO Standards** defines the financial, operational and ethical code of conduct. These standards of transparency and accountability are self-applied and objective standards. At the end of every other year, each InterAction member is asked to review the standards and rectify compliance. InterAction is the largest alliance of US, based on international NGOs. [www.interaction.org/document/interaction-pvo-standards](http://www.interaction.org/document/interaction-pvo-standards)
- **Canadian Council for International Co-operation** has been one of the first networks of civil society organizations in the world to adopt

a code of ethics that include a collective statement of “Principles of Development” and a “Code of Conduct” known as the Code of Ethics and Operational Standards, which clearly outlines the ethical principles that CCIC and its members must accept and promote. The principles found in this living document are a set of operational standards, which includes a compliance procedure and guided practices. A guidance document, explanations and examples of good practice are provided. [www.ccic.ca/about/ethics\\_e.php](http://www.ccic.ca/about/ethics_e.php)

- **The NGO Good Practice Project (NGO GPP) and the Voluntary Certification System (VCS)** aims to professionalize the NGO sector in Cambodia. It works in partnership with donor agencies, funding partners, the NGO community and other stakeholders to promote good practice in organizational functioning and service delivery. Interested NGOs submit their key documents for a desk review and undergo a field check to assess compliance with the Minimum Standards. The Certification is valid for three years. In the interim period, all certified NGOs submit annual and audit reports and other key policy documents. <http://www.ccc-cambodia.org/downloads/gpp/Report%20of%20Field%20Follow%20up.pdf>.

### ***3.5. Evaluation entities for Foundations***

There are entities that play an important role in raising awareness of different aspects related to SE. They evaluate foundations and provide information to contribute to the public understanding of foundations’ values, regarding their operations beyond monetary level. They offer guidelines on research, and projects of humanitarian nature, distinguishing one entity from another so that donors choice is made easier.

Table 3.5. Information Services for Foundations

Initiative	Example
Information services: their purpose is to provide the public opinion with information about different aspects of the entities.	<ul style="list-style-type: none"> <li>• Better Business Bureau (BBB) Wise Giving Alliance.</li> <li>• Guidestar and its report on <i>The State of Nonprofit Transparency 2008</i>.</li> <li>• The Active Learning Network for Accountability and Performance in Humanitarian Action Project (ALNAP).</li> <li>• Foundations research and mapping Project (FOREMAP).</li> </ul>

Source: Adapted from Warren and Lloyd (2009), Rey and Martin (2011) and own elaboration.

- The **BBB Wise Giving Alliance** helps donors make decisions by giving them the necessary information and it promotes high standards of conduct among organizations in the USA and Canada that solicit contributions from the public. It produces reports about national charities, based on 20 standards they assign and describe as standard met, not met or unable to verify. Evaluations are done without charge to the charity and are posted for free public access on [give.org](http://give.org). BBB WGA reports on about 1,300 nationally soliciting charities that the public has most often asked about as well as charities that request to be evaluated. National charities that are found to meet all BBB Charity Standards have the option of signing a license and paying a fee for the use of a BBB Accredited Charity Seal that can be displayed on their websites and in their fund raising materials. [www.give.org/about-bbb-wga/more-about-us](http://www.give.org/about-bbb-wga/more-about-us)
- **Guidestar** is a source of information about different aspects of U.S. non-profits: mission, legitimacy, impact, reputation, finance, transparency and governance Their aim is to provide people and organizations with comprehensive, accurate, and timely information

on the programs of non-profits. Through this work they create a more transparent non-profit sector. [www.guidestar.org](http://www.guidestar.org)

- **ALNAP, The Active Learning Network for Accountability and Performance in Humanitarian Action** is an organisation that provides a forum on learning, accountability and performance issues for the humanitarian sector, in which there are more and more demands for increased professionalization. Consequently, several initiatives have been developed to improve the performance of this sector. These include The Code of Conduct for The International Red Cross and Red Crescent Movement and NGOs in Disaster Relief, the Sphere Project, the Humanitarian Ombudsman Project and People In Aid. [www.alnap.org/who-we-are/our-role](http://www.alnap.org/who-we-are/our-role)
- **FOREMAP** is one of the most outstanding initiatives. It developed a mapping methodology and tools to document foundations' support for research to enable the collection of comparable data across countries for a European wide picture of their activity. In every European country foundations are supporting research. Yet, not much is known or understood of their contribution, which could be of increasing strategic importance. Therefore, it is crucial to seek answers to better understand foundations' added value at national and European level and for different types of organisations (universities, foundations, research institutes etc.). The methodology was developed by the European Foundation Centre (EFC), and with guidance and input from a scientific advisory committee (SAC). [cordis.europa.eu/result/rcn/45325\\_en.html](http://cordis.europa.eu/result/rcn/45325_en.html)



### 3.6. Working Groups of Foundations

This section lists four of the working groups whose target is to boost certain procedures and to share knowledge. They are especially outstanding for their debate and exploration of ways of developing foundations more efficiently both at international and European level. By doing so, these groups are also contributing to the larger goal of improved transparency and accountability in the non-profit sector as a whole.

Table 3.6. Foundations' Working Groups

Initiative	Example
Working groups: their target is to boost certain procedures and to share knowledge	<ul style="list-style-type: none"> <li>• Open Forum for civil society organisations (CSOs) Development Effectiveness</li> <li>• British Overseas NGOs for Development (BOND) Quality Standards Group.</li> <li>• Central and Eastern European Working Group on Non-profit Governance.</li> </ul>

Source: Adapted from Warren and Lloyd (2009), Rey and Martin (2011) and own elaboration.

- **Open Forum** brings together CSOs from around the world to discuss the issues and challenges of their effectiveness as development actors. Through the Open Forum process, civil society has developed the International Framework for CSO Development Effectiveness. The Open Forum is accessible to all interested CSOs worldwide, including NGOs, church-related organisations, trade unions, social movements and grassroots organisations. <http://cso-effectiveness.org/histoire-du-processus,017?lang=en>.
- **British Overseas NGOs for Development (BOND) Quality Standards Group** is the UK membership body for organisations working in international development or supporting those that do through funding, research, training and other services. Established in

1993 on the initiative of 61 NGOs working in international development, they have over 440 members ranging from large agencies with a world-wide presence to smaller, specialist organisations working in certain regions or with specific groups of people. [www.bond.org.uk/about-us](http://www.bond.org.uk/about-us).

- **Central and Eastern European Working Group on Nonprofit Governance** explores challenges facing non-profit boards in central and eastern European countries. NGOs in these areas work in an unusual environment, which is a consequence of their communist past and the difficult political, social, and economic transitions of recent years. These countries have different needs and circumstances and although common ground is not always easy to find, it is important to strengthen this sector in this part of the world by providing NGOs with a consistent, locally responsive framework for more efficient governance.

[http://wikiciv.org.rs/images/6/60/PRIRUCNIK\\_ZA\\_UPRAVLJANJE\\_U\\_NVO.pdf](http://wikiciv.org.rs/images/6/60/PRIRUCNIK_ZA_UPRAVLJANJE_U_NVO.pdf)

### ***3.7. Self-Assessment Tools for Foundations***

The two initiatives below illustrate projects with the function of evaluating the performance of non-profit organizations. They provide foundations with a set of tools, training module and consultancy services that will enable self-assessment. This process of judging one's own quality and progress will lead to the identification of key capacity gaps constraining the ability to provide timely, effective, high quality preparedness and response to emergencies.

Table 3.7. Agreed Self-Assessment Tools of Foundations

Initiative	Example
Self-assessment tools: their function is to evaluate the performance of the organizations	<ul style="list-style-type: none"> <li>• Groupe <i>urgence réhabilitation développement</i> (URD) Quality COMPAS</li> <li>• Emergency Capacity Building Project Impact Measurement and Accountability in Emergencies: The good Enough Guide (ECB)</li> </ul>

Source: Adapted from Warren and Lloyd (2009), Rey and Martin (2011) and own elaboration.

- Quality **COMPAS** is a quality assurance method. The COMPAS Method is a Quality Assurance method designed specifically for humanitarian aid. It can be used for two purposes – project management and project evaluation – and its overall objective is to continuously improve the quality of services provided to crisis-affected populations. Adopting a quality assurance approach for project management and project evaluation also aims to strengthen NGO credibility and build public confidence, in the eyes of beneficiaries, institutional donors and the general public alike. It is not enough for NGOs simply to declare that they are “responsible” and “accountable”: they must prove it. The Quality COMPAS helps NGOs to lay the foundations for public confidence, by consolidating institutional responsibility and accountability. Public. This method is aimed at humanitarian actors, and in particular “anyone involved in the project cycle”, from the initial investigation right up to the final evaluation (including volunteers in the field, management staff at headquarters, and external and internal evaluators). The Quality COMPAS is specifically aimed at field staff. However, using the Quality COMPAS implies making certain strategic decisions and this institutional change must be embraced at the highest levels of an organisation. which comes. [www.compasqualite.org/en/index/index.php](http://www.compasqualite.org/en/index/index.php)

- **ECB** is a project that started in 2004 when emergency directors from seven agencies: CARE International, Catholic Relief Services, International Rescue Committee, Mercy Corps, Oxfam GB, Save the Children and World Vision International met to discuss the most persistent challenges in humanitarian aid delivery. Their professional events and meetings are concerned about the improvement of the speed and quality and about the effectiveness of the humanitarian community to save lives, improve welfare and protect the rights of people in emergency situations. This project focuses on the following areas: staff capacity, accountability, impact measurement and disaster risk reduction. [www.ecbproject.org/about.aspx](http://www.ecbproject.org/about.aspx)

### ***3.8. Reporting Tools of Foundations***

Due to the recent growth of SE, GRI created a sector supplement which is a reporting system developed to be applicable and useful to any NGO which wishes to improve its accountability and transparency.

Along this same line, the international non-profit institute AccountAbility promotes the use of social and ethical accountability tools.

Table 3.8. Foundations' Reporting Tools

Initiative	Example
Reporting tools: foundations present regular information to decision-makers	<ul style="list-style-type: none"> <li>• Global Reporting Initiative (GRI) G3 Non governmental Organizations (NGO) Sector Supplement</li> <li>• AccountAbility</li> </ul>

Source: Adapted from Warren and Lloyd (2009), Rey and Martin (2011) and own elaboration.

- **GRI NGO Sector Supplement** This sector supplement is addressed to federations, associations, foundations, coalitions and networks.

NGOs may be large or small, raising funds from public and private sources for their own or partner activities. It provides these organizations with information about the sustainability development at organizational level, specially as far as accountability is concerned, because this is a stronger and stronger demand from present civil society. [www.globalreporting.org/resourcelibrary/G3-English-NGO-Sector-Supplement.pdf](http://www.globalreporting.org/resourcelibrary/G3-English-NGO-Sector-Supplement.pdf)

- **AccountAbility** is an international non-profit institute that helps non-profit organizations to be at the forefront and stay ahead of fast emerging and evolving tendencies. They encourage insights to anticipate opportunities and threats. They promote social and ethical accountability by developing innovative and effective accountability tools and standards, by inciting avant-garde research. The areas they deal with are the following: organizational accountability, responsible competitiveness, collaborative governance and civil society participation. [www.accountability.org.uk](http://www.accountability.org.uk)

### ***3.9. Awards of Foundations***

Some foundations of different nature have been acknowledged for their mission, for their kind of beneficiaries or for the place where they operate in, which can be a social risk area. Examples of these awarded entities include foundations that fight against the causes of stereotyping and discriminating, or that create conditions for higher standards of living and dignified existence.

Table 3.9. Foundations' Awards

Initiative	Example
Awards: acknowledgement and recognition of the organizations in some areas of action	<ul style="list-style-type: none"> <li>• Annual Report Awards of the Romanian Donors' Forum</li> <li>• India NGO Award</li> <li>• Third Sector Award (UK)</li> </ul>

Source: Adapted from Warren and Lloyd (2009), Rey and Martin (2011) and own elaboration.

- **Annual Report Awards of the Romanian Donors' Forum** one of the most outstanding organizations to have received this award is Ruhama Foundation ([www.ruhama.ro](http://www.ruhama.ro)). This entity has been given recognition for the excellent professional skills of the initial organizational team, and for the input of professionals and dedicated associates. Volunteers in Ruhama Foundation help make this organization an institution praised for its activism at national and international level. ([www.forumldonatorilor.ro](http://www.forumldonatorilor.ro))
- **India NGO Awards** annually recognise three examples of best practice and successful resource mobilisation of three organizations according to their budget level. The awards seek to promote good standards and practices in resource mobilisation, accountability and transparency. They create example and inspiration for other non-profit organisations and promote cross-regional learning. They promote the overall credibility of the non-profit sector for long term sustainability [www.resource-alliance.org/india-ngoawards](http://www.resource-alliance.org/india-ngoawards).
- **Third Sector Award (UK)** annually recognises organizations and social leaders who educationally and inspirationally give service to the community. This award encourages all UK registered charities, social enterprises, non-profits and campaigning groups. The award gives the opportunity to showcase these entities' achievements,

highlight the great work of their team and raise the profile of their cause. This award is drawn from nominations made by influential leaders within the sector. The award categories, among others, include: innovations, partnership and talent. [www.thirdsectorexcellenceawards.com/](http://www.thirdsectorexcellenceawards.com/).

Throughout chapter 3, the state of the art of legislation and national international initiatives in foundations has been presented. These initiatives work to improve all aspects of the foundational sector, and their aim is to ensure that the management of the everyday life of non-profit entities is more transparent and efficient. Their actions and plans include: legislation, codes of conduct and ethics, certifications, evaluation, working groups, self-assessment, reporting tools, awards and main organizations representatives of foundations.





# Chapter 4: Analysis of Registry of Foundations

This chapter is especially relevant because a foundation gets its legal personality only when it has been incorporated at the corresponding Foundations Registry. The research includes two parts: (i) the analysis of foundation registration in Europe and in particular in Spain, and (ii) an overview of the European and Spanish laws that regulate the registration of foundations.

## *4.1. Analysis of Registry of Foundations in Europe*

In the analysis of registry of foundations in Europe, 28 countries were studied, and in 92.8% of them foundations have to register in order to obtain legal personality.

The exact number of foundations in Europe and their specific purposes is unknown, because of the lack of European homogeneity in regards to registration and its public availability. There is a lot of heterogeneity in the 28 countries studied as 31 different kinds of register co-exist.

However, according to the EFC Country Profile January 2011 (EFC, 2011), the Netherlands is the country with more foundations. There are 163,000 but this number is not included in the calculation of the total number of foundations, because instead of a public purpose, in Holland foundations have a business one, since what they do is mostly provide services.

At European level, the social impact of foundations' activity becomes visible in a figure that constitutes around 311,600 employees and 231,600 volunteers, which means that out of about 9 employees in a foundation, 7 of those are volunteers. The amount of people in these human teams may vary depending on a number of factors such as the nature of the foundation.

The source used to carry out this analysis of 28 countries has been the database from the European Foundation Center [www.efc.com](http://www.efc.com). Although this is obviously a very reliable source of information, to achieve a high level of accuracy is difficult as one runs into serious limitations caused both by the heterogeneity of registers and by the non-uniform access to the data of the different kinds of register.

Table 4.1. Access to Registry Data

Access to data of the register	Number of countries
Open	25
Open upon Demand	1
Not Publicly Available	2

Source: Own elaboration.

#### ***4.1.1. Private versus Public Purpose***

The concept of economic activity is not exactly the same in the different countries of Europe, as foundations can have either a public or a private purpose.

When foundations have a private purpose, then the regulation of the country always imposes certain limitations on the kind of activities allowed.

The most common limitation in these different countries is the need for the economic activity to be related to the nature of the foundation and to provide support or help to it.

Public purpose foundations are more flexible and adapt to specific circumstances. When a social, economic, or environmental need arises and it is detected and identified, the state tries to provide solutions. This may sometimes result in the creation of a foundation.

### ***4.1.2. Commercial versus Non-Commercial Activities***

Two types of different foundations co-exist; on the one hand, the commercial ones, and on the other hand, the non-commercial ones. Both must specify in their statutes which their objectives are and this will reflect to which type they belong to.

Out of the 28 countries studied in this document, the only ones which distinguish between commercial and non-commercial foundations are the following 5 territories: Austria, Denmark, Malta, Norway and Portugal. The small number of countries (17%) that make this differentiation shows that this is not a general tendency that applies in Europe.

The case of Denmark is a specific case; there two kinds of Danish foundations: commercial and non-commercial. The first obtain legal personality when they register with the National Danish Companies Register (Erhvervs- og Selskabsstyrelsen) and the second have to be registered with the Regional Tax Authorities, but they do not have legal personality until they are registered.

Table 4.3, in section 4.1.3. presents the classification of these different countries in detail.

### ***4.1.3. Current Registration for Foundations in Europe***

This section analyses European countries, focussing on their kinds of foundation and their registration. Table 4.2. and 4.3. show the results of the 28 studied countries.

All the countries require registration except two: Czech Republic and Greece (see Table 4.2.).

The results are presented in two tables. Firstly, table 4.2. includes 23 countries in which there is not distinction between commercial or non-commercial status of foundations. Secondly, table 4.3. presents the results for the 5 countries that differentiate the registration for commercial and non-commercial foundations.

From table 4.2. it's relevant to mention that 21 of 23 listed countries have an open or publicly available register of foundations. Only France and Cyprus have a not publicly available register.

Table 4.2. Registers of Foundations in the European Countries

<b>Country</b>	<b>Type Register of Foundation</b>
<b>Belgium</b>	1. Banque Carrefour des Entreprises 2. Open
<b>Cyprus</b>	1. Council of Ministers 2. Not publicly available
<b>Czech Republic</b>	There is not a requirement to be registered
<b>Estonia</b>	1. The Register of Non-Profit Organizations and Foundations under the supervision of the Ministry of Justice 2. Open
<b>Finland</b>	1. Register of Finnish Foundations in the National Board of Patents and Registration in Finland (only foundations from 25,000€) 2. Open
<b>France</b>	1. Specific Association Register (only endowment funds) 2. Not publicly available
<b>Germany</b>	1. Register in each federal state (dependent on Landesrecht) 2. Open
<b>Greece</b>	There is not a requirement to be registered
<b>Ireland</b>	1. Charity Act 2009/39 2. Open on-line
<b>Italy</b>	1. Prefettura 2. Open
<b>Latvia</b>	1. State Register of Companies 2. Open
<b>Lithuania</b>	1. Legal Entities Register 2. Open
<b>Luxembourg</b>	1. Company Register (Registre de Commerce et des Sociétés) 2. Open
<b>Netherlands</b>	1. Register of Commerce (Handelsregister) 2. Open
<b>Poland</b>	1. Registry Court 2. Open
<b>Romania</b>	1. National Register of Associations and Foundations 2. Open
<b>Slovakia</b>	1. Ministry of Interior

	2.Open
<b>Spain</b>	1.Autonomous Community or Common Registration of Foundations <sup>7</sup> 2.Open
<b>Sweden</b>	1.Foundation Register (optional) 2.Open
<b>Switzerland</b>	1.Commercial Register (all foundations except for family and ecclesiastical ones) 2.Open
<b>Turkey</b>	1.General Directorate of Foundations (according to court's decision) 2.Open
<b>Ukraine</b>	1.Double register: NGO Register and Legal Entities and Individual Business Registration 2.Open
<b>United Kingdom</b>	1.Charity Commission (over 5,000 GBP) or HM Revenue and Customs 2.Open

*Source: Adapted from database in [www.efc.com](http://www.efc.com).*

In the five countries presented in table 4.3 registration of foundations is also mandatory, but it depends on the type of foundation, which can be either commercial or non-commercial. Accessibility to data is open in all cases with the exception of Portugal.

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<sup>7</sup> For further development of information see section 4 and section 6.2

Table 4.3. European Countries where two Registration of Foundations differentiate between commercial and non-commercial

Country	Type of Foundation	
	Commercial	Non-commercial
<b>Austria</b>	1. Company Register 2. Open	1. Ministry of Internal Affairs 2. Open upon demand
<b>Denmark</b>	1. Danish Companies Register 2. Open	1. Regional Tax Authority 2. Open (legal personality obtained when until established)
<b>Malta</b>	1. Register for Legal Persons 2. Open upon demand	1. Register for Legal Persons 2. Open
<b>Norway</b>	1. Triple register: Foundation Authority, Central Coordinating Register for Legal Entities and Register of Business Enterprise 2. Open	1. Double register: Foundation Authority and Central Coordinating Register for Legal Entities 2. Open
<b>Portugal</b>	1. Register of Private Social Welfare Institutions 2. Not publicly available	1. National Register of Legal Entities 2. Not publicly available

Source: Adapted from database in [www.efc.com](http://www.efc.com).

## ***4.2. Analysis of Registry of Foundations in Spain***

In June 2014 the *Asociación Española de Fundaciones* published a study entitled *The Foundational Sector in Spain: Fundamental Attributes 2008-2012* (AEF, 2014), which represents a step forward towards the knowledge of foundations in Spain.

At present with the available resources the information provided is still considered insufficient at a time when the role played by the third sector is more and more outstanding due to its influence on social and cultural needs not covered by the public sector or the market.

In fact, the work of foundations has a large value for the substantial savings for the public sector, as they considerably contribute to meeting the needs of a modern and developed society, thus sharing this task.

In the paragraphs below, Spanish foundations are statically analysed. First, the study illustrates the gradual process of change and development that these foundations have done through from their origins to present day. Secondly, private versus public benefit foundations are compared. However, in the particular case of Spain, like in most European countries, the differentiation between commercial and non-commercial does not apply (as seen in table 4.3.). Instead, the kind of registration depends on the legislation in each autonomous community. Thirdly, in Spain the geographical distribution of foundations is displayed. Finally, the concept of foundation *Foundation Commission* is presented.

INAEF <sup>8</sup> is the information source for the data given in Part III.

#### ***4.2.1. Gradual Process of Change and Development***

The review of the evolution of the Spanish foundational sector leads to the presentation of the state-of-the-art. Four milestone (1977, 1978, 1994 and 2002) that had an impact on this sector were chosen to explain the changes and development of foundations in Spain, from the origins in the mid-seventies to present situation.

The Spanish foundational sector has become a key social and economic development agent, as it is a more and more essential component of civil society initiatives. This growth has been a gradual institutionalization process which started in 1977 with the creation of the *Asociación de Directivos de Entidades no Lucrativas (ADENLE)*.

Nevertheless, the roots of these entities date back from a century-long

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<sup>8</sup> El sector fundacional español datos básicos (Rey, Álvarez: 2011)

experience of both secular and religious philanthropic organizations.

In 1978 AEF was set up, which meant the acknowledgment of foundations rights for general interest purposes. Eventually, thanks to the 1994<sup>9</sup> first foundation law and the 2002 law, which the current legislation follows, foundations have come to represent a majority proportion of the third sector also known as non-profit sector. However, in comparison to other European countries, Spanish tradition is quite young, 65 % of foundations are not over 15 years old yet.

As mentioned previously in Chapter 2, at Spanish level this sector has 200,000 entities of different types, it employs 2,000,000 workers, which constitutes 8.6 % of the labour force and it moves 87,000 million Euros, which would be equivalent to 10% of the GDP. Similarly, SE could be as significant as the sector of tourism, which reached 10.4% of the Spanish GDP in 2011. Foundations give work to 4.3% of the employees of the third sector. According to different studies by Observatorio Español de la Economía Social (2011) and Fundación Luis Vives (2011).

Regarding the evolution of different typologies of legal entities of this sector (cooperatives, mutualities, associations and foundations), in the last decade in Spain, foundations and associations have increased 6.97%. This percentage is nearly double than the percentage of profit entities, which grown 3.63% since 2000. It must be taken into account, though, that not all kinds of non-profit entities have widen their scope. This is the case of cooperatives, which since 2000 have annually decreased 0.29%.

The table below, table 4.4, shows the figures of active foundations in Spain.

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<sup>9</sup> Law 30/1994, 24 November about foundations and tax incentives – this law was abolished by law 50/2002, 26 December, this law is known as Foundation Law (FL), and also by law 49/2002, 23<sup>rd</sup> December



Table 4.4. Active Foundations' Figures

Year	2008	2009	2010 (P)	2011 (P)	2012 (A)
Registered Active Foundations 1	13.334	13.731	13.981	13.531	13.797
Effective Active Foundations 2	9.594	9.823	9.545	9.126	8.743
Active Foundation with employment 3	6.597	6.131	5.698	5.621	5.508

Source: AEF and National Ministry of Labour, Employment and Social Security. (P) Preliminary Estimate (A) In Progress

1 All foundations in action

2 Within registered active foundations, those that operate with their social objective

3 Within registered active foundations, only those that generate jobs

Figure 4.1. Registered Active Foundations

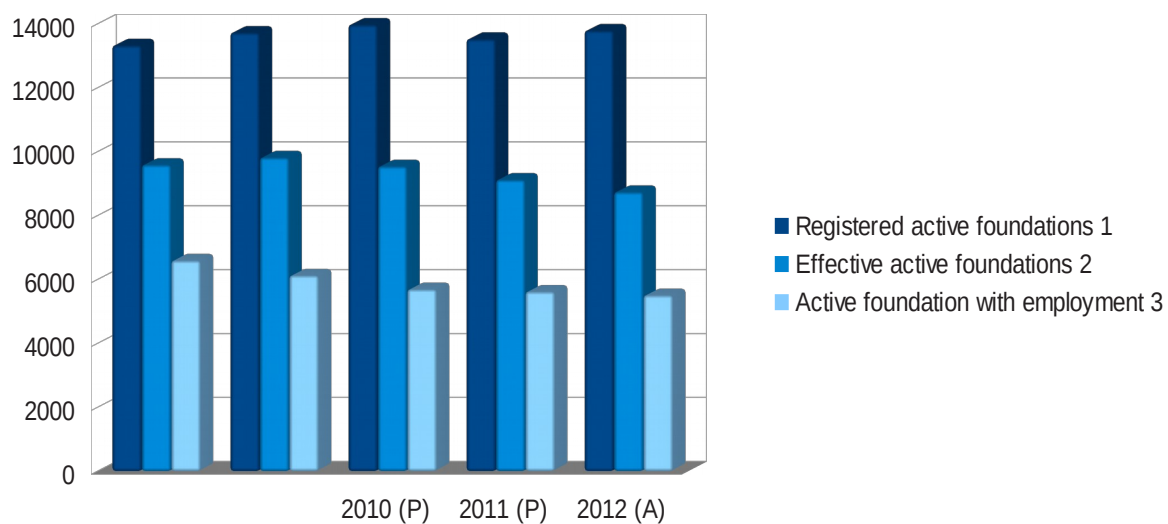


Figure 4.1. illustrates that less of 70% of registered active foundations operate with their social objective and less of 50% generate jobs.

#### **4.2.2. Private versus Public Purpose**

As far as the nature of foundations is concerned, like in Europe, in Spain there are two types: 27,3 % of public and 53,8% of private initiative. On the one hand, by public initiative it is meant that public administration or public sector entities participate largely both in donations and in the granting of the Board of Trustees vote right. On the other hand, in the case of private initiative, private sector entities and private people are the main donors and controllers of the granting of the Board of Trustees vote right.

Regarding the funding, 60% of all foundations receive public funds and 39% have some kind of relation with the autonomous communities.

At the stage of registration, a foundation will be considered either a private juridical person or a public juridical person, depending on its nature.

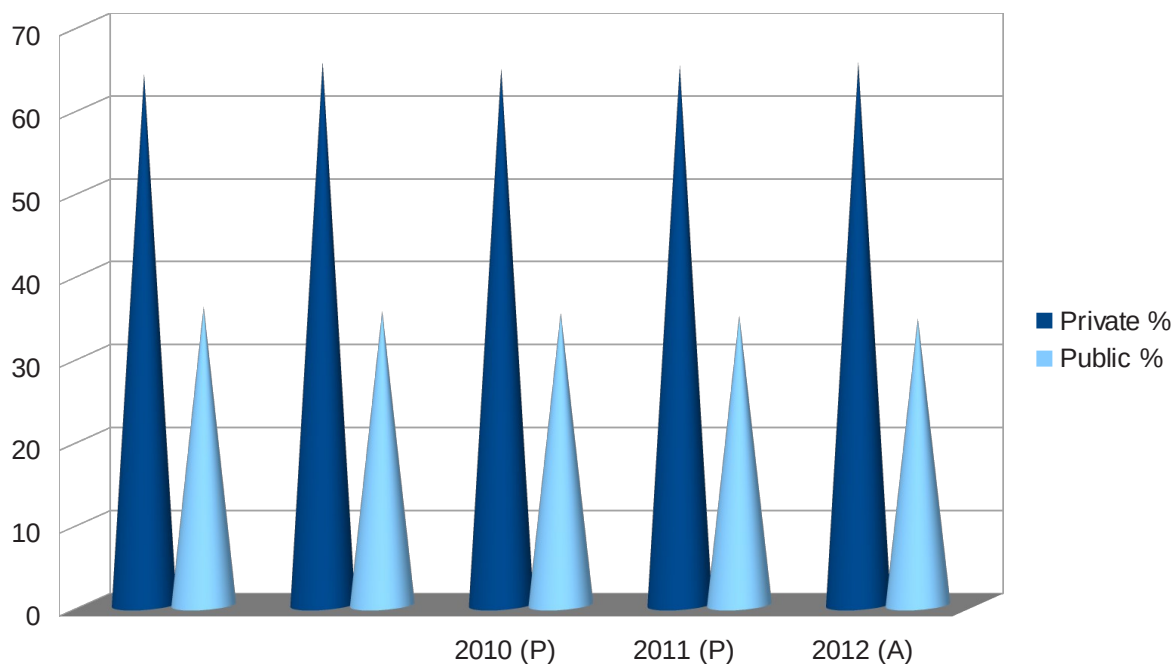
Table 4.5. Private versus Public Foundations

Year	Private %	Public %
2008	64,05	35,95
2009	65,56	35,44
2010 (P)	64,77	35,23
2011 (P)	65,10	34,90
2012 (A)	65,48	34,52

Source: Adapted from AEF database and own elaboration.(P) Preliminary Estimate (A) In Progress

Table 4.5 shows the percentage of private or public juridical foundations. It is noteworthy that around 65% are of a private sort while only around 35% are public.

Figure 4.2. Private versus Public Foundations



### 4.2.3. Geographical Distribution

The geographical distribution of foundations in Spain shows that they are mainly a high level of concentration in only two autonomous communities. Madrid and Catalonia have the 44,4% of the total of Spanish foundations.

The table below, Table 4.6, shows the total number of active effective foundations found in all autonomous communities in Spain from 2008 to 2012.

Table 4.6. Number Spanish of Foundations by Autonomous Communities

	2008		2009		2010(P)		2011(P)		2012(A)	
	Total	Number per 100,000 inhabitants	Total	Number per 100,000 inhabitants	Total	Number per 100,000 inhabitants	Total	Number per 100,000 inhabitants	Total	Number per 100,000 inhabitants
Madrid	2118	34	2225	35	2158	34	2143	34	2075	32
Cantabria	199	34	202	34	198	34	197	33	191	32
Navarre	202	33	209	33	215	34	215	34	201	31
Catalonia	2299	31	2325	31	2139	29	2141	29	2025	27
Castile y Leon	625	31	646	31	654	26	409	16	392	15
Aragon	306	23	322	24	375	28	378	28	361	27
Galicia	588	21	595	21	477	17	485	17	461	17
Basque Country	455	21	460	21	451	21	454	21	442	20
Balearic Islands	225	21	231	21	226	21	170	16	169	15
La Rioja	62	20	63	20	60	19	56	18	55	17
Asturias	188	17	195	18	187	17	190	18	182	17
Extremadura	154	14	160	14	161	15	160	14	155	14
Valencian Community	665	13	686	13	474	15	659	13	623	12
Andalusia	885	11	859	10	833	10	809	10	785	9
Canary Island	222	11	224	11	214	10	213	10	199	10
Murcia	145	10	153	11	158	11	160	11	155	11
Castile la Mancha	248	10	259	10	282	14	278	13	264	13
Ceuta y Melilla	9	6	9	6	9	6	10	6	9	6
Total/Average	9594	21	9823	21	9545	21	9126	20	8743	19

Source: Adapted from AEF database and own elaboration.(P) Preliminary Estimate (A) In Progress

#### ***4.2.4. Foundation Commission and Register***

In Spain, there is the supervisor named *foundation commission*<sup>10</sup>. A foundation commission can be defined as an administration authority at national or regional level whose function is to supervise the constitution and operation of foundations.

At present, 58 foundation commissions operate. There are two different types depending on the area of activity: 9 foundation commissions at national level run by the ministerial departments are in charge of the control of foundations and 49 foundation commissions at regional level.

The bottom of table 4.7. shows the distribution of foundations into regional and national foundation commission. The distribution is 70% of Spanish foundations have a foundation commission registry at regional level and only 30% at national level.

In the regional community of Catalonia there is only one foundation commission run by the Catalan government, *Generalitat de Catalunya*.

The Catalan is the regional foundation commission with the highest number of affiliated foundations, 20% of the total of Spain.

Table 4.7 presents 23 foundation commissions with the highest number of active effective foundations. Only 6 of them are at national level, while 17 are at regional level.

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<sup>10</sup> Foundation commission: is the translation «*protectorat*» since there is no specific word in English vocabulary.

Table 4.7. Number of Foundations in Autonomous Communities and Ministries

Foundation Comission / Registre	2008		2009		2010		2011		2012	
	N	%	N	%	N	%	N	%	N	%
Generalitat de Catalunya	1997	20,81	2000	20,36	1895	19,86	1851	20,29	1740	19,90
Ministerio Educación, Cultura y Deporte	909	9,47	979	9,97	1700	17,81	1771	19,41	1736	19,85
Ministerio de Sanidad, Servicios Sociales e Igualdad	834	8,70	885	9,01	923	9,67	796	8,72	780	8,93
Junta de Andalucía	659	6,87	634	6,46	641	6,72	613	6,72	566	6,48
Generalitat Valenciana	521	5,43	525	5,34	515	5,40	493	5,40	460	5,26
Comunidad Madrid	515	5,36	525	5,34	473	4,96	461	5,05	434	4,96
Junta Castilla y Leon	508	5,30	526	5,36	544	5,70	297	3,25	284	3,25
Xunta Galicia	438	4,57	442	4,50	387	4,06	388	4,25	370	4,23
Gobierno Vasco	408	4,25	410	4,18	409	4,29	408	4,47	398	4,55
Diputación General de Aragón	250	2,60	264	2,68	328	3,44	328	3,59	314	3,59
Gobierno de Castilla La Mancha	202	2,11	209	2,13	207	2,17	203	2,22	191	2,18
Gobierno Balear	201	2,09	205	2,09	207	2,17	143	1,57	140	1,60
Gobierno de Canarias	199	2,07	199	2,03	195	2,05	191	2,09	179	2,05
Gobierno Navarra	194	2,02	200	2,04	135	1,41	132	1,44	123	1,41
Gobierno Catnabria	167	1,74	169	1,72	173	1,81	167	1,83	160	1,83
Gobierno Principado de Asturias	142	1,48	147	1,49	141	1,48	140	1,54	135	1,54
Junta Extremadura	129	1,35	134	1,37	138	1,44	135	1,48	130	1,49
Región Murcia	104	1,09	109	1,11	116	1,22	119	1,30	113	1,30
Ministerio de Agricultura, Alimentación y Medio Ambiente	67	0,70	72	0,73	76	0,79	77	0,84	80	0,91
Ministerio de Empleo y	42	0,43	42	0,43	31	0,32	31	0,34	30	0,34

Seguridad Social										
Gobierno La Rioja	39	0,40	39	0,39	39	0,41	38	0,41	35	0,40
Ministerio Industria, Energia y Turismo	20	0,21	22	0,22	20	0,21	20	0,21	18	0,20
Ministerio Fomento	4	0,04	5	0,05	6	0,06	8	0,08	8	0,09
National	2642	27,53	2801	28,52	2851	29,87	2879	31,55	2814	32,18
Regional	6952	72,42	7022	71,48	6693	70,13	6247	68,45	5929	67,82

Source: Adapted from AEF database and own elaboration. (P) Preliminary Estimate (A) In Progress

### ***4.3. Comparison between Foundations' Registration in Europe and in Spain***

A brief comparison of registration in 28 different European countries has been made in previous sections. On the one hand, focusing on the differences and similarities regarding type of foundation, two distinctions have been made: commercial or non-commercial foundations and also those with a private or public purpose. And, on the other hand, taking into account the kind of registration, the distinction is between foundational registration with open or non available access to information. The register management is either a public or a private entity. Although at registration stage each country has its own particular features, in most aspects it will be seen that Spain is in line with the common European trend followed by most countries. The prevailing characteristics are:

- Not to differentiate between commercial and non-commercial foundations. In fact, 23 countries do so, while only 5 (Austria, Denmark, Malta, Norway and Portugal) distinguish between these two types of foundation.
- Not to differentiate between private and public purpose. Unlike Austria, Liechtenstein, Malta, Portugal, Ukraine and Germany (dependant on Landesrecht), 22 European countries do not make any distinction between private and public purpose.

- The requirement of to be registered in order to be able to operate. Only Czech and Greek foundations are exceptions to this condition.

However, as shown in tables 4.2. and 4.3, it is observed that each European country has their unique registration requirements. This great diversity is the reason why there is a need for a common law to unify register requirements with the application of shared and homogeneous criteria in terms of transparency, and objectivity. This will be further developed in chapter 5 (*A Proposal for a Common European Registration of Foundations*).

In the case of Spain, foundations can be registered either in the national register or in the regional one. In those cases when the option chosen is the national register, it is supervised by the corresponding ministry depending on the nature of the foundation activities.



# Chapter 5: Registration Perspectives for Foundations

Foundations are one of the legal forms that play a crucial role in social well-being entities. For this reason, there is a need for transparent registration of foundations. Unfortunately, so far there is a lack of homogeneity, as far as registration of such is concerned, at both European and national levels and the subsequent confusion that this creates emphasises the need for an adaptation of the legislation to the current demands.

Registration is of utmost importance, because, as seen in chapter 4 a foundation acquires its own legal personality only upon registration of the public deed at the corresponding Foundations Registry.

## *5.1. Legislation General Considerations in Europe*

Foundations in the European Union are an upward phenomenon, with an estimated total amount of 110,000 entities, a collective expenditure that oscillates between 83 and 150 thousand million Euros and a workforce of one million European workers<sup>11</sup>.

Foundations often operate in more than one Member State, because it is understood that in a global and interconnected world certain social needs cannot be faced exclusively within national boundaries.

The above described volume and significance of this legal form of entity in Europe led the EC to carry out a study of the viability (Institute Max Planck, 2007) of a European Foundations Statute (EFS). The cross-border difficulties were analysed in this study. Two years later, to continue with their objective, a public consultation on the issue was launched. In 2011 the

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<sup>11</sup> [www.efc.be](http://www.efc.be)

EC advanced and stated that the EFS could contribute to the financing of innovative initiatives of general interest.

In the European foundations are currently regulated by more than 50 different laws, together with complex administrative procedures that must be followed when they operate outside their national territory. Due to the complexity that this situation generates, the day to day management of these entities at international level is discouraged and sometimes initiatives are consequently not put forward.

The solution to this problem could be a common regulatory framework that would make activities easier for those foundations active in more than one European country.

### ***5.1.1. A Proposal for a Common European Registration of Foundations***

On 8 February 2012 the European Commission launched a proposal for the regulation on a EFS. This proposal is known as *law COM (2012) 35 final*, which was removed by the European Parliament, would have only concerned foundations active in more than one country. Although this initiative did not consolidate, it would have meant a step forward; that is why the modifications in the European foundational sector that this proposal would have introduced are regarded as significant and consequently it has been considered of high interest in this section to deal with the main reasons, the articles about foundation registration, and the most relevant aspects of this project.

#### ***a) Reasons for the Proposal COM (2012) 35 final.***

The AEF (Association European Foundation) welcomed the long awaited presentation of the initiative of the Proposal law COM (2012) 35 final, with a positive evaluation for the following reasons:

- It was the most effective proposal to encourage the work of foundations in a European context.

- It represented improvement of the legal framework of foundations in Europe.
- It reduced legal and administration barriers.
- It enhanced transparency.

This proposal should have helped foundations to take a step forward, and make progress in terms of transparency, which would have offered a fair view of these entities.

For this proposal to be approved, the general consensus of the European Council would have been necessary.

***b) Registration Articles in COM (2012) 35 Final.***

Law COM (2012) 35 final had nine chapters. For the purpose of this study, specifically (articles 21-26) section 3 in chapter II (page. 23) have been examined in depth, since it was the section devoted to registration

- **Art 21 Registration** stated that European Foundations (FE)<sup>12</sup> had to be registered in one Member State. There were two possible situations: a) foundations that operated in one Member State only; in this case the foundation must have been registered in the country in which it operated and b) foundations that operated in more than one Member State; in this case this entity must have been registered in the Member State where the converted entity had originally been legally established.
- **Art 22 Registry** added that each State Member had to designate a registry, that had the responsibility to store information about FEs. This registry had to notify EC this information on 31 March each year. On December 31 the registration process ought to have been updated and finalized.
- **Art 23 Registration's Formalities** specified the details about the documents and particulars (peculiarities in each country) that should have accompanied the applications for registrations.
- **Art 24 Changes to Documents and Particulars Submitted for Registration** explained that any change to the documents presented

<sup>12</sup> [ec.europa.eu/internal\\_market/.../proposal\\_en.pdf](http://ec.europa.eu/internal_market/.../proposal_en.pdf)

according to art.23 should have been notified within 14 calendar days of the day on which the change had taken place.

- **Art 25 Name of the FE** established the legal requirement that the name of any foundation was followed by the abbreviation FE. *“However, entities the names of which contain ‘FE’ or are followed by the abbreviation ‘FE’ and were registered in a Member State before the date of entry into force of this Regulation shall not be required to alter their names or that abbreviation”.*
- **Art 26** dealt with the **Liability** for acts undertaken before the registration of the FE.

**c) Significant Aspects in COM (2012) 35 Final.**

The abbreviation FE after the name of the foundation, mentioned in the above section, would have identified those European foundations operating in more than one European Member State, ensuring that these entities met the necessary requirements to be considered a European foundation.

*The main features of the FE were:*

*c.1) the FE would be an entity with a public benefit purpose with legal personality and full legal capacity in all the Member States of the EU; it has a cross-border dimension in terms of activities or a statutory objective of carrying out activities in at least two Member States; with founding assets equivalent to at least 25,000 €. The FE is allowed to engage in economic activities as long as the profit was used in pursuance of its public benefit purpose(s), in accordance with the Regulation. An exhaustive list of the public benefit purposes accepted under civil and tax laws in most Member States was provided for reasons of legal certainty. (COM, (2012) 35 final, page. 6).*

c.2) In this law the most important aspects regarding the FE abbreviation were:

- FE would have been a unique European legal abbreviation, common to all the Member States. The FE abbreviation could co-exist with national foundation names, as the same foundation could have two endings to its name, one at national level in the country of origin, and the same name followed by the FE abbreviation to operate in other State Members. However, if wished, the name followed by FE could have been used in all cases.
- An FE had a social or public purpose and it would have been operative in at least two Member States. To be established, its assets had to be of a minimum of 25,000 €. An FE could be started by a natural or legal person.
- FEs would have the same tax treatment as any other national foundation, and the tax treatment applicable to their donors would depend on the legislation of the donors' Member State of residence.

c.3) The advantages of the FE abbreviation would have been the existence of a European brand-name recognition, reduction of legal and administration barriers and tax treatment equality.

## ***5.2. Legislation General Considerations in Spain***

Foundations play an important role in Spanish society and there are different laws that regulate them. These laws are (i) art. 34 in the Spanish Constitution, (ii) law 30/1994, 24 November about foundations and tax incentives – this law was abolished by law 50/2002, 26 December, this law is known as Foundation Law (FL), and also by law 49/2002, 23<sup>rd</sup> December, (iii) Royal Decree 1337/2005, 11 November, this decree is referred to as *Reglamento de Fundaciones de Competencia Estatal*, and (iv) Royal Decree 1611/2007, 7 December, which is called *Reglamento del Registro de Fundaciones*.

Due to the fact that Spanish autonomous communities have regional

responsibilities, foundations face a dilemma, because as there are different regulations in each region, foundations have a difficult choice to make when they have to decide where to register. These regional regulations are the following:

- Foundations Andalusia: Law 10/2005, 31<sup>st</sup> May.
- Foundations Canarias: Law 2/1998, 6<sup>th</sup> April.
- Foundations Castilla y Leon: Law 13/2002, 15<sup>th</sup> July.
- Foundations Galicia: Law 12/2006, 1<sup>st</sup> December.
- Foundations La Rioja: Law 1/2007, 12<sup>th</sup> February.
- Foundations Madrid: Law 8/1998, 2<sup>nd</sup> March.
- Foundations Pais Vasco: Law 12/1994, 17<sup>th</sup> June.

The seven communities listed above regulate their foundations with the specific indicated laws, whereas Catalonia and Navarra have included the regulation of their foundations within their general legislation. In Catalonia, this is found in law 4/2008 24 April, third book in the Catalan Civil Code, and in Navarra it is found in foral law 10/1996 2 July. As the remaining communities do not have their own foundational laws, their foundations are regulated by the Spanish National Foundation Law (FL) (Social Economy Law 05/2011).

To avoid the problems caused by the so many different laws, it would be necessary that the current Foundation Law (Royal Decree 1611/2007, 7 December) was modified in order to provide a common framework to all communities.

### ***5.2.1 Main Contents of Royal Decree 1611/2007, 7<sup>th</sup> December.***

This Royal Decree regulates the registration of national foundations as well as their functions, structure and internal working. This law comprises the following seven chapters:

**Chapter I** defines the **General Dispositions** of the registration of foundations: objectives, beneficiaries, principles and nature.

**Chapter II** presents the **Organization of the Registry**, which is located in Madrid and it is dependent on the Ministry of Justice. This chapter explains which the functions of registration are. Article 11 specifies which foundations have to be registered. These are the following:

- a) Foundations:
  - a.1. Foundations which operate in Spain or
  - a.2. Foundations which operate in more than two autonomous communities. This applies also to laboral foundations.
- b) Delegations of foreign foundations:
  - b.1. Delegations of foreign foundations which operate in Spain
  - b.2. Delegations of foreign foundations which operate in more than two autonomous communities.
- c) National public sector foundations, regardless of their scope of territorial action.

**Chapter III** regulates the **Entry of Foundations into Registration and their Acts**. This is the most comprehensive chapter, as it regulates both the registration of foreign foundations and also the registration of public state foundations. This chapter pays special attention to the acts that are subject to registration and it details the registrable documents, deadlines and formal requirements.

**Chapter IV** specifies **Other Functions of the Registry**: legalization of compulsory books, appointment of statutory auditors, foundation preparation and publicity of the plan of action and annual accounts.

**Chapter V** is devoted to **Name**. This section carries out the regularization of the registration name and it develops what is foreseen in article number 36.3 law 50/2002.

**Chapter VI** indicates how to convey information in **Formal**

**Communication of Registry Information.** This chapter expands the information anticipated in law 50/2002 article 37 about formal publicity that corresponds to public register. Formal language is used in a formal setting and it is one-way in nature. This use of language follows a commonly accepted format. This chapter explains that the common format for register is a speech format.

**Chapter VII** sets the **Co-operation Principles** between (i) the national registry of foundations and the regional ones, and (ii) the foundation commissions of each of the ministries and the regional foundation commissions.

### ***5.2.2. The lack of a Common National Registration of Foundations to Be Implemented***

On the one hand, a foundation is considered *national* at Spanish level when its activity is developed all over Spain or mainly in more than one regional autonomous community. On the other hand, a foundation is regarded as *regional* when its activity is developed mainly in one regional autonomous community.

The territorial scope of foundation's operations, which must be expressly specified in the statutes, will determine which national or regional law is applicable to both the foundation and its administrative body. This is without prejudice to international activities.

In the case that a foundation develops its activities mainly in a regional autonomous community which does not have a specific law on foundations, this entity will be regulated by the national law (Law 50/2002).

To make matters worse, there is not a unique national register for foundations. Registration at a national level depends on the nature of the main activity of each foundation. As a consequence, foundations have to register in different ministries, according with their main activity.



*For example:* A Spanish educational foundation has more than one registration option depending on where this foundation is established in the territory; if the foundation operates in only one autonomous community, this foundation can choose whether to be registered by that community or by Ministerio de Educación, Cultura y Deporte- Subsecretaría. Secretaría General Técnica. Subdirección General del Protectorado de Fundaciones. However, should the educational foundation be active in more than one autonomous community, then it can either be registered by the National Registry or by any of the regional registries in the table below, provided that the foundation is based on the chosen regional registry. In other words, it can be stated that an educational foundation can opt to be registered taking into account the geographic area where it operates (Regional Registry) or its field of action (National Registry).

Table 5.1. Example: Where can an Education Foundation Register in Spain?

National Registry	Regional Registry
Ministerio de Educación, Cultura y Deporte-Subsecretaría. Secretaría General Técnica. Subdirección General del Protectorado de Fundaciones	Xunta de Galicia. Consellería de Cultura, Educación e Ordenación Universitaria-Protectorado de Fundaciones
	Gobierno del Principado de Asturias-Consejería de Educación, Cultura y Deporte-Secretaría General Técnica-Protectorado de Fundaciones
	Gobierno de Navarra. Departamento de Educación. Secretaria Técnica
	Región de Murcia. Consejería de Educación Formación y Empleo
	Gobierno Balear. Consejería de Educación, Cultura y Universidades - Secretaria General Técnica. Protectorado de Fundaciones
	Comunidad de Madrid. Consejería de Educación, Juventud y Deporte. Subdirección General de Régimen Jurídico

Source: Own elaboration

As it can be seen in table 5.1., there are seven possible registries to register an education foundation. This demonstrates the complexity when an entity

registers as a foundation in Spain.

FL should provide guidelines on how to register all national foundations. The information to be included in the register of foundations would be the following:

- Creation of the foundation
- Variations in financial support
- Appointments and removals of members of statutory bodies
- Statutory changes

Although article 36.1 of FL (Law 50/2002) says that a national register of foundations will be established under the supervision of the Ministry of Justice, long after a decade this register does not yet exist. This, unfortunately, shows that perspectives on the possibility to have a single national register are not very encouraging.

This lack of homogeneity shows again that a common national registration of foundations is needed.

### ***5.3. Draft of Foundation Law***

On 29 August 2014 the Spanish Ministry of Justice published the Draft of Foundation Law. Experts on foundations<sup>13</sup>, like Marta Rey García, regard this draft as one which has its lights and shadows.

According to the report *Construir Confianza 2015* (Martin, Rodriguez 2015) this draft has not made full headway, as politicians, under the pressure by *Asociación Española de Fundaciones*, withdrew it and the Council of Ministers decided to pass only two of all the points contained in the draft, namely, the constitution of the foundation commission and a unique register for all foundations.

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<sup>13</sup> Congress online Openclass organized by UNIR about the draft of Foundation Law [2-10-2015] [www.compromisoempresarial.com/carrusel/2014/10/las-cuestiones-mas-polemicas-de-la-futura-ley-de-fundaciones-a-debate/#sthash.HaRB0G48.dpuf](http://www.compromisoempresarial.com/carrusel/2014/10/las-cuestiones-mas-polemicas-de-la-futura-ley-de-fundaciones-a-debate/#sthash.HaRB0G48.dpuf)

This draft had the objective of resolving the issue of the opacity found both in business and family foundations. In fact, had the draft been passed, a website would have been mandatory for all foundations. In it they should have published all the information related to their activity, financial information and all details to do with the board of trustees.

The starting point of departure takes us back over twenty years in time when Law 30/1994, 24 November was passed, and for the first time foundations were under regulation. However, more demands about the sector required a revision of the legal framework, which led to the approval of Law 50/2002, 26 December. Although this represented a step ahead and progress was made, a new possible regulation (Draft of Foundation Law, 25<sup>th</sup> August 2014) needed to be developed to enhance foundations' good governance and transparency.

### ***5.3.1. Objectives of the Draft of Foundation Law***

The objectives of this possible forthcoming law are the following:

- To guarantee the exercise of the rights of foundations.
- To increase the requirements to create a foundation.
- To establish mechanisms to enhance good governance and transparency in the day-to-day operations of the foundations.
- To standardise the foundation commission under one Commercial Register<sup>14</sup>
- To review foundation functions with the aim of updating them.
- To add the possibility to close down a foundation if it is non-operating or in the event of the foundation failing to meet its obligations as such.

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<sup>14</sup> *Commercial Register* is referred to as *Registro Mercantil*

### ***5.3.2. Structure of the Draft of Foundation Law***

The content of this draft complies with Law 50/2002, 26<sup>th</sup> December of Foundations. There are 10 chapters:

***Chapter One “General Dispositions”*** regulates the organization of foundations in order to comply with the statutes and it also lists an enlarged number of activities that can never be the main area of action of any foundation.

***Chapter Two “Foundation Creation”*** presents the requirements to create a foundation; these requirements are more demanding than ever before. One the most outstanding changes is that the initial funding has increased to be of at least 30,000 € and must be of simultaneous payment.

***Chapter Three “Governance”*** regulates the structure, membership and good practice of the governance body. As a new feature, the responsibility for damages lies now on the trustees.

***Chapter Four “Heritage”*** simplifies the classification of assets and rights that comprise the donations.

***Chapter Five “Operation and Activity of the Foundation”*** establishes the obligation to explain how objectives are going to be accomplished. The novelty is the foundation's duty to have a website providing information about the accomplishment of their mission, objectives and transparency.

***Chapter Six “Modification, Mergers and Extinction of Foundations”*** adds that a foundation has to be closed down if it does not submit yearly a financial report for three consecutive years. This extinction cause will lead to the disappearance of inactive foundations from the registry.

***Chapter Seven “Governance body”*** states that only one national foundation

commission will be responsible for the ensuring of the proper functioning of foundations.

***Chapter Eight “Registration of foundations”*** introduces the replacement of multiple registrations by a unique national one. This new registry would be managed of the national Commercial Registry.

***Chapter Nine “Sanctioning Regime”*** adds newness to the past legislation, which did not include sanctions. Sanctions are classified as: minor, serious and very serious infringements. Fines would range from 1,000 Euros to 30,000 Euros.

***Chapter Ten “Administrative Procedures, Temporary Intervention and Jurisdictional expedients”*** presents the reduction of processing times. Thus, for example, there is a limitation period deadline of two months to perform any administrative task, such as the setting up a new foundation.

Chapter eleven of the current law, would be removed, was about peculiarities of public state foundations. The government committed to prepare a draft law in a maximum of 12 months. In the meantime, previous legislation will be used.

### ***5.3.3. New View of Registration in the Draft of Foundational Law***

The current situation of foundations register in Spain has been presented and critically analysed in Chapter 4. Having reached this point, here attention shifts to the foundation draft, which focuses on the future registration of foundations. This is made up of two articles: article 34 (*Registry of Foundations*) and article 35 (*Effects*), which are now summarised to help understand the possible new register of foundations in time to come.

The main features of the Registry of Foundations are listed below:

- The Spanish Ministry of Justice would be responsible for foundation registration and the Commercial Registry would be in charge of everyday management. Foundations would have to register all the required information of their operations in a special section of the Commercial Registry.
- The register of foundations would have its own structure and functioning measures, but for those aspects not covered, then the Commercial Code and the Commercial Registry Regulation rules would apply.
- Public authorities and judicial bodies would have access to on-line data under the supervision of the *National Scheme for Interoperability*<sup>15</sup>, which establishes the principles and guidelines of interoperability in the exchange and conservation of electronic information by Public Administration.
- The governance body would have on-line access to the content of the Registry
- Access to data in any circumstances would be free of charge for Public authorities, judicial bodies and the foundation commission.

The effects of the Registry of Foundations are listed below:

- The Register of Foundations would be of public access.
- Once a foundation had brought documentation to the register, a certificate or a simple information note would be issued as proof to third parties that such documentation had been deposited.
- To have access to the register content some legal requirements related to current personal data protection would have to be followed.
- It is generally presumed that the content of the Registry would be accurate and valid, until proven inaccuracy or invalidity, if this were

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<sup>15</sup> <http://administracionelectronica.gob.es/ctt/verPestanaGeneral.htm?idIniciativa=en&idioma=en#.VaOAYGfPzd4> Consultation online [12-03-2017]

the case.

- Practices subject to registration which in good faith had not been registered would be without prejudice to third parties.
- The governance body would have to register the minutes of the foundation within the time limits and on a regular basis.

## Preliminary Findings Part II

Last section in Part II presents the preliminary finding about chapters 3, 4, and 5. This is done in sequential order.

Firstly, regarding international initiatives on foundations, it can be stated that:

- There is a problem of lack of confidence in NPEs, especially in developing countries due to illegal and corrupt practices.
- There is a large and heterogeneous collection of international initiatives all over the world, nevertheless, they fail to improve the level of confidence in NPEs.
- Transparency is a necessary useful practice to improve trust. For this reason, foundations should follow those initiatives that could help them to be more transparent.

Secondly, the main conclusions of the analysis of the situation of the registry of foundations in the 28 EU countries studied are:

- There is variety of situations of the registry of foundations in these countries, 28 studied where 31 different kinds of register for foundations co-exist.
- In 92.8% of the countries, foundations must register in order to obtain their legal personality. Only in two countries, Greece and the Czech Republic, is not mandatory for foundations to register in order to act as such.
- Only 5 countries 18% of countries have a different register to differentiate between commercial and non-commercial foundations. These countries are: Austria, Denmark, Malta, Norway and Portugal.
- Access to the data of these different kinds of register is as follows: (i) 80,6 % have open access (25 registers), (ii) 6,4% have open access but only upon demand (2 registers) and (iii) 13 % are not



publicly available (4 registers).

In Spain, the main conclusions are:

- The principal problem of the register in Spain is the lack of a centralized register. More than fifty foundation commissions, which are spread in different ministries and autonomous public administrations, have to be consulted for registration. The Spanish foundations have to choose between: (i) the geographic criteria that apply to the foundations that only operate in one autonomous region. They must register in the registry of their autonomous public administration, and (ii) the activity criteria which apply to the foundations that want to be in the national register. They have to be registered in one of the national ministries, according to the activity of the foundation.
- The lack of a centralized electronic register causes problems because (i) each autonomous public administration has its own specific law to regulate registration of foundations and (ii) it is extremely hard and costly to obtain information on the foundational sector.
- The second main problem of the foundational register is that it is not possible to know which of the total registered foundations are currently active. This problem is due to the lack of requirement to drop out from the register.
- Another problem is the excessive detail in the description of specific activities; this level of specificity is not necessary and may be misleading. Although all foundations are active in their general activity, for different reasons, such as adaptation to the environment, 28% of the active foundations do not strictly operate according to all the listed specific activities<sup>16</sup>. As a matter of fact, only indicating the general activity area would be more adjusted to the reality. It can be concluded then that the main inconvenient is that this issue does not allow a thorough analysis of each foundation's field of action.

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<sup>16</sup>See Part Three, Chapter 9.3.2

- Currently, the same legislation applies to public and private foundations in Spain. However, this could change if the draft (Draft of Foundation Law, 29<sup>th</sup> August 2014) is passed into law, because it includes a specific law for public foundations. Furthermore, the distinction between commercial and non-commercial does not apply in the register of Spanish foundations.

Thirdly, regarding perspectives of new legislation on foundations, at European level:

- It is difficult to pass new legislation because there is a wide variety of views and interests in the foundational sector.
- There is a European Foundation Statute project for those European Foundations that carry out activities in more than one European country, but this was removed by the European Commission on 07/03/2015.

For empirical studies at European level, the application of this measure would represent a step forward, as information about all foundations that operate in more than one EEC country could be easily obtained.

At Spanish level:

The Draft of Foundation Law, (29<sup>th</sup> August 2014) has some strengths, and some weaknesses. It must be noted that, due to pressure exerted by part of the foundational sector, this draft will not be fully enforced.

The strengths are:

- The draft establishes that there would be a unique foundation commission regardless of the kind of activity. This would obviously make the process of getting information easier, because it would be simplified to only one registering source instead of several different ministries depending on the nature of the activity carried out.
- The current problem of inactive foundations would change, as

foundations that do not operate would be required to unsubscribe in the registry. As a consequence, the real number of active foundations would be known.

- The draft includes mechanisms to enhance good governance and transparency. One of these mechanisms is the obligation for all foundations to have a website with information about their governance body activity and accountability. On the one hand, this would increase the stakeholders' level of information and, on the other, it would increase social trust.

The weaknesses are:

- The period of registration would be reduced in time, which would doubtless expedite the procedure. However, this streamlining that at first sight might be regarded as positive, could be a weakness due to the lack of professionalization of the human resources most foundations count on. While 78% of the human resources are volunteers, only 22 % are employees. Consequently, this time limitation measure could make matters overwhelming for these volunteers and ultimately prevent the birth of some foundations.
- A sanctioning system is included. The fines would range from 1,000€ to 30,000€, depending on the degree of non-compliance with their duties as a foundation. This should contribute to a better management and control of the foundations, but at the same time some of the foundations would not be able to continue their activities.

The overview of all the different aspects studied in Part II, brings us, to the main conclusion that the first step to guarantee a transparent foundational sector is the demand to have a common register which could allow all society, government, entities to find the help and information required about these important non lucrative entities.



# ***PART III: THE CASE OF CATALAN FOUNDATIONS***

Chapters 6 to 11 broaden and deepen the specific case of transparency of Catalan foundations. The foundational sector in Catalonia has been very dynamic. In fact, for the last 8 years and to present day, Catalonia, with 2,554 foundations, has been the Spanish region with the highest number of such entities.

This big amount of foundations necessarily implies great diversity: many social initiatives, hundreds of targets, thousands of activities and ways to make structures that can be both small and large.

The information in Part III has also a high social value, as the work foundations do constitute a pillar of our society.

Part III analyses the collected data and measures the different variables that diagnose the degree of transparency in the Catalan foundational world. It must be highlighted though that the scope of this sector goes beyond the data that can possibly be presented in this study. The fact that these entities operate from within the civil society and for this society is the feature that best defines them.

Foundations are organizations that create social synergies, from which quantitative results are difficult to estimate.

Part III contains six chapters with the empirical study of transparency in the Catalan foundations.

**Chapter 6: Methodology** provides the information about the secondary data source, the construction of a data base, its design and validation, and the statistical methods used to analyse this data; Pareto's Diagram, Pearson's Correlation Coefficients, Khi-Quadrat Test, Logistic Regression

Model, Odds Ratio and Clusters.

**Chapter 7: Catalan Foundational Sector** presents primary and secondary data and it develops a data base which includes different variables that are used to describe the Catalan foundational sector and to measure its time evolution, its geographical distribution and its field of action.

**Chapter 8: Transparency in Foundations** studies different transparency indicators in different foundations' websites: (i) Information and Communication Technology in Foundations, (ii) Institutional Information, Human Resources Information, (iii) Economic and (iv) Financial Information and Social Impact Information. At the end of this chapter the main transparency deficiencies in Catalan Foundations are identified by means of Pareto's Diagram.

**Chapter 9: Results of the Bivariate Analysis Transparency Indicators** firstly studies different types of transparency indicators according to three particular variables: (i) field of action, (ii) geographical distribution and (iii) temporality. In the second part of this chapter, the presence or absence of each type of transparency indicator in the different Catalan foundations is analysed.

**Chapter 10: Multi-variant Analysis** closes part III by clustering the collected of data from Catalan foundations in homogeneous groups by means of multi-variant techniques. This analysis shows differences and similarities that lead to the classification of foundations and that determine which group they belong to.

**Chapter 11: Statistical Modelling** presents the modelling results of the presence of each transparency indicator as per field of action, geographical distribution and temporality. Four models have been presented: MODEL I: according to year of founding, field of action and geographical area, MODEL II: according to implementation period for the legislation, field of action and geographical area and MODEL III and IV: according to field of

action, but on this particular model from a different organizational distribution depending on sphere of action.





## Chapter 6: Methos

The process of gathering information to analyze the foundational reality of Catalonia in recent years was complex.

Present information was obtained from several sources: (i) primary data: on line registration of foundations from the Government of Catalonia, (ii) raw data: the study of the contents provided by the websites of the different Catalan foundations, and (iii) secondary data: historical data provided by the Catalan Foundations Coordinator. To be specific, the development of foundations over the past 30 years was taken from this source.

As can be noticed, the research was not easy at all, since the foundational tissue is highly complex and diverse. In it, hundreds of goals, thousands of activities and ways of acting, very small structures, and very large organizations coexist in a dynamic social initiative.

### *6.1. Sources of Information*

The origins of primary and secondary data for the empiric study regarding the transparency of the foundations were the following:

- Secondary data was obtained from the on-line Records of Catalan Foundations from the Generalitat of Catalonia. The Catalan Foundations Coordinator provided historical data. At that moment (2015), the total number of foundations under registration were 2554.
- Regarding raw data, a database was elaborated from the information contained in the websites of the different foundations to perform the transparency study. A total of 1382 foundations had a website when the study was carried out, representing the 54.11% of the total foundations registered in Catalonia.

For the development of the study above mentioned the following method was used:

1. The first step was a critical point regarding the empirical part of this study. It consisted in getting the official data from the different Catalan Foundations. This information was obtained electronically from the Registration Division of the General Direction for Law and Legal Entities of the Justice Department of the Generalitat of Catalonia [http://justicia.gencat.cat/ca/ambits/dret\\_i\\_entitats\\_juridiques/fundacions/](http://justicia.gencat.cat/ca/ambits/dret_i_entitats_juridiques/fundacions/)) in April 2015. In this database there were 2554 foundations under registration from 1980 on. It is important to notice that some foundations were operating time before they were registered. The public data obtained were: inscription date, postal address, e-mail, region, and activity developed (general and specific). From these data the database of work was built. These data are strictly confidential and will only show results in aggregate.

Table 6.1. Foundations' Field of Action

Field of Action
Healthcare
Cultural
Educational
Scientific

In the register of foundations there are entities that have a single scope and others that have more than one. This was an added difficulty when segmenting the differences between the specific characteristics of the foundations according to their performance. For example, in the healthcare sector there are 975 foundations

registered. They are distributed as follows (Table 6.2.): 74.56% focused on a single area and 25.44% working on two areas:

Table 6.2. Healthcare Foundations: One or Two Fields of Actions

<b>Field of Action</b>	<b>Number of Foundations</b>	<b>Percentage of foundations or two performance areas</b>
Healthcare (single scope)	727	74,56%
Healthcare and Cultural	163	16,72%
Healthcare and Educational	47	4,83%
Healthcare and Scientific	38	3,89%

2. As a second step, these secondary data were treated to obtain: (i) changes in the number of foundations from 1980 to present day, (ii) territorial distribution, geographical area of action, amount of foundations in Catalonia per region, and the weight represented by the foundational sector in each of them. Additionally, the correlation between population size and the number of foundations according to regional territory were studied and, finally (iii), the activity performed by these foundations. These results can be seen in Chapter 7.
3. The third step was an analysis of each website based on the Foundation's Transparency Law 19/2014. The information scrutinized was: mission, board of trustees, estatutes, number of employees, volunteers, budget, annual accounts, and beneficiaries. These results are presented in Chapter 8.
4. The fourth step consisted in finding the correlation between macroeconomic and foundational variables. This analysis is presented in Chapter 7.

5. The evolution of the law of foundations is also included and so are the different laws that have emerged since 1979, when the first regulation appeared, to the current ones.

The analysis of the transparency of foundations is based on relevant information provided in Article 6 of Law 19/2014 of 29 December affecting foundations and associations of public utility. Being transparent is defined as<sup>17</sup>:

*...as an essential public good that contributes to generate public confidence in the institutions and reflects the ethical commitment from these entities of reporting back to citizens and stakeholders.*

The Catalan Transparency Law states that it is important **to ensure transparency in nonprofit organizations**<sup>18</sup>, because it:

- Builds internal and external trust.
- Gives legitimacy.
- Helps to fulfil the mission of the organization.
- Gives coherence as an organization.

## ***6.2. Database Development***

From 2554 foundations, only 1,382 have websites (54.11%). From these foundations the following aspects have been collected regarding the presence or absence of transparency:

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<sup>17</sup> Law 19/2014, 29 of December, on Transparency, access to public information, and good governance.

<sup>18</sup> <http://xarxanet.org/juridic/recursos/llei-de-transparencia-catalana>

Table 6.3. Transparency Indicators of Foundations

Aspect rated
Website
Mission
Board of trustees
Estatutes
Number of Employees
Number of Volunteers
Annual Budget
Annual Account
Number Beneficiaries

The secondary data that were used for the study of temporality, activity and geographical area are presented in Chapter 7.

- Study of temporality

TEMPORALITY INFORMATION		
Foundation name	Constitution year	Number of foundations

- Study of the activity of foundations

ACTIVITY INFORMATION	
Foundation name	General scope

- Geographic study of foundations

GEOGRAPHIC INFORMATION		
Foundation name	Region	General scope

A database for the analysis of the websites of the foundations was built, which includes the requirements included in the new transparency law (Law 19/2014 of 29 December), which requires to all foundations the need to publish every relevant information on their website. Article 6 of the Act contains the obligation of the institutions to be transparent. This law regulates and guarantees the transparency of public activities and the right of public access to information and public documents. It aims to (i) establish the principles and obligations of good governance that senior ranks and administration staff should follow, (ii) implement open government, and (iii) encourage citizen participation and collaboration. This law requires the creation of a transparency portal, a register of interest groups, and a committee to guarantee the right of access to public information.

According to Article 6, foundations must detail the following aspects:

1. Information regarding the mission of the entity, the management and government structure, and results from the activities accompanied by relevant information.
2. Relevant information could be information relating to:
  - a) Aims of the organizations and their activities.
  - b) Main strategic lines of action.
  - c) Estatutes, the composition of the governing bodies and the management board, and organizational structure.
  - d) Website, postal address, and e-mail to the public which may address.
  - e) Program and annual activities memorandum.

- f) Group of served beneficiaries.
- g) Financial status, audits (if any), and the financial report.
- h) Code of good governance and good management practices.
- i) Social balance.
- j) Corporate governance report.
- k) Annual report of the Code of Conduct.
- l) Contracts and tenders.
- m) Other issues established by law.

- Study of ICT information

INFORMATION REGARDING GENERAL PUBLIC CONTACT			
Foundation name	E-mail	Postal address	website
			Yes No

- Study of economic and financial information

ECONOMIC AND FINANCIAL INFORMATION			
Foundation name	Estatutes	Annual Accounts	Annual Budget

- Study of organizational information

ORGANIZATIONAL INFORMATION			
Foundation name	Mission	Board of Trustees	
		Members	Professionalization

- Study of Human resources information

HUMAN RESOURCES INFORMATION		
Foundation name	Number of Employees	Number of Volunteers

- Study of social impact information

SOCIAL IMPACT INFORMATION	
Foundation name	Number of Beneficiaries

In the first phase of the data collection period (from April to June 2015), a research was done to study the presence or absence of foundation's website. It was found that from a total of 2554 registered foundations, 1083 had no public website, while 1472 were offering this service.

Table 6.4. Number of Foundations for the empirical study

	Number of Foundations
Foundations registered	2.554
Foundations which include a web registration	1.472
Foundations active site for the study of transparency	1.382
Foundations web advertising is not useful for the study of transparency	83
Foundations web without Facebook	4
Foundations pdf without web	3

The sections studying the temporality, spatial distribution, and activity of foundations were made from all foundations under registration (2,554 foundations) (Chapter 7).

The sections studying ITC information on transparency of foundations, were performed on 1,382 foundations, those offering an active website for the study of transparency (Chapters 8,9,10, and 11).

The deadline for collecting registered data of foundations was April 25, 2015, and the deadline for analysis of the sites was June 30, 2015.

June 30, 2015 had a special significance, since the Transparency Law



19/2014 of 29 December established that it would be mandatory for institutions to comply with this law from July 1, 2015.

### ***6.3. Data processing***

For the statistical study, data were put in columns coded for quick and efficient development with statistical programs.

Reading, management, and validation of the database were done with the software: SAS v9.3, SAS Institute Inc., Cary, NC, USA.

Validation of internal consistency of the variables of the data base was performed. The same procedure was carried out on values out of range, to completely ensure their reliability. Once the validation process was finished, the database was closed for its statistical treatment.

The variables analysed were classified into two types:

- **Dependent variable:** website, mission, board of trustees, estatutes, number of employees, number of volunteers, number of beneficiaries, annual budget and annual accounts. These variables include the presence or absence of each one of the items before mentioned.
- **Independent Variables:** variables related to the scope of foundations: healthcare activities, cultural activities, educational activities, scientific activities, registration decade, legislative period, and foundation's province.

The information was put into a relational database, from which it was extrapolated to mathematical and statistical applications listed in Table 6.5.

At this point, consistency tests and strict observation of responses were performed to detect possible inconsistencies.

This task was carried out by observing the set of information of an entity, amending mistakes if necessary, and, in case that was not feasible, eliminating information from a foundation for being damaged. Thus, despite losing information, the reliability of the data was ensured.

In other fieldworks, such as the study of foundations made by the Catalan Coordinator of Foundations<sup>19</sup>, it was noted that part of the sample had been reduced by errors in the registered database. 1550 foundations were present in the registration in September 2000, and it was found that approximately 10% of the registration data were incorrect.

## 6.4. Used methods of analysis

Table 6.5. Statistical Techniques Applied in Each Chapter of the Empirical Study

Chapter	Number of registered foundations or Number of foundations own website	Analysis web Codina (2006) (a)	Pareto diagram (1892-1893) (b)	Correlation coefficients Pearson K. (1912) (c)	Chi-Quadrat Test (d)	Cluster (e)	Logistic regression model (f)
Chapter 7	2554			X			
Chapter 8	1382	X	X				
Chapter 9	2554	X			X		
Chapter 10	1382					X	
Chapter 11	1382						X

**(a) Analysis of website:** The methodology used in the website analysis is proposed by Codina (2006), which proposed a set of indicators. These working methods were adapted to study the transparency of foundations. The evaluation method provided by Codina (2006) aims to establish the definition of the parameter, score and dimension. This methodology proposes a scenario in which the quality of the website content is assessed. It is also possible to observe the trend and the evolution of foundations to fulfil the needs of their stakeholders.

<sup>19</sup> Page number 12 from "Estudi de Fundacions Catalanes (2001)"

Table 6.6. Transparency Indicators Evaluated in the Web.

Definition	Detailed description of indicator
Exam	The methodology followed to assess the content of a website, examining whether the indicators studied are present or not.
Example	Real examples of application of the indicator on the foundation website.
Procedure	Website where the indicator can be found.
Score	Rating: 0 (lack of information) or 1 (presence of information)
Dimension	Public access to the content of the foundation website

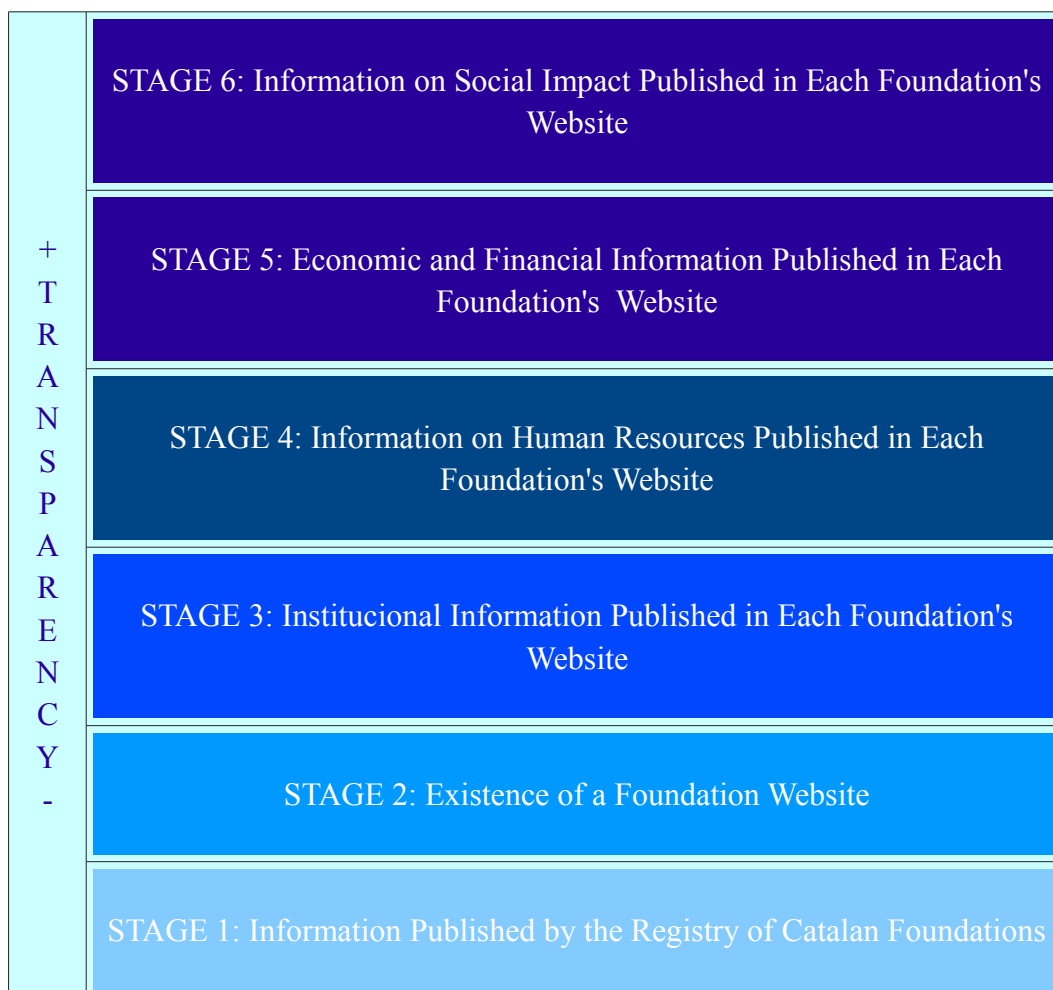
To define the variables applied in the analysis, we used the dictionary provided by the Institute of Catalan Studies. This was done to limit the scope of the analysed terms in the website contents.

**(b) Pareto Analysis:** this technique separates the "vital few" from the "trivial many." A Pareto chart is used to graphically separate the significant aspects of the problem, which helps to focus efforts to improvement.

This technique is used in the actuarial world to improve the processing of losses. In this thesis it is used it to analyse, among others, what the shortcomings that foundations have regarding its transparency are. Pareto discovered that 20% of people controlled 80% of the wealth of Italy, and several studies showed that many other distributions have a similar behaviour.

Pareto analysis can be used to complete the following requirements:

- Analyse foundations to improve their transparency.
- Identify the problem or cause appearing systematically. This has been observed on foundations' websites.
- Group by categories according to the different researched data. In this case, they have been grouped into six degrees of transparency. Figure 1.1. reproduces the research question presented in Chapter 1: *What is the degree of transparency of foundations?*



This study regarding lack of transparency of the foundations is presented in Chapter 8.

**(c) Correlation coefficients:** correlation coefficients' are used to determine whether the correlation of the variables used is positive, negative or zero. The method used is Pearson K. (1912), which examines all his contributions to statistics: contributions to regression analysis and correlation coefficient, and it includes the Chi-square test of statistical significance. This will be the framework of reference.

This results are found in Chapter 7, and they are presented in a scatter diagram, since this is one of the most common and powerful tools used to

analyse the existing relationship between two variables. However, the interpretation of scatter diagrams is not easy, because they only provide the complete view of the nature of the relationship present between the variables. It is also true that the huge diversity of graphics, depicting different cloud points, have the same correlation coefficient (Chambers, 1983)

**(d) Chi-Square test:** this test presents a study of independence of categorical variables. Contingency tables were used to examine the relationship between two categorical variables. The test of independence used was the Chi-Square Test for the sample size. This statistical method contrasts the hypothesis that the variables are independent, versus the alternative hypothesis that claims that a variable is distributed differently by different levels of the other.

The results of univariant and bivariant analysis are shown in Chapter 9, as an introduction to statistical modelling. The graphics are presented in format of box plot in two ways:

- Number of complete items in all the foundations, as well as a table with descriptive statistics (N, mean, standard deviation, minimum, median, maximum, and number of missing items) of the variables Number of complete items and percentage of complete items.
- Number of completed items for each category of every explanatory variable, as well as a table with descriptive statistics (N, mean, standard deviation, minimum, median, maximum and number of missing items) of the variables Number of complete items and percentage of complete items for each category of the independent variables.

A table containing the number and percentage of foundations for each one of the number of items completed is presented.

Finally, it is also reported the statistical Kruskal-Wallis test to compare if two or more categories of the independent variable have a different distribution in the number of completed items, or equivalently, the percentage of completed items.

**(e) Cluster:** A cluster, industrial district, or industrial cluster, is, in the economic sphere, a geographic concentration of companies, institutions and agents related to a specific market, product, or industry. This group creates economies of concentration, that provide competitive advantages. Clusters benefit from the emergence of agglomeration economies, manifested in form of several advantages for the business sector.

With the application of this statistical technique, we have identified five clusters of foundations have been identified, from those, conclusions about the degree of transparency of foundations have been extracted.

The presentation of the results of the clusters is depicted in Chapter 10. In this chapter, in order to introduce the cluster, a factorial map is presented. This map is a very synthetic and intuitive graphical representation, in which the first factorial coordinates are used to represent initial information, the variables related to transparency and their modalities, along with the classes or groups of foundations showing similarities with this set of variables and their modalities.

**(f) Logistic Regression Model:** in statistics, logistic regression is a regression model for dependent variables or binomial distributed response. It is useful for modelling the probability of an event occurring as function of other factors. It is a generalized linear model using the logit function as link function.

Logistic regression is used extensively in medical and social sciences. In other application areas is known as **logistic model**, **logit model**, and **maximum entropy classifier**.

Chapter 11 presents the results and analysis of the four models used in this thesis.

# Chapter 7: The Catalan Foundational Sector

This chapter presents data from the registry of Catalan foundations and performs a characterization of the Catalan foundation sector.

The secondary data was obtained from various information sources: the Register of Foundations, the Generalitat of Catalonia, the Catalan Foundations Coordinator and the studied foundations' own data. In addition, macroeconomic data obtained from the Statistical Institute of Catalonia (IDESCAT) was also used to contextualize the foundational sector.

From the information gathered, a database was elaborated, containing different variables used to describe the Catalan foundational sector, measure its historical evolution, geographical distribution and scope.

This chapter is structured in line with studies carried out by the Catalan Foundations Coordinator in 2001 and 2009. These reports are limited to 500 foundations associated with this entity. However, the empirical study presented in this chapter is based on all the Catalan foundations. 2,554 foundations registered in the Catalan Foundations Register up to the 25th of April 2015 were analysed. The analysis of these 2,554 foundations implies that the sample has multiplied by five.

## ***7.1. The Foundational World***

In order to understand the foundational world, it is essential to first know what a foundation is. According to the Generalitat *Llei 5/2001, de 2 de maig, de fundacions* a foundation:

*"Is a non-profit organization constituted by the attachment of goods or rights of economic content and allocates its income or resources*

*obtained by other means to the fulfilment of general interest objectives."*

1979 was the year of approval of the Statute of Autonomy of Catalonia, where, for the first time the legal framework governing foundations was defined. From that moment, Catalonia has had a register where foundations have been inscribed in a totally structured manner.

The foundational movement in Catalonia has had an extensive history, although it was only in 1980 when the first foundation was registered in the records. The first Catalan foundation recorded (and still active) is the Fundació Hospital Comarcal d'Igualada (Anoia, 1200). From then until now, a long list of foundations have revitalized the Catalan foundational scenario.

Within its internal structure a foundation has its Board of Trustees as the governing and control body. At the same time, an external body exists, the Foundation Commission, which is responsible for both ensuring compliance with the foundation's purposes and the accounts of the foundation. The Foundation Commission performs its functions through the Department of the Administration of the Generalitat of Catalonia<sup>20</sup>, the body responsible for foundations and associations.

### ***7.1.1. History of foundations***

This section on the history of foundations has as main reference a study by the Catalan Foundations Coordinator<sup>21</sup>. It is based on first-hand information, provided voluntarily by the organizations, and it represents a unique opportunity to learn about the often unknown foundational world.

The first foundations of which there is evidence dates from to the 12th and 13th centuries. Until the late 19th century, the entities that were created, which some still remain, had a charitable character and were aiming at

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<sup>20</sup> [http://web.gencat.cat/ca/generalitat/organitzacio\\_institucional/estructura/](http://web.gencat.cat/ca/generalitat/organitzacio_institucional/estructura/) (accessed 1-04-2017)

<sup>21</sup> <http://www.ccfundacions.cat/sites/ccfundacions/files/uploads/Publicacions-inici/estudi-de-les-fundacions-2001.pdf> (accessed 1-04-2017)



pious works (Clavero, 1994), that is, they gave financial help to the most disadvantaged and provided hospital services or care residences. The first educational institutions were born, some of which still exist today, and almost at the beginning of the 20th century, the first cultural and scientific foundations were created, although until 1939 social and medical organizations remained predominant. Most likely, there are foundations today that have their origins before the end of the Spanish Civil War of 1936-39, and have not been registered until many years later.

During the first 20 years of the dictatorship, 21 new foundations were established in Catalonia. In the 15 years that followed, especially during the seventies, when there was a slight weakening of authoritarian rule, 37 more were created. In this period, most organizations continued to have a very strong religious, educational and healthcare character. Looking at the years of transition and democracy, it is clear that there was continuity in the creation of the Foundational network.

In just seven years, from 1975 to 1982, when the first Catalonia Foundations Act was written, 50 new foundations emerged. Given that in the previous 40 years on average approximately 3 foundations were created every 2 years, the fact that growth in these periods was more than 7 per year, can be considered almost a turning point.

Currently, as mentioned in the introduction to the thesis, Catalonia is the Autonomous Community of Spain that has the highest number of foundations: a total of 2554 recorded in April 2015. In June 2001, 1664 were accounted for having its headquarters in Catalonia; therefore, in 15 years the number increased by more than 1,000 (which would be about 120 per year).

However, it should be noted that not all registered foundations are active: some may have disappeared and have not terminated the registration, and others may have irregular or intermittent activity.

According to a study conducted in 2001 by the Catalan Foundations Coordinator, 90% of the Catalan foundations had the Generalitat of Catalonia as a Foundation Commission, although there was one group (with

difficult to estimate number of entities) that were enrolled simultaneously in some ministries of the Government of Spain or in some Catalan bishoprics. Foundations that had headquarters in Catalonia and were registered simultaneously in various ministries in Madrid accounted for 3.8% out of the total number of organizations. Meanwhile, 4.3% relied on the Archdiocese of Barcelona and the bishoprics of Girona, Lleida, Tarragona and Solsona. The rest was spread between the Religious Entities Register (RER) of the Ministry of Justice and 1.9% had no known Foundation Commission.

Given the Catalan population in 2001 (about 6,090,000 inhabitants), there were 2.73 foundations per 10,000 inhabitants. Although it was already a fairly high rate, it continued to rise. Thus, at the end of 1998 the Catalan foundations accounted for over 30% of the total registered foundations in Spain. In 2015 there were 2,554 foundations and the Catalan population was 7,518,000, so there were 3.40 foundations per 10,000 inhabitants, a figure that confirms the growth in foundations per capita.

Globalization, unequal distribution of wealth, the reduction of public expenditure and the emergence of new social problems are features that have characterized the new global context of the last decade. For this reason, it is necessary that foundations strengthen their social commitment by means of their watchful eye, their proximity to the new needs as well as their willingness to cope with these issues together with an aware and active citizenry, as evidenced by statistics on the number of foundations, employees and collaborators of the foundational world in Catalonia, which is significantly higher than in the rest of the Spanish State.

The relations between the Catalan foundations and the Catalan Public Administration, according to Alba Molas<sup>22</sup>, director of the Catalan Foundations Coordinator, are based on cooperation, consideration and service, rather than economic dependence, which in some cases is excessive. She also stated that the administration needed to keep in mind

<sup>22</sup> Interview to Ms. Alba Moras at the Catalan Foundations Coordinator [Abril 2015]

the criteria for service quality and return of the surplus when hiring the services of these entities. And particularly, she stressed the need to improve transparency and coordination between foundations, in order to improve their relation with the public administration.

The linkages of foundations with the business sector are, at the same time, an opportunity and a threat. An opportunity because many companies are interested in collaborating with foundations. And a threat because the emergence of new social needs is seen as a business opportunity for some companies. Given this observation, an emphasis was made regarding the need to work for a scenario in which foundations become "desirable" recipients to attract donations through their transparency.

The traits exhibited by foundations and which that distinguish them from other organizations of the third sector are the following: foundations (i) are the result of an act of personal creation, (ii) have a purpose of general interest, (iii) are always directed at third parties, (iv) are non-profit, (v) express an attitude to change reality, have the initial funds, are the expression of civil society and have a non-assembly based management body.

### ***7.1.2. Timeline of Foundational Laws***

The evolution of the foundations and their typology has been determined by the laws regulating the sector, both regionally and nationally.

Alba Molas<sup>23</sup>, director of the Catalan Foundations Coordinator, believes that the best law governing Catalan foundations has been the 1982 law because it was the most complete and adequate for the foundational sector. Afterwards, new laws have been released that have been adapted successively until nowadays.

The Catalan Foundations Law of 1982 *Llei 1/1982, de 3 de març, de fundacions privades* was the first in its field to be established since the

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<sup>23</sup> Interview to Ms. Alba Moras at the Catalan Foundations Coordinator [Abril 2015]

return of democracy in Spain, this law set a precedent. In fact, the first state law was passed in 1994, 12 years after the Catalan one. It is therefore essential to the study of Catalan foundations and their influence on the rest of Spain.

Table 7.1. Relation between Number of Foundations and Regulation

PHASE	1 (1980-2003)											2 (2004-2008)			3 (2009-2013)					4 (2014-2015)	
LAW	1. Aprovació de l'Estatut d'Autonomia de Catalunya, 1979. 2. Llei 1/1982, del 3 de març, de Fundacions privades. 3. Llei 30/1994, de 24 de novembre. 4. Llei 5/2001, del 2 de maig, de Fundacions. 5. Llei orgànica 1/2002, del 22 de març. 6. Decret 43/2003, de 20 de febrer.											1. Ordre JUS/281/2006, de Fundacions. 2. Reial decret 1266/2007, del 24 de desembre.			1. Llei 4/2008, del 24 d'abril, del llibre tercer del Codi Civil de Catalunya. 2. Decret 259/2008, del 23 de desembre de 2008. 3. Llei 5/2001, de 2 de maig, de fundacions					1. Resolució 1860/2014, del 30 de juliol. 2. Llei 19/2014, del 29 de desembre.	
YEAR	1980	1982	...	1996	1997	1998	1999	2000	2001	2002	2003	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number registered Foundation	1	3		74	91	92	99	112	99	126	161	121	111	137	57	58	55	39	45	80	65

Table 7.1 presents four phases determined by the regulations in force in each period, from 1980 to 2015.

It is necessary to pay special attention to the *Llei 4/2008<sup>24</sup>, del 24 d'abril del llibre tercer del Codi Civil de Catalunya*. This law was characterized by its aim to establish a high degree of control over the foundational sector. As a relevant fact, since its introduction there has been a steep decline in the creation of new foundations, from the creation of over 100 new foundations a year (from 2002 to 2008) to almost half this number, about 57 new foundations annually, and up to 45 new foundations in 2013.

In these four stages of legislative period (1980-2015), the laws appearing

<sup>24</sup> [http://dogc.gencat.cat/ca/pdogc\\_canals\\_interns/pdogc\\_resultats\\_fitxa/?documentId=490798&language=ca\\_ES&action=fitxa](http://dogc.gencat.cat/ca/pdogc_canals_interns/pdogc_resultats_fitxa/?documentId=490798&language=ca_ES&action=fitxa) (accessed 1-04-2017)

allow solving several problems of foundations. The truth is that, in practice, a high complexity and diversity exists. Foundations govern more cases and situations that have not been defined, such as those referring to the founding capital, the special funds, the ability of foundations to manage resources, their transparency and other legal issues.

After nearly two decades from the first application of the Catalan Foundations Act *Llei 1/1982, de 3 març*, which marked the beginning of the foundational legislation throughout the country, the evolution of foundations as well as of the Foundation Commission and society in general were reason enough to justify the development of a new foundational law.

Around the year 2000, not only the law on foundations was revised in Catalonia, but also a number of legal frameworks that had been enacted in the early years of the return of the autonomy's government.

An undeniable indicator of the changes that occurred in these almost 20 years is the increase in the number of foundations registered in Catalonia, which rose from 200 in 1982 to 1,500 in 2001, half of which had already long experience, backed by their valuable contribution to society.

From a legal-philosophical perspective, the then Governor of Justice, Mr. Josep Guàrdia Canela, justified the new law stating that, in these almost 20 years, the foundations had exceeded the legal framework established by law until then.

Another important feature of the sector is its taxation, because foundations are limited to taxes they are required to pay, which was modified and that contributed to the creation of new foundations. With the introduction of Law 30/1994<sup>25</sup>, Title I is devoted to the regulation of foundations, while Title II, is devoted to tax incentives.

In the near future, attention should be paid to the impact of the new transparency law *Llei 19/2014, del 29 de desembre* and in particular, to how it will affect the whole Catalan foundational world and the profile of the

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<sup>25</sup> [id.usal.es/leyes/discapacidad/4045/3-1-2/ley-30-94-de-24-de-noviembre-de-fundaciones-y-de-incentivos-fiscales-a-la-participacion-privada-en-actividades-de-interes-general.aspx](http://id.usal.es/leyes/discapacidad/4045/3-1-2/ley-30-94-de-24-de-noviembre-de-fundaciones-y-de-incentivos-fiscales-a-la-participacion-privada-en-actividades-de-interes-general.aspx) (accessed 1-04-2017)

new entities to be born in the next years.

## ***7.2. Geographical Distribution of Foundations in Catalonia***

The territorial element is very important for foundations because very often the statutes define the geographical area where the organization must develop its activity.

Catalan foundations have a distinctly local character. These foundations develop their activity within this specific local context.

Foundations are originated in trying to give coverage to specific needs or demands of a territory, which are not adequately met by the public sector.

Figure 7.1. Province Distribution of Foundations in Catalonia. Year 2015.

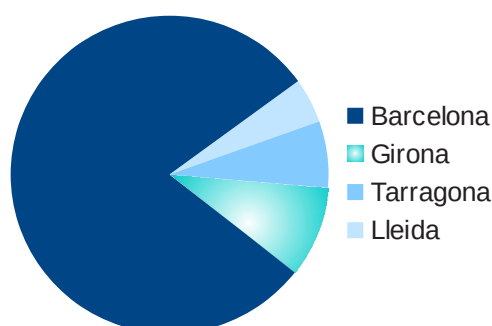


Figure 7.1 shows that the province of (i) Barcelona brings together 78.64% of the foundations of Catalonia, 2010 organizations. The rest is distributed among (ii) Girona with 9.12%, 233 foundations, (iii) Tarragona with 6.75%, 172 foundations and finally (iv) Lleida with 5.52%, 141 foundations.

Table 7.2 shows the distribution of foundations by region and province. In

this table it can be seen that in the province of Barcelona, the region with the highest concentration of foundations is Barcelonès with 1274 (63% of the province's foundations). The remaining regions have a much lower number of foundations from 15 to 192.

In every province this is repeated, since foundations are concentrated in the region where the capital of the province is.

It is worth mentioning that region capitals are towns with the highest number of foundations registered.

Taula 7.2. Distribution of Catalan Foundations by Provinces and Regions

PROVINCE	REGION	NUMBER OF FOUNDATIONS
<b>Barcelona</b>  <b>2010 FOUNDATIONS</b>  <b>78,64%</b>	Barcelonès	1274
	Vallès Occidental	192
	Baix Llobregat	113
	Maresme	96
	Osona (excepte Espinelves, Vidrà i Viladrau)	90
	Vallès Oriental	70
	Bages	60
	Alt Penedès	34
	Garraf	33
	Anoia	33
	Berguedà (excepte Gósol)	15
	Moianès <sup>26</sup>	0
<b>Girona</b>  <b>233 FOUNDATIONS</b>  <b>9,12%</b>	Gironès	81
	Alt Empordà	47
	Baix Empordà	38
	Selva	29
	Garrotxa	20
	Pla de l'Estany	9
	Ripollès	8

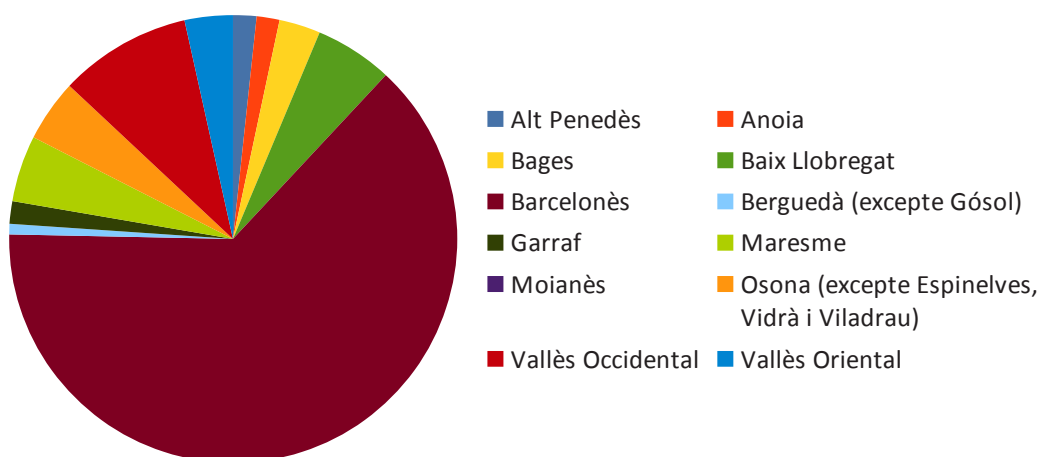
<sup>26</sup> Moianès no té cap fundació, per ser una comarca creada al maig del 2015.

<b>Lleida</b> <b>141 FOUNDATIONS</b> <b>5,52%</b>	Segrià	65
	Segarra	11
	Solsonès l'Urgell	11
	Baixa Cerdanya	10
	Alt Urgell	9
	Garrigues	8
	Noguera	8
	Pla d'Urgell	7
	Pallars Sobirà	4
	Vall d'Aran	4
	Alta Ribagorça	2
	Pallars Jussà	2
	<b>Tarragona</b> <b>172 FOUNDATIONS</b> <b>6,72%</b>	Tarragonès
Baix Camp		48
Baix Ebre		13
Montsià		12
Alt Camp		11
Baix Penedès		8
Conca de Barberà		7
Ribera d'Ebre		4
Terra Alta		3
Priorat		3

Another way to visualize the spatial distribution of foundations in Catalonia is in relation to the number of inhabitants, as indicated in table 7.3 below. It makes sense that Lleida is the least populated province and it counts on the lowest number of foundations. Therefore, there is a direct correlation between the number of foundations and the number of inhabitants.



Figure 7.2. Distribution of Foundations by Regions



The relationship between the percentage of foundations and the percentage of people in each province of Catalonia were correlated. In the province of Barcelona the percentage of foundations is slightly higher than the percentage of inhabitants. This could be due to the fact that the province of Barcelona is the most populated and it is there where at the same time the capital of Catalonia is.

Instead, in Girona, Tarragona and Lleida the percentage of inhabitants exceeds the percentage of foundations.

Table 7.3. Number Foundations by Catalan Cities and Towns

Province	% Foundations	% Inhabitants
Barcelona	78,64	73,58
Girona	9,12	10,02
Tarragona	6,72	10,58
Lleida	5,52	5,8
Total	100	100

Figure 7.3 shows the distribution of foundations by regions. In this graph, the importance of this sector in every Catalan region can be seen, with 80% of foundations being concentrated in three regions of the province of Barcelona: Barcelonès, Vallès Occidental and Baix Llobregat.

Table 7.4 shows that out of the 304 Catalan towns that have foundations, 50% have only one foundation. The remaining 50% have two, three, four, five or more than five foundations.

Table 7.4. Percentage of Number of Foundations versus Number of Inhabitants

Number of Foundations	Number of Towns	Percentage of Foundations
1	152	50,00%
2	44	14,47%
3	34	11,18%
4	21	6,91%
5	9	2,96%
Més de 5	44	14,47%
TOTAL	304	100

This table also shows that 14.47% of towns bring together 2059 foundations out of the 2554 total registered foundations in Catalonia.

This data indicates that the majority of foundations are concentrated in a small number of municipalities of Catalonia.

It can be concluded that half of the municipalities of Catalonia have only one foundation, and that there is a concentration of foundations in the capitals of provinces, especially in the city of Barcelona, with 1199 foundations that represent 46.98% of the total number of foundations. Girona is in second place, with 65 foundations and 2.56% of the total of foundations, followed by Lleida with 59 foundations representing 2.33% of the total. Finally, in fourth place comes, Tarragona, with a total of 53 foundations that represent 2.01% of the total of foundations.

## ***7.3. Scope of activity***

### ***7.3.1 General scope of activity***

This section shows a ranking of Catalan foundations according to their general scope of activity. There are four main areas of action: cultural activity foundations, with 1218 foundations accounting for 47.69% of the total amount; followed by healthcare activity foundations with 990 foundations representing 38.73% of the total. Then there are the educational activity foundations, with 239 foundations representing 9.35% of the total, and finally scientific activity foundations, with 107 foundations representing 4.19% of the total amount.

Table 7.5. Classification of Catalan Foundations according to Field of Action.

<b>General Scope of Activity</b>	<b>Number of Foundations</b>	<b>%</b>
Cultural	1.218	47,69%
Healthcare	990	38,73%
Educational	239	9,35%
Scientific	107	4,19%
TOTAL	2554	100%

Note that the foundations are classified as for their general scope of activity, which is the one that best defines its cross-cutting action axis. Often, a foundation has more than one general scope of activity. This will be analyzed in Chapter 11 by means of statistical modeling, which presents four different models (Type I, II, III and IV) to take into account the different criteria of the general scope of foundations.

Among the activities of the Catalan Foundations we can find a subdivision of activities with others that are more specific.

Another example, in the category of cultural activity foundations: (i)

Cultural Educational, representing 5.00%, (ii) Cultural Scientific representing 2.69%, (iii) Cultural, Healthcare and Educational, representing 0.31%, and (iv) Cultural, Healthcare and Scientific, representing 0.70%. Finally, there are the (v) Cultural, Educational and Scientific, representing 0.35% of the total.

Among the foundations with healthcare activity, five sub-types can be found: 6'37% with (i) Healthcare and Cultural activity, 1.83% with (ii) Healthcare and Educational activity, 1.48% with (iii) Healthcare and Scientific activity, 0.11% with (iv) Healthcare, Cultural, Educational and Scientific activity, and finally 0.43% with (v) Healthcare, Educational and Scientific activity.

### ***7.3.2 Specific Scope of Activity***

The general scope of activity of foundations can be subdivided into more specific scopes of activity, all of which are marked and defined by the goals of each foundation. At this point, it must be understood that foundations are non-profit organizations that aim mainly at providing a service to a group of unprotected people, and that responds to a need that is unmet or partially met by the public or private sector.

Catalan foundations tend to work simultaneously in different general and specific scopes of activity. On average, each entity has mentioned two different scopes of activity in the Register of Catalan Foundations, making it difficult to provide an objective classification of these general and specific activities.

This stage of the analysis shows that foundations have a variety of objectives and aims, since more than 315 different specific activities are listed.

One of the most obvious facts faced by the foundations nowadays is the great diversity of society's needs. Taking into account that foundations have to respond to all this diversity, it is easy to understand why they work in so many specific area.

Reports presented by the Catalan Foundations Coordinator reach the

following conclusions about scope; (i) training and dissemination are of paramount importance, since what most foundations do is to organize conferences, congresses and courses. In addition, (ii) they help in the edition of publications of all kinds, not to mention their work in the maintenance of documentation services and in the organization of exhibitions. Another important block is (iii) the assistance provided to individuals and organizations, whether in the form of social services, or collaboration in projects. Their work (iv) creating incentives for research initiatives related to their scope also has a lot of weight, since they encourage these initiatives and award them with scholarships or funding for exhibitions and prizes.

Figure 7.3. Specific General Healthcare Activities



#### ***7.4. The Foundational Sector in Relation to Economic Variables***

This section is an introduction to the relationship between the number of foundations and different macroeconomic variables.

The purpose is to see if a variable may depend on a certain extent, on another variable. The dependent variable is called Y while the independent variable is called X.

The statistical technique used in this section is the K. Pearson correlation

coefficient, which provides a standardized measure of the linear relationship between two variables. This coefficient is calculated dividing the covariance by the result of multiplying the standard deviations of the two variables.

Correlations between the foundation sector and five macro-economic variables were calculated: (i) unemployed population (ii) Catalan GDP (iii) creation of new businesses, (iv) dissolved companies and (v) Generalitat's of Catalonia budget for foundations.

Table 7.6. Correlation between Number of Foundations and Unemployed Population

Variables	<b>Number of foundations and unemployed population</b> (Time series from 1980 to 2015)
K.Pearson Result	-0,7710193 Strong negative correlation
Interpretation	In times of economic crises, unfortunately, the creation of new foundations decreases. The most dramatic exemple is in 2012, when there were 925,600 unemployed people in Catalonia, with an unemployment rate of 23.80% and only 39 new foundations were registered, the lowest number since in 1990, when only 31 foundations were registered. This figure contrasts with the 161 new foundations registered in 2003.

Table 7.7. Correlation between the number of foundations and the Catalan GDP

Variables	<b>Number of foundations and Catalan GDP</b> (Time series from 2000 to 2014)
K.Pearson Result	-0,4881499 Moderate negative correlation
Interpretation	<p>There is a moderate negative correlation between the number of foundations and the GDP of Catalonia. As the Catalan GDP grows, the number of foundations decreases moderately.</p> <p>One possible interpretation is that there would not be so many needs in civil society, especially in the four general areas in which foundations focus (cultural, educational, healthcare and research). It must be taken into account that GDP accounts for all productive activities while the foundational sector focuses only on some very specific activities. This leads to the reflection that these activities have a weight in GDP.</p> <p>This result led us to examine the GDP sectors (agriculture, industry, construction and services) in order to see if the correlations were the same or if they varied. The problem was that the GDP sectors do not match the general scope of activity of foundations, and therefore, they are not comparable.</p>

Table 7.8. Correlation between Number of Foundations and Number of Newly-established Companies

Variables	<b>Number of foundations and Number of new businesses created</b> (Time series from 1994 to 2014)
K.Pearson Result	0,7101304 Strong positive correlation
Interpretation	<p>There is a high positive correlation between the creation of new foundations and the creation of new companies. As an example of this correlation, in 2010, 14298 companies and 58 new foundations were created in Catalonia. In 2006, 28019 companies and 121 new foundations were created (a 95.96% and 108.62% increase compared to 2010 respectively).</p> <p>It can be said that there is a strong positive correlation between these two variables.</p> <p>When the number of companies grows, also the number of foundations increases and in times of economic crisis the number of business and foundations created diminished.</p> <p>The size of the business sector is directly related to the size of the foundational sector.</p>



Table 7.9. Correlation between Number of Foundations and Number of Dissolved Companies

Variables	<b>Number of foundations and Number of dissolved companies</b> (Time series from 1994 to 2014)
K.Pearson Result	-0,1794248 Very weak negative
Interpretation	The correlation between the number of companies dissolved and the number of new foundations is almost zero, and therefore it can be said that company dissolution has virtually no influence on the size of the foundational sector.

Table 7.10. Correlation between the number of foundations and the Generalitat's budget for foundations.

Variables	<b>Number of foundations and Value of Generalitat's budget for foundations.</b> (Time series from 2010 to 2015)
K.Pearson Result	-0,4179028 Moderated negative correlation
Interpretation	The value of Generalitat's budget for foundations has a moderate negative correlation with the number of new foundations. A possible interpretation would be that in times of economic boom, the government sets aside less amount of the budget for the foundational sector. This result is clearly different from the results of the business sector, since correlations between these variables have an opposed direction. As noted above, economic periods in which more businesses are created, are also periods with high creation of foundations (high positive correlation).

In this first statistical approach with Pearson correlation coefficients, all the macroeconomic variables were proven to have some sort of relation with the size of the foundational sector. Each one has a certain relation to a greater or lesser extent. In other words, none of them has a zero correlation. Table 7.12 below summarizes the different correlations:

Table 7.11. Overview Table of Pearson Correlations

Variable correlated with the number of foundations	Result	Positive	Negative
Unemployed population	-0,7710193		X
Catalan GDP	-0,4881499		X
Number of new businesses created	0,7101304	X	
Number of dissolved companies	-0,1794248		X
Value of Generalitat's budget for foundations.	-0,4179028		X

The foundation sector has a direct and positive relationship with the business sector. However this is not observed with regard to the public sector. The foundation sector is related to (i) the business sector when experiencing a growth in new business creation (ii) the civil society which gives fewer donations to foundations when there is less employment therefore decreasing the number of foundations, which means that the rise in unemployment reduces the number of foundations.

# **Chapter 8: Foundations' Transparency**

## ***8.1. Transparency Indicators***

The evolution of the concept of transparency is shown in section 2.2.4 of Chapter 2.

In that section, we wanted to evaluate the use of Information and Communication Technology (ICT), since according to R. Garcia (2010), there is a relationship between public information and transparency. The principle of publicity is essential for a good organization transparency, and opinion making of stakeholders. For this reason, foundations should facilitate access to information through their websites.

The analysis of the information published by foundations studied was structured as follows:

1. Foundation website
2. Institutional information: mission, board of trustees, and estatutes
3. Human resources information: employees and volunteers
4. Economic and financial information: budget and annual accounts
5. Social impact information: beneficiaries

### ***8.1.1. Foundations and ITC Information***

Foundations are increasingly aware of the importance of ITC. There are a number of reasons for this interest such reasons include: cost reduction, facilitation of certain processes, and improvement of communication and socialization of the entity in their geographical, social, and functional environment.

At present practically all foundations have access to Internet, which just a few years ago was almost unthinkable. Currently, technology has enabled the increase in the use of virtual networks. The foundational sector a gradually adapted to this fact.

However, as it will be seen below, there are still 42% of foundations without Internet access.

#### **8.1.1.1. Foundation website**

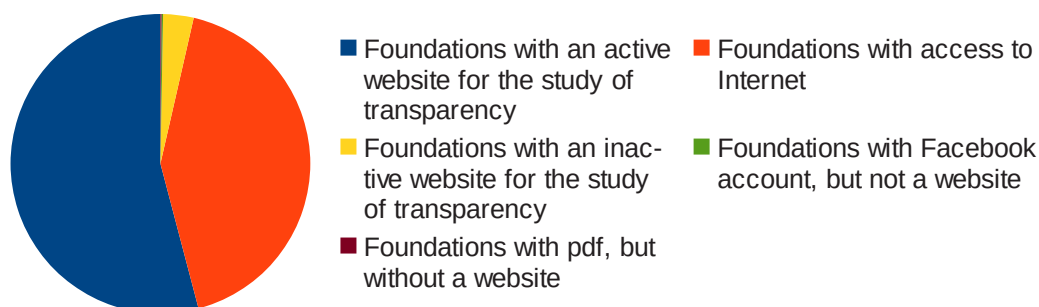
Table 8.1. Explanation of Website Indicator

Website definition	Set of websites provided by an organization, business, or public figure to share public information.
Exam	The methodology followed to determine if the foundation has a website or not.
Example	It has been observed that most educational foundations do not have their own website. These foundations are usually found in a section within the website of the school they are working with.
Procedure	On-line search to check whether the foundation has its own website or not if the foundation has its own website.
Score	Dichotomous rating 0 (the foundation has no website) or 1(the foundation has a website).
Dimension	Public access to the information contained in the foundation's website.

Source: Author

As it can be seen in Figure 8.1., out of the 2554 registered Catalan foundations only 1,382 have an active website.

Figure 8.1. Proportion of Number of Foundations with an Internet Presence



In this study, it was noticed that from those foundations having an online domain, there is a small number of inactive websites, and there are a few others that are only present on Facebook.

Table 8.2. Number of Foundations with Internet Presence.

Foundations and online presence	Number of foundations	Percentage
Foundations with an active website for the study of transparency	1.382	54,11%
Foundations with access to Internet	1.081	42,37%
Foundations with an inactive website for the study of transparency	84	3,28%
Foundations with Facebook account, but not a website	4	0,15%
Foundations with pdf <sup>27</sup> , but without a website	3	0,11%
TOTAL FOUNDATIONS	2.554	100,00%

Source: Author

Table 8.2. shows that 45.89% (1172) of the registered foundations are not suitable for the study of transparency. The study was carried out on 1382 foundations, representing 54.11% of the total. Therefore, transparency, through information and active communication, has been proven to be a

<sup>27</sup> Foundations with pdf, are foundations whose websites show a pdf document. Therefore, they lack interaction with the user

feature to improve.

The two reasons that explain the lack of a website in these foundations could be: (i) the end of the development of their original activity, or (ii) the lack of appropriate budget or technical infrastructure to access the Internet.

All those inactive entities should be subtracted from this group of 1,382 foundations. Once this is done, we will have a list of active foundations with no website, which, according to *Law 19/2014 of 29 December*:

*... [foundations] shall be sanctioned for not having a website available to all stakeholders who want to see the original details.*

This law forces foundations to have a website to communicate with stakeholders. But this will not be mandatory, since this law will not come into force and suffered modifications, see Chapter 5.

### **8.1.1.2. Email Address and Postal Address**

Table 8.3. Explanation of the E-Mail Indicator

Email definition	Application on a computer or in a multiple user's network through which can be sent and received personalized messages.
Exam	The methodology followed to determine whether the indicator is present or not.
Example	The email address of the foundation must be present in the contact section.
Procedure	On-line search to check, where it is possible to find the indicator in the foundation's website.
Score	Rating 0 (the foundation does not have the information) or 1 (the foundation has the information).

Dimension	Public access to the information contained in the foundation's website
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Source: Author

The email address is a communication channel that is becoming more and more widespread. It allows the sending of information electronically anywhere in the world through a program or application connected to the Internet. This medium is an essential instrument for non-profit organizations, attending to its obvious advantages regarding time, space, volume, ease, and free service. It makes the different communication tasks easier, and it improves the way users relate to the environment of the same entity.

Table 8.4. Explanation of Postal Address Indicator

Postal address definition	Place where a person or an organization is legally established for the fulfilment of their duties, the exercise of their rights, official ubication, etc.
Exam	The methodology whether the indicator is present or not
Example	The most common places in which to find the foundation postal address are two: (i) the contact section and (ii) at the very end of its website.
Procedure	On-line search to check, where it is possible to find the indicator in the foundation website.
Score	Rating 0 (the foundation does not have the information) or 1 (the foundation has the information)
Dimension	Public access to the information contained in the foundation's website

Source: Author

100% of the foundations have published their postal address, since it is a mandatory requisite demanded by the Foundations Register.

### 8.1.1.3. Active communication

Table 8.5. Explanation of the Active Communication Indicator

Active communication definition	Action of communicating news and ideas and its effect.
Exam	The methodology followed determine if an email requesting information was sent to all the foundations having an email address.
Example	Email message assessing three effects: (i) error, (ii) containing information (iii) with no information.
Procedure	On-line search to check answer to the sent e-mail.
Score	Rating 0 (error), 1 (containing information) o 2 (with no information)
Dimension	Public access to the email address: (i) Foundations Register (ii) foundation website

**Source: Author**

Very often, communication with foundations is limited to day by day management, with no higher ambition than spreading what is considered positive, or answering questions. But communication is more than this. Communication is also managing the reputation of the entity. Consequently, it should not be the result of improvisation, fortune, or individual skills of those in charge of communication management

Therefore, it is necessary to plan it beforehand, knowing what the aim of communicating is, and what resources are available to achieve this objective. The only way to get on track is to have a communication plan establishing what actions should be carried out, who it should be addressed



to, which would be the message and which channels would be used. In other words, everything that can generate trust and understanding with the immediate surroundings.

Table 8.6. Percentage of E-Mail Answers

Types of received responses to emails sent to the database of 2,554 foundations.	Total number of sent messages	%
Unanswered emails	1.220	82,80%
Emails containing information	110	7,46%
Answered mails with no information	68	4,61%
Erroneous emails	71	4,82%
Emails inviting to visit the foundation headquarters	4	0,27%
TOTAL	1.473	100,00%

Source: Author, from the email address data base provided by Foundations Register.

Table 8.6. shows that the response ratio is very low (12.34%). This depicts that the communication of foundations is not very active. It is also interesting to highlight that 0.27% of the messages consisted of an invitation to visit the headquarters of the foundation. This helps in seeing that there are two poles: on one hand, no answer is received at all, but on the other hand, a tiny group or entities is not just sending information, but also opening the doors of its organization.

### ***8.1.2. Institutional Information***

The objective of the institutional information is to project an appropriate public image to the aims and activities of the foundation.

All foundations show, directly or indirectly, institutional information. They should, therefore, design the architecture of information concerning the foundation (main mission, contents, structure, etc.). The purpose of this information is to show how the institution is, and help to give an accurate

picture of the foundation for all stakeholders.

A table summarizing the number and percentage of foundations that have (or not) institutional information published on their website is shown below:

Table 8.7. Percentage of Publication of Institutional Information in the Web

Institutional information	Published on the foundation's website		NOT published on the foundation's website	
	Number of foundations	Percentage of foundations having website	Number of foundations	Percentage of foundations having website
Mission	1285	92,98%	97	7,02%
Board of Trustees	778	56,30%	604	43,70%
Estatutes	196	14,18%	1186	85,82%

Source: Author

It is observed that from 1382 foundations with a website, nearly all foundations (92.98%) report their mission; more than half (56.30%) report about the composition of its board of trustees; but in general, they do not facilitate their estatutes, in fact only 14.18% publish them. The different indicators are shown individually below.

### 8.1.2.1. Mission

Table 8.8. Explanation of Mission Indicator

Mission definition	Work or special task entrusted to someone, or regarded by oneself as an internal duty.
Exam	The methodology followed to determine whether the studied indicator is present or not.
Example	Usually, at the starting section of the website of foundations, most of them name this indicator “mission”, while others call it “home” or “presentation”.
Procedure	On-line search to check, where it is possible to find the indicator in the foundation website
Score	Rating 0 (the foundation does not have the information) or 1 (the foundation has the information)
Dimension	Public access to the information contained in the foundation website

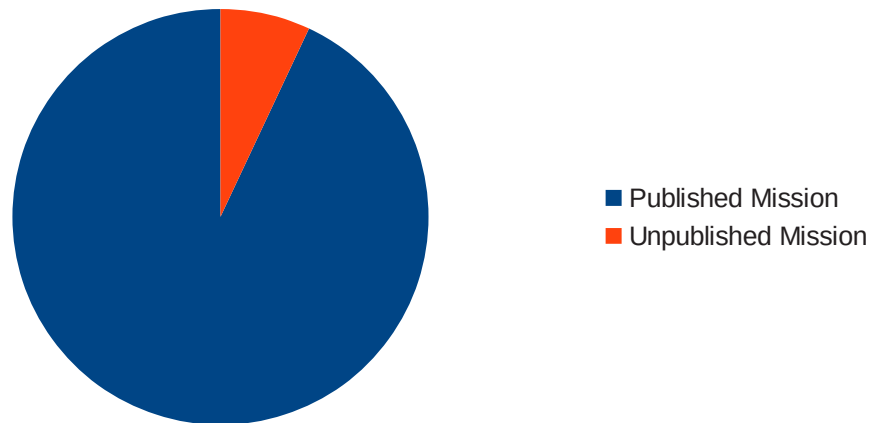
Source: Author

A foundation must describe the essential aspects of its project, being therefore basic to describe its mission. Who they are, what they want to achieve as an Organization, and where they want to go must be defined which its Mission is, which aims or objectives must be achieved, and what activities must be carried out to get them must be explained.

A clear definition of the mission can serve as an external letter of presentation, often necessary to explain what they are doing. Consequently, posting the mission of a foundation on its website is a clear characteristic of transparency, since the essence of the organization is summarized on it. It should be compulsory to show the mission on the foundation website to avoid different interpretations by different stakeholders of the organization. The mission must be written clearly and concisely, and it should describe

what the entity does. It can be completed by indicating how the foundation will achieve it, and who the addressees of the organization are.

Figure 8.2. Published versus Unpublished Foundation Mission



It has been observed that 93% of foundations publish their mission, while the remaining 7% don't. Out of these, most of sites that do not show their mission are museums and theatres among others, whose website is focused on explaining their daily activities rather than the foundation's mission. These websites are aimed at the final user of the offered service.

### 8.1.2.2. Board of Trustees

Table 8.9. Explanation of Board of Trustees Indicator

Board of Trustees	Administration board of certain corporations, such as foundations <sup>28</sup> .
Exam	The methodology followed to determine whether the studied indicators are present or not.
Example	There are foundations that only facilitate the name of the board of trustees members, while other foundations include photographs of the board of trustees, and even the CV of the members. The composition of the board of trustees was analysed for those foundations containing the name of the board of trustees members.
Procedure	On-line search to check, where it is possible to find the indicator in the foundation website.
Score	Rating 0 (the foundation does not have the information) or 1 (the foundation has the information).
Dimension	Public access to the information contained in the foundation website.

Source: Author

The composition and positions of the foundation board of trustees is governed by articles 332-1 to 332-12 of the Civil Code of Catalonia.

The board of trustees is the highest governing and representative body of the foundation.

Among the functions it should fulfil, there are two that must be highlighted:

1. Evaluating the work carried out by those performing directive actions in the foundation, i.e., the same board of trustees, to verify

<sup>28</sup> <http://dlc.iec.cat/results.asp?txtentraDa=patronat> Consulta online 10-3-2017

that the goal of the foundation is ensured;  
2. Ensuring the presentation of the economic records of the foundation to the society with the utmost transparency of the proceedings. Additionally, they must establish the criteria to measure, in an objective way, the results of the foundation, the social impact of the different projects, and the undertaken activities, to ratify, ultimately, the accomplishment of the mission.

It is very important for transparency that the governing bodies of the foundations appear on their website. From the studied sample, it was observed that only the 56.31% of foundations have included members of their board of trustees on their website, while the remaining 43.68%, have not included this information.

The model of a good board of trustees is one that, besides performing legislative functions in coordination with the managers, look out to find the best possible ways to develop the mission of the foundation.

The responsibility of a board of trustees member is to get involved to realize, in the medium term, the objectives of the foundation.

The functions of the board of trustees are the following: (i) to develop public relationships, (ii) to bridge the gap between the different levels of the foundation, (iii) to act as spokesperson to explain the mission of the foundation and (iv) to ease the resolution of the possible conflicts that may occur.

Studying foundations' websites, it has been noticed that there is a great diversity in the number of members comprising the board of trustees. However, in most of the cases, foundations have a board of trustees composed by a number of members between three and nine.

Table 8.10. Number of Board of Trustees Members Published in the Foundations' Websites.

Number of Board of Trustees members	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Number of foundations	22	35	77	65	78	81	75	66	69	49	54	35	21	13	13	19	15	6	4	56

Source: Author

### 8.1.2.3. *Estatutes*

Table 8.11. Explanation of Estatutes Indicator

Estatutes definition	Rule that acts as a law for the government of a collective body.
Exam	The methodology followed to determine whether the studied indicator is present or not.
Example	Real examples of application of the indicator on the website of the foundation.
Procedure	On-line search to check, where it is possible to find the indicator in the foundation website.
Score	Rating 0 (the foundation does not have the information) or 1 (the foundation has the information)
Dimension	Public access to the information contained in the foundation website

Source: Author

From the legal point of view of the Generalitat of Catalonia, foundations that adapted their estatutes to the Civil Code of Catalonia, had the obligation to do so before 31 December 2012, taking as a parameter Act 4 /

2008 of 24 April, including the amendments made by Law 7/2012 of 15 June. Under this law:

*... the estatutes of every organization are its soul and backbone, where it is possible to see the causes of the foundation and the reason for its existence.*

Ensuring public access to the estatutes of a foundation reflects transparency. The estatutes are the rules by which a foundation should be governed, and as such, they can be modified. It is a tool usefull to i) keep in mind the essence of the foundation and its aims, present in its constitution, and ii) adapt optimally to the reality of the foundation.

The result of the study is surprising, since only 197 out of the total 1,382 studied foundations published their estatutes, i.e., only 14.24%, which is a really low percentage. This result reduces the level of transparency of foundations.

### ***8.1.3. Human Resources Information***

Human resources management is vital for all organizations, because they play a key role in the effectiveness of objectives compliance of non-profit organizations.

The team is the main intangible asset of every organization; it is so in public and private institutions, but mainly in non-profit organizations where citizens play a key role. This statement highlights the fact that non-profit organizations usually born thanks to the drive and determination of people seeking to meet the needs of a particular group.

The characteristics of volunteers and employees are summarized in the following table, which displays the specific features of both (De Asis et al, 2005):



Table 8.12. Comparison of the strengths and weaknesses of volunteers and employees

Type of HR	Volunteer	Employee
Strengths	<ul style="list-style-type: none"> <li>• Greater individuals</li> <li>• Low cost resources</li> <li>• Higher participation of civil society</li> <li>• Permission to look for skills that the entity lacks</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous working days</li> <li>• More stable schedules.</li> <li>• Easy to contact with external entities or people</li> <li>• More rationale management</li> <li>• Better chances of social support.</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• Sometimes, subordination of the job to other priorities</li> <li>• Excessive personal rotation</li> <li>• Often, low trained personnel</li> <li>• Higher effort and coordination implication</li> </ul>	<ul style="list-style-type: none"> <li>• Expensive resource, increase in fixed costs</li> <li>• Need to look for regular economic resources</li> <li>• A higher percentage of the income is not invested in projects.</li> <li>• Specific follow-up to contract workers</li> </ul>

The study performed by Fundación Tomillo (2000) focusses on the description and analysis of human resources in non-profit organizations and provides a quantitative approach to the main characteristics of employees and volunteers: (i) 78 % of human resources are volunteers, while only 22% are employees; (ii) 50% of companies have fewer than 20 employees, and 75% no more than 37 employees; (iii) the majority of humans resources are young women with a high level of education; (iv) working conditions are characterised by part-time job, high temporality and relatively low wages. The involvement of human resources is of great importance in the foundational sector.

A table summarizing the number and percentage of foundations that have human resources' information posted on their website is presented below.

Table 8.13. Percentage On-line Publication of Human Resources Information

Human resources information	Published on the foundation's website		NOT published on the foundation's website	
	Number of foundations	Percentage of foundations with a website	Number of foundations	Percentage of foundations without a website
Number of employees	1040	75,25%	342	24,75%
Number of volunteers	1114	80,61%	268	19,39%

From a total number of 1,382 foundations with a website, the percentage of items posted on their website is less than 25% in any of the following two cases:

- 342 foundations (24.75%) have published the number of workers on their website.
- 268 foundations (19:39%) have published the number of volunteers on their website.

### 8.1.3.1. Number of Employees

Table 8.14. Explanation of Number of Employees Indicator

Employee definition	Person working for, and being paid by an employer
Exam	The methodology followed determine whether the studied indicator is present or not.
Example	Most of the data regarding employees can be found in two sections: organigram or annual report.
Procedure	The only search to check, where it is possible to find the indicator in the foundation website
Score	Rating 0 (the foundation does not have the information) or 1 (the foundation has the information)
Dimension	Public access to the information contained in the foundation website.

Source: Author

The network of working relations in the organizations is quite complicated due to the constant changes in labour legislation. In the case of non-profit organizations this is even more complex because they have very specific characteristics in this area, according to comments reported by the Support association, 2011. These characteristics refer to:

- Poor professionalization of management bodies of entities, in particular with regard to labour management and personnel administration.
- Confluence of confusing figures which are not usually present in lucrative companies, such as figures related to volunteers, the dependent freelance personnel, or the sporadic personnel, only in charge of offering workshops and courses, among others.

### 8.1.3.2. Number of volunteers

Table 8.15. Explanation of Number of Volunteers Indicator

Volunteer definition	A person who freely offers themselves to do something or to collaborate on a task without being forced.
Exam	The methodology to determine whether the studied indicator is present or not.
Example	All foundations' websites explain that they have volunteers. Some foundations even give details about fulfilling conditions to co-operate with them. The data on the number of volunteers has been found only in the organization report.
Procedure	On-line search, where it is possible to find the indicator, in the foundation's website.
Score	Rating 0 (the foundation does not have the information) or 1 (the foundation has the information)
Dimension	Public access to the information contained in the foundation website

Source: Author

Although the definition of "volunteer" comprises many areas, the description made by the volunteer state law 6/1996 (art. 3) is very enlightening:

*"... volunteering is understood as a group of activities of general interest, developed by natural persons, provided that they are not carried out by any sort of labour, administrative, commercial or other remunerated relationship, and fulfils the following*

*requirements: they have an altruistic and supportive nature, their realization is free, they are carried out without economic consideration, without prejudice to the right to reimbursement of expenses incurred by the volunteer activity, and they are performed through private or public organizations on the basis of specific programs or projects. "*

This concept of volunteering, which at first seems quite clear, on many occasions it cannot be considered so at all, in fact, it becomes a real “hotchpotch”, where other types of relations are concealed.

The characteristics of a volunteering relationship are:

- Voluntarism
- Lack of remuneration
- Benefit for third parts, not for oneself.
- Dependence or hierarchy. Although there is a working contract, the volunteer assumes a higher hierarchy, marking lines of action in the foundation to which she or he belongs.

It is important to highlight that foundations need volunteers to carry out their daily activities. Therefore, most of the foundations' websites provide a section where anyone is invited to volunteer through a registration. However, the number of volunteers working for a foundation remains unpublished. In fact, just 19.39% of foundations communicate via website the number of volunteers cooperating with them.

The study *Non-profit sector in Spain in 2006* indicates that there was a growth between 1995 and 2002 in the number of volunteers. 43.5%, representing 4.2 million citizens, spent at least an hour a month working for a non-profit organization, and the number of volunteers dedicating more than 16 hours per month increased by 72%, representing 1.76 million citizens. This shows that, non-profit organizations have been increasing their number of volunteers all the time.

#### ***8.1.4. Economic and Financial Information***

According to foundations Act 50/2002, of December 26:

*"The foundation must keep an orderly accounting, appropriate to its activity, allowing a chronological tracking of transactions. To do this it is necessarily to use a log book and an inventory and annual accounts book. "*

Foundations must follow the General Accounting Plan to non-profit organizations (RD 776/1998 of 30 April), which states that the board of trustees is required to approve the annual accounts in the six months following the end of the year. The annual accounts will be presented to the board of trustees and deposited in the Register of Foundations.

It is mandatory for all foundations to pass an external audit if, after two consecutive years from the closing date, it fulfils the three following requirements: (i) the total assets exceeds 2.4 € millions; (ii) the annual net income exceeds 2.4 € million; and (iii) the average number of employees during the year exceeds 50.

A table depicting the number and percentage of foundations that have the economic and financial information available on its website is presented below:

Table 8.16. Percentage of On-line Publication of Economic and Financial Information on their websites.

Economic and financial information	Published on the foundation's website		NOT published on the foundation's website	
	Number of foundations	Percentage of foundations with a website	Number of foundations	Percentage of foundations with a website
Annual budget	1126	81,48%	256	18,52%
Annual accounts	1117	80,82%	265	19,18%

It is noticed that from a total of 1382 foundations with a website:

- 256 foundations (18.52%) have published their annual budget on their website.
- 265 foundations (19.18%) have published their annual accounts on their website.

Thus, the percentage of foundations that publish economic and financial information is less than 20% in any of the two cases: annual budget and annual accounts.

### **8.1.4.1. Annual Budget**

Table 8.17. Explanation of Annual Budget Indicator

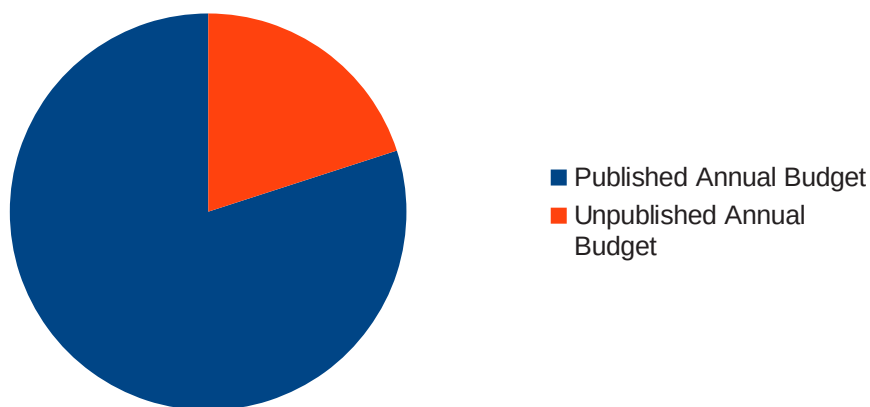
Budget definition	Anticipated calculation of the costs, expenses, and incomes of an entity for a period of time
Exam	The methodology followed to assess determine whether the studied indicator is present or not.
Example	Real examples of application of the indicator on the website of the foundation.
Procedure	On-line search, where it is possible to find the indicator, in the foundation's website.
Score	Rating 0 (the foundation does not have the information) or 1 (the foundation has the information)
Dimension	Public access to the information contained in the foundation website

Source: Author

The budget is the jointly and systematically quantified expression of the planned revenues and expenditures of an organization for one year. Making a budget is the first step to successfully achieve the satisfaction of stakeholders. For this reason, the foundations must think about budgeting to meet their objectives as an organization. To begin with, it is needed to define what is and what is not a budget. One common mistake is thinking that a budget is just an estimation of costs for a certain activity; but in reality, it is much more than that. It is the commitment that a foundation has to their stakeholders. Every budget contains a cost estimation, but the essence is the commitment, and therefore, it is an indicator of transparency.



Figure 8.3. Published versus Unpublished Annual Budget



The results of the analysis of the 1382 foundations websites show that only 257 foundations (18.57%) publish their annual budget. It is clearly an indicator to improve in order to increase the transparency of foundations, since the budget indicates the distribution of the financial resources of the organization in various working areas

### 8.1.4.2. Annual Accounts

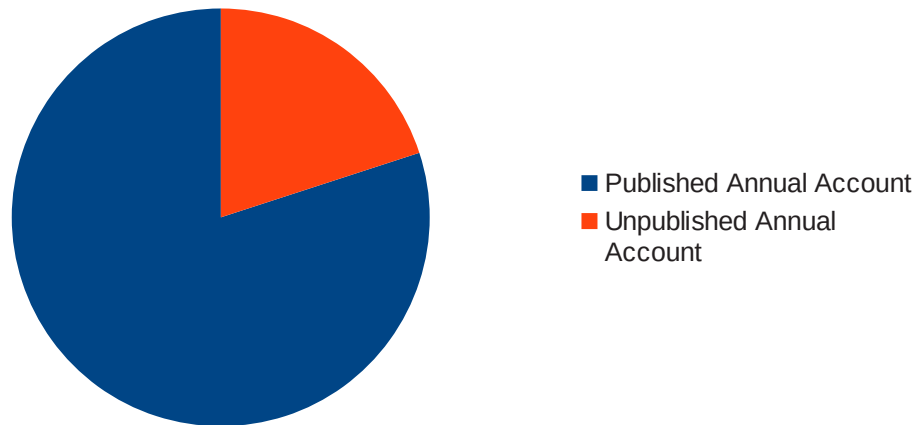
Table 8.18. Explanation of Annual Account Indicator

Account definition	Regular registration of monetary transactions, debts and crèdits, or other goods and services subject to calculation.
Exam	The methodology followed to determine examining whether the studied indicator is present or not.
Example	Every foundation should make their annual accounts visible, but the way of doing it depends on the activity type, which represents an additional challenge.
Procedure	On-line search, where it is possible to find the indicator, in the foundation's website.
Score	Rating 0 (the foundation does not have the information) or 1 (the foundation has the information).
Dimension	Public access to the information contained in the foundation website.

Source: Author

The annual accounts are the required accounting reports that show the patrimonial and financial status, and the result of the foundation's activity for a given period. The different chapters comprising the annual accounts are: (i) the balance sheet, (ii) the loss and profits status, (iii) changes in net equity, (iv) cash flow calculation, and (v) the annual report memory. Through the information provided by the foundation it will be possible to know the patrimonial, financial, and economical features of the entity. This information will be very useful for the to make the correct decisions in both, the short and the long term, and at the same time it will facilitate the reporting back to stakeholders.

Figure 8.4. Published versus Unpublished Annual Account



The results of the analysis of the 1382 foundations websites show that only 270 foundations (19.54%) publish their annual accounts. Very often, on those websites that publish annual accounts, it is also possible to find the audit report. This document adds transparency to non-profit organizations.

### ***8.1.5. Social Impact Information***

Most non-profits entities link their social impact to the number of beneficiaries. Based on this, the challenge here is to focus on the specific everyday processes to increase this impact.

### **8.1.5.1. Number of Beneficiaries**

Table 8.19. Explanation of Number of beneficiaries indicator

Beneficiaries definition	Person who enjoys the beneficial action of the foundation.
Exam	The methodology followed to determine whether the studied indicator is present or not.
Example	In some websites, besides the mission, who the beneficiaries are is stated too. However, the number of total beneficiaries is only present in the annual report.
Procedure	On-line search, where it is possible to find the indicator, in the foundation's website.
Score	Rating 0 (the foundation does not have the information) or 1 (the foundation has the information).
Dimension	Public access to the information contained in the foundation website.

Source: Author

All foundations want as many users or beneficiaries as possible to benefit from the activity or services provided by the in organization. In other words, he entities are aimed to the beneficiaries, who are the recipients of the services or activities of the non-profit organization.

Table 8.20. Percentage of On-Line Publication of Information on Number of Beneficiaries

	Published on the foundation's website		NOT published on the foundation's website	
	Number of foundations	Percentage of foundations with a website	Number of foundations	Percentage of foundations with a website
Human resource information				
Number of beneficiaries	1100	79,59%	282	20,41%

Out of the 1382 foundations with a website;

- Only 282 foundations (20.41%) have posted the number of beneficiaries on their website. This shows that most foundations do not make facilitate their social impact publicly available.

This data is important for assessing the transparency of NPEs, since it reports that the perceived resources in form of grants and subsidies have been directed to the beneficiaries of the entity. For this reason, it is believed that foundations, after having performed the biggest efforts to get to the greatest number of beneficiaries, should publish and inform stakeholders (specially donors) about the number of beneficiaries who have been helped thanks to the organizational work.

## ***8.2. Number of Foundations that show the Complete Set of Transparency Indicators***

The total number of transparency indicators posted by the 1,382 foundations with a website is presented below:

Table 8.21. Number of Foundations that show Complete Transparency Indicators

Number of complete items	N	%
0	94	6.80
1	454	32.85
2	383	27.71
3	115	8.32
4	66	4.78
5	57	4.12
6	28	2.03
7	90	6.51
8	95	6.87
Total	1382	100.00

It is inferred from the table above that 94 foundations (6.8%) do not post any transparency indicator at all. These foundations fall into the category of just having a website.

60% of foundations publish between 1 and 2 indicators, corresponds to 454 (32.85%) and 383 (27.71%) foundations respectively.

At the other end are 185 foundations that post between 7 and 8 transparency indicators, which are, respectively 90 (6.51%) and 95 (6.87%) foundations.

### ***8.3. Identification of Major Transparency Shortcomings***

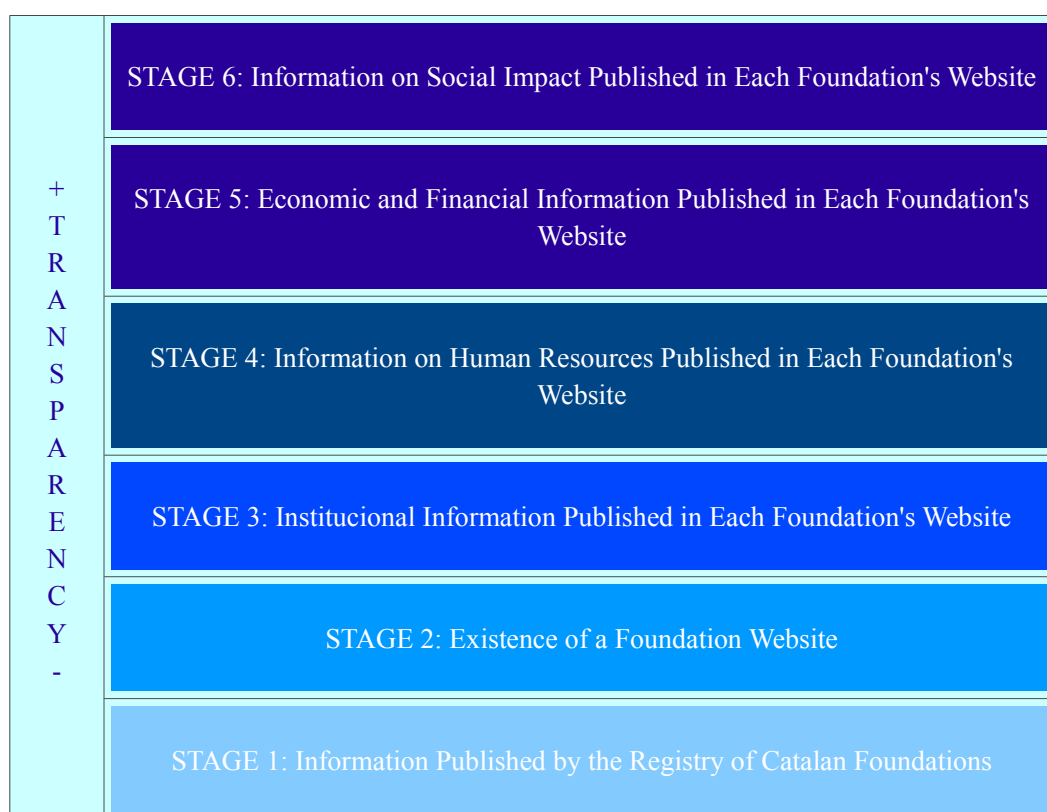
After showing the results of the descriptive analysis of: (i) institutional information, (ii) human resources, (iii) economic and financial information, and (iv) social impact of the 1,382 foundations websites, major shortcomings in transparency in the Catalan foundation sector are identified

in this section. The result provided will be useful to make decisions to amend such deficiencies.

Pareto diagram methodology has been applied here. Pareto (1892-3) noted that, in most cases, a small number of factors are responsible for most problems. Thanks to this method it is possible to detect, from all the shortcomings, those that have a greater impact.

Deficiencies are ordered from highest to lowest frequency. Thus, it is possible to identify the most common causes of errors in the transparency of the foundational sector.

The research question here focuses on the degree of transparency of foundations (in Chapter 1 it is already defined and depicted in Figure 1.1, which is also shown below) to identify their level of transparency.



After analysing 1382 websites to monitor various indicators, a list of transparency lacks is provided:

- An indicator is related to having a website or not (lack of a website)  
STAGE 2
- Three indicators are related to institutional information (mission, board of trustees and estatutes are not provided by the website)  
STAGE 3
- Two indicators are related to human resources' information (number of employees and volunteers is not provided by the website).  
STAGE 4
- Two indicators are related to human resources' information (annual budget and annual accounts are not provided by the website).  
STAGE 5
- One indicator is related to the information on the social impact of the foundation (Number of beneficiaries is not provided by the website). STAGE 6

Table 8.22. below summarizes the list of the six observed transparency shortcomings, ordered by level of transparency.



Table 8.22. Lack of Transparency in Foundations  
(Information Not Published in their Websites)

Type of information	Type of transparency shortcoming	Frequency
ICT	Lack of a website (STAGE 1)	1.173
Institutional	Mission is not published on-line (STAGE 3)	1.271
Institutional	Board of Trustees member's information is not published on-line (STAGE 3)	1.778
Institutional	Estatutes are not published on-line (STAGE 3)	2.359
HR	Number of employees is not published on-line (STAGE 4)	2.214
HR	Number of volunteers is not published on-line (STAGE 4)	2.288
Economic and financial	Annual budget is not published on-line (STAGE 5)	2.299
Economic and financial	Annual accounts are not published on-line (STAGE 5)	2.286
Social impact	Number of beneficiaries is not published on-line (STAGE 6)	2.274
TOTAL		17.942

Source: Author

A Pareto diagram has been built to analyse the major mistakes made by foundations by not publishing institutional, economic-financial, and human resources information. This study will help to make decisions directed to improve the transparency of foundations, and increase the level of trust from society.

The statistical procedure was as follows:

- Major transparency shortcomings were ordered in decreasing order.
- The percentage of each shortcoming, out of the overall, was calculated.
- Cumulative frequency of the reordered shortcomings was also calculated.

Table 8.23. Transparency shortcomings types, frequency and share according to Pareto distribution

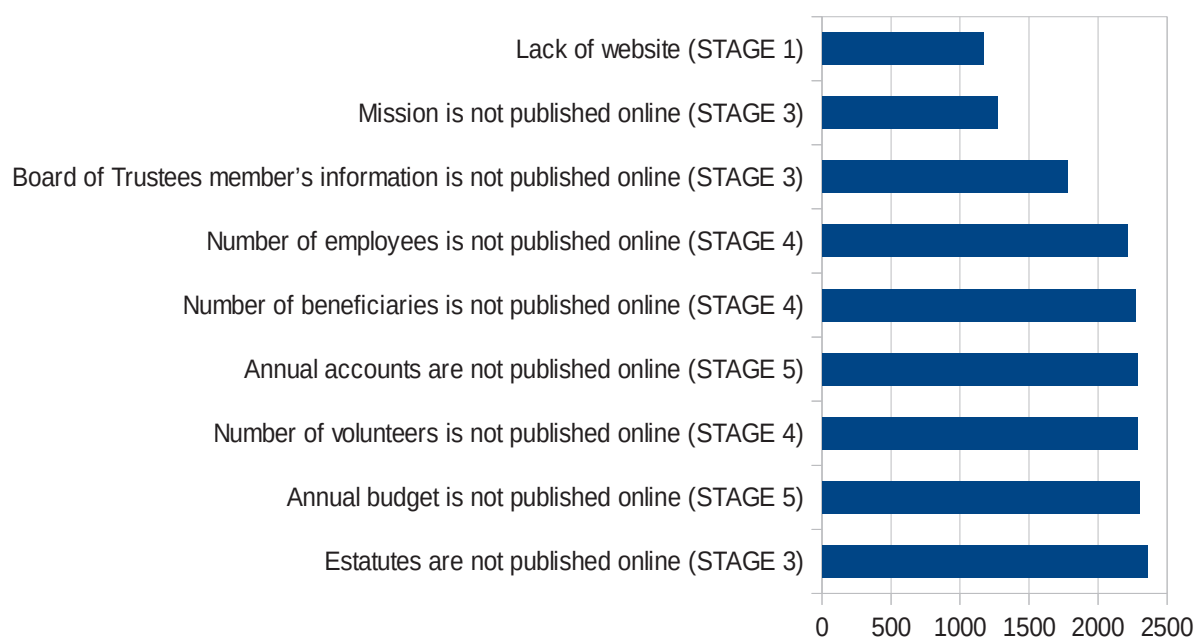
Shortcoming category	Type of information	Type of transparency shortcoming	Frequency	Shortcoming percentage	Shortcoming cumulative percentage
4	Institutional	Estatutes are not published on-line (STAGE 3)	2.359	13,15%	13,15%
8	Economic and financial	Annual budget is not published on-line (STAGE 5)	2.299	12,81%	25,96%
6	Human Resource	Number of volunteers is not published on-line (STAGE 4)	2.288	12,75%	38,71%
9	Economic and financial	Annual accounts are not published on-line (STAGE 5)	2.286	12,74%	51,45%
7	Social Impact	Number of beneficiaries is not published on-line (STAGE 4)	2.274	12,67%	64,13%
5	Human Resource	Number of employees is not published on-line (STAGE 4)	2.214	12,34%	76,47%
3	Institutional	Board of Trustees member's information is not published on-line (STAGE 3)	1.778	9,91%	86,38%
2	Institutional	Mission is not published on-line (STAGE 3)	1.271	7,08%	93,46%
1	ICT	Lack of a website (STAGE 1)	1.173	6,54%	100,00%
TOTAL			17.942	99,99%	

Source: Author

Table 8.23 reports that, after analysing 2,554 foundations, it has been observed that there are 17,942 transparency errors. On the one hand, six out of nine major shortcomings show a very similar frequency, around 2,200 entries, representing a percentage of 12% of the total shortcomings. On the other hand, 33.44% of transparency errors or deficiencies are caused

by three items: (i) board of trustees is not published online (STAGE 3), accounting for 9.91% of share, (ii) mission is not clearly stated on-line (STAGE 3), accounting for 7.08% of share, and (iii) Lack of foundation website (STAGE 1), accounting for 6.54% of share.

Figure 8.5. Pareto Histogram of Transparency Errors



Examining the Pareto diagram (Figure 8.5)., what causes the lack of transparency on the studied foundations is quickly identified, as well as the critical points where the board of trustees members should work at to solve these problems.

Based on the Pareto analysis, which discriminates between the vital few from the trivial many, and, in order to improve transparency, it is highly recommended for foundations to:

- Publish their estatutes. This is essential to ensure the transparency of

a foundation, since estatutes are the backbone of a non-profit organization.

- Publish the number of volunteers and employees. These indicators are an accurate way of measuring the size of the foundation (employees) and the involvement of the civil society (number of volunteers performing different activities)
- Publish their economic and financial data. This is a fundamental fact of the foundation, and it must be shown through its annual budget and its annual accounts, which should be managed in a proper way. This financial information should remain recorded.
- Have a foundation website to facilitate information about the entity. This is nowadays considered essential.



## **Chapter 9: Results of the Bivariate Analysis of Transparency Indicators**

This chapter presents results of the bivariate statistical analysis of nine indicators of transparency (dependent variable): (i) website, (ii) mission, (iii) board of trustees, (iv) estatutes (v) number of employees (vi) number of volunteers (vii) annual budget, (viii) annual accounts, and (ix) number of beneficiaries. The qualitative independent variables that are: (i) the scope of activity/type of foundation (healthcare, cultural, educational and scientific), (ii) the province (Barcelona, Tarragona, Lleida and Girona), (iii) the decade (1980-1989, 1990-1999, 2000-2009, 2010-2015) and (iv) the legislation period (phase 1, phase 2, phase 3 and phase 4).

This chapter follows the order of the independent qualitative variables. At the beginning of each section a contingency table is presented containing the results of Pearson Chi-square tests performed in order to analyse the independence of the variables. This test compares the observed results with a set of theoretical results, calculated under the assumption that the variables were independent. The difference between the expected and observed results are summarized in the value of the test, presented in different tables for each variable studied. This value has an associated p-value, below which the hypothesis of independence of the variables is accepted or rejected. By using this test it can be determined if two variables are statistically associated or independent of each other.

In the 1382 foundations that have a website, the average number of completed indicators is 2.66 (33.21% of the total items studied) with a standard deviation of 2.29 (28.63%). Note also the range in which the data moves, the number of completed items varies from 0 to 8, from not having any to having them all, and the median is 2 completed items (25% of the total items).

Table 9.1. Number Complete Transparency Items

	N	Media	Deviance Standard	Minim	Media	Maxim	N Missing
Number of Complete Transparency Items	1382	2.66	2.29	0	2	8	1172
% Complete Items	1382	33.21%	28.63%	0.00%	25.00%	100.0%	1172

### ***9.1. Results of the Bivariate Analysis of Transparency Indicators according to the Scope of Activity***

Table 9.2. Overview Table of Chi-Square Pearson Significant Differences

Classification of information depending on the level of transparency	Transparency Indicator	Healthcare	Cultural	Educational	Scientific
Stage 1: ITC	Website	NO	NO	NO	YES
Stage 2: Institutional	Mission	YES	YES	NO	NO
Stage 2: Institutional	Board of Trustees	YES	YES	NO	NO
Stage 2: Institutional	Estatutes	YES	YES	NO	NO
Stage 4: Human Resource	Number Employee	YES	YES	NO	NO
Stage 4: Human Resource	Number Volunteers	YES	YES	NO	NO
Stage 5: Economic and Financial	Annual Budget	YES	YES	YES	NO
Stage 5: Economic and Financial	Annual Accounts	YES	YES	NO	NO
Stage 6: Social Impact	Number Beneficiaries	YES	YES	NO	NO



Table 9.2 includes the following information:

- The first column shows the relationship with the research question presented in Chapter 1 (Figure 1.1.) and the different levels of transparency of foundations that are rated from 1 to 6 in relation to specific transparency indicators.
- The second column lists the nine indicators which are the dependent variables: (i) website, (ii) mission, (iii) board of trustees, (iv) estatutes (v) number of employees (vi) number of volunteers (vii) annual budget, (viii) annual accounts, and (ix) number of beneficiaries.
- And finally, in the last four columns the qualitative independent variables that relate to the scope of activity/type of foundation can found: (i) healthcare, (ii) cultural (iii) educational and (iv) scientific activity.

The results of this table (9.1.) provide two results for the 36 cases studied, on the one hand: (i) in 18 cases NO significant differences were detected, the distribution is the same as Pearson Chi-Square. However, it is indicated that (ii) in 18 cases significant differences WERE detected in the distribution Pearson Chi-Square, and therefore these cases provide information necessary to draw conclusions on the behaviour of Catalan foundations in terms of their transparency.

In the following section the results of the bivariate analysis on healthcare and cultural activity foundations are presented, showing all the transparency indicators, whether if they were significant or not. As for the educational and scientific activity foundations, results for all variables are presented in a summarized form, by using a Chi-square contingency table, which notes that eight out of the nine transparency indicators are not significant and that explains the only significant indicator.

## ***9.1.1. Healthcare Scope of Activity***

### ***9.1.1.1. Website of the Healthcare Foundations***

The count and percentage of foundations with website is presented, differentiated according to whether their scope of activity is healthcare or not:

Figure 9.1. Foundations with a Website according to Healthcare or Non-Healthcare Field of Action

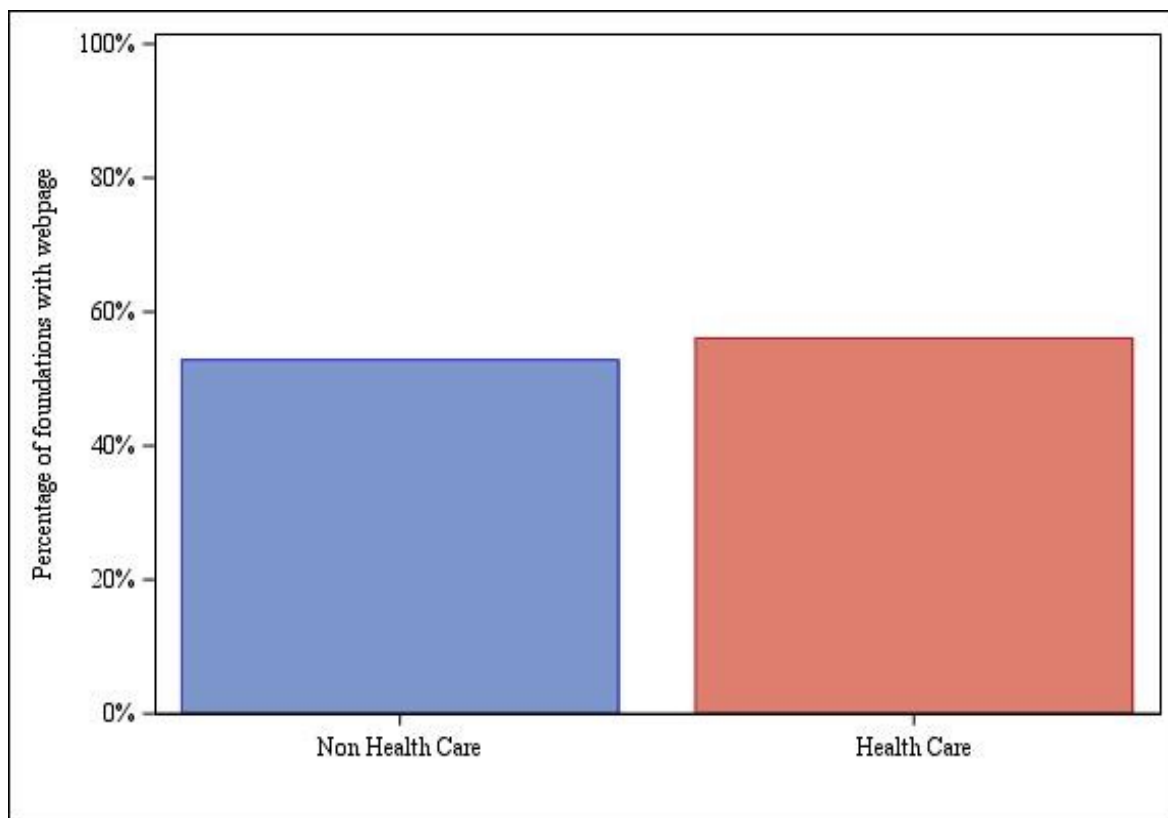


Table 9.3. Foundations with a Website Healthcare or Non-Healthcare  
Field of Action

Foundation with a website	Non Web		Web		Total	Statistic Chi-Square Test	Degrees of freedom	p valor
	N	%	N	%	N			
Healthcare	446	43.94	569	56.06	1015	2.57	1	0.1086
Non-Healthcare	726	47.17	813	52.83	1539			

Table 9.3 shows that there are:

- 1015 healthcare activity foundations. Of these, 446 (43.94%) do not have a website, while 569 (56.06%) do.
- 1539 non healthcare activity foundations. Of these, 726 (47.17%) do not have a website, while 813 (52.83%) do.
- No statistically significant differences among the healthcare foundations and other types of activity.

### ***9.1.1.2. Institutional Information of Healthcare Foundations***

The count and percentage of foundations that have published on their website each of the following three items of institutional information: (i) mission, (ii) board of trustees and (iii) estatutes, are presented differentiated according to whether their scope of activity is healthcare or not. It is important to take into account that in this part, just the 569 (56.06%) healthcare foundations with a website are considered:

Figure 9.2. Institutional Information Published by Healthcare or Non-Healthcare

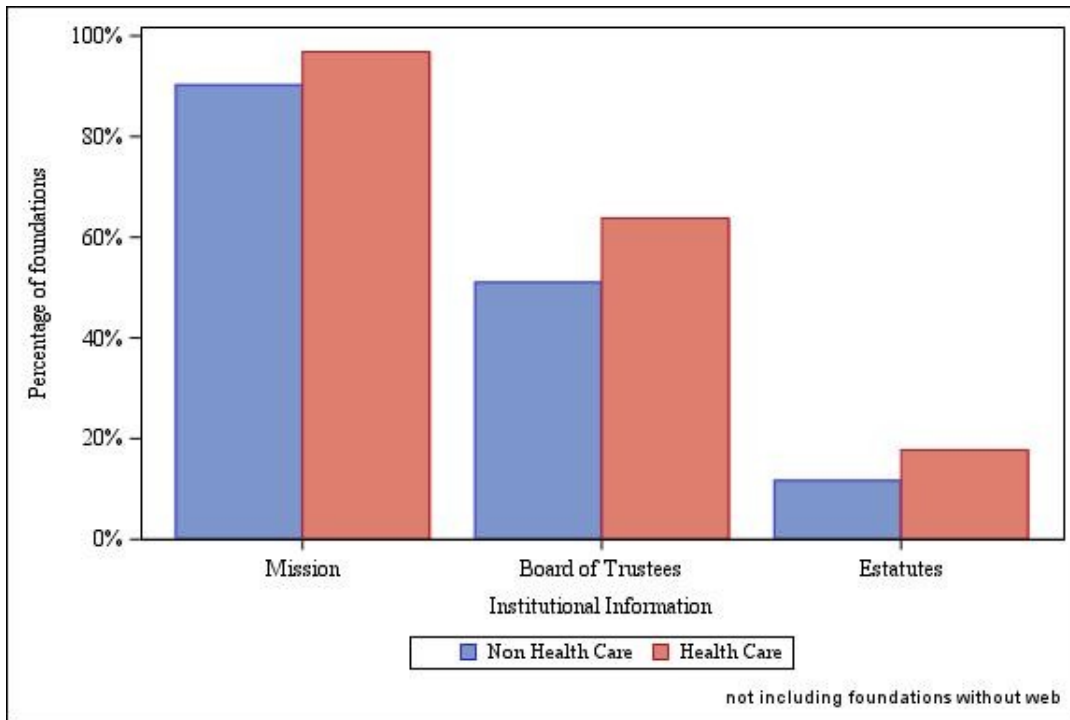


Table 9.4. Institutional Information Published by Healthcare Foundations

Institutional Information	Field of Action	Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Mission	Healthcare	18	3.16	551	96.84	569	22.03	1	<.0001
	Non-Healthcare	79	9.72	734	90.28	813			

Institutional Information	Field of Action	Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Board of Trustees	Healthcare	206	36.20	363	63.80	569	22.12	1	<.0001
	Non-Healthcare	398	48.95	415	51.05	813			
Estatutes	Healthcare	468	82.25	101	17.75	569	10.12	1	0.0015
	Non-Healthcare	718	88.31	95	11.69	813			

In Table 9.4 it is observed that:

- There are 569 healthcare foundations that have a website. Of these, 551 (96.84%) have published their mission, 363 (63.8%) have published their board of trustees and 101 (17.75%) have published their estatutes.
- There are 813 non-healthcare foundations that have a website. Of these, 734 (90.28%) have published their mission, 415 (51.05%) have published their board of trustees and 95 (11.69%) have published their estatutes.
- There are statistically significant differences in the publication of the mission, the board of trustees and the estatutes.
- The publication in the website of these indicators (mission, board of trustees and estatutes) is more frequent in healthcare foundations, which demonstrates that healthcare foundations are more transparent.

### 9.1.1.3. Human Resources Information of Healthcare Foundations

The count and percentage of foundations that have published on their website each of the two items on human resources' information: (i) number of employees and (ii) the number of volunteers are presented. It is important to take into account that in this part, just the 569 (56.06%) healthcare foundations with a website are considered:

Figure 9.3. Human Resources Information Published by Healthcare or Non-Healthcare Foundations

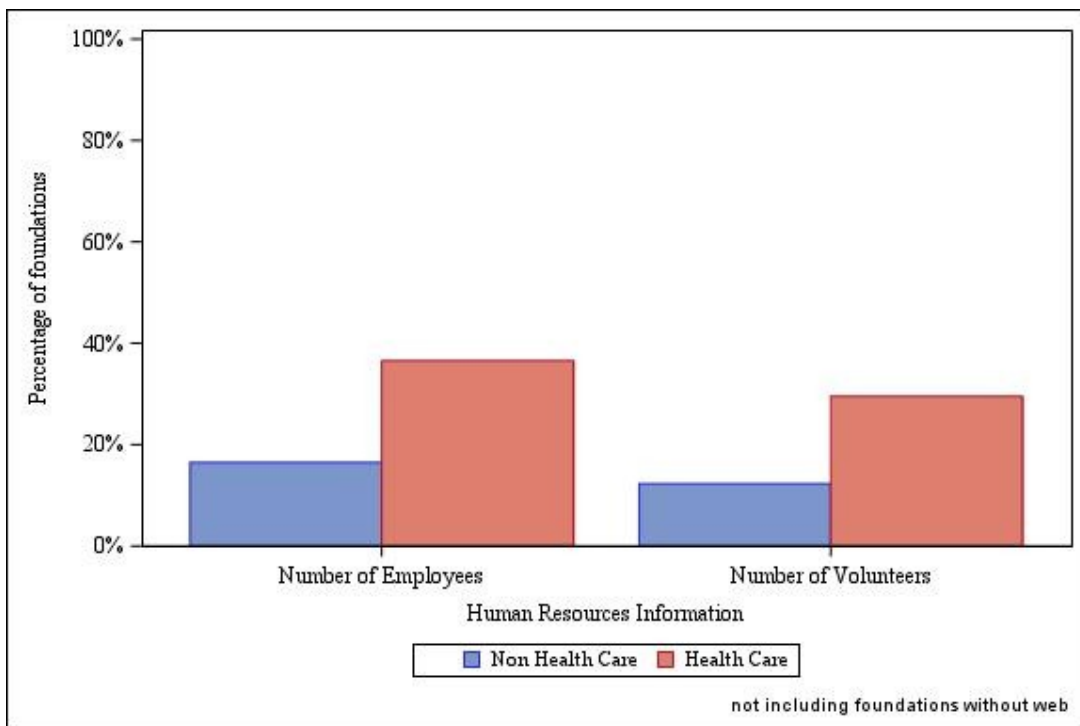


Table 9.5. Human Resources Information Published by Healthcare and Non-Healthcare

Information Human Recourse	Field of action	Unpublished Information Website		Published Information Website		Statistic			
		N	% with regard to foundations with a website	N	% with regard to foundations with a website	Total	Chi- Square Test	Freedom Degree	p value
	Non- Healthcare	679	83,52%	134	16,48%	813			
Number Volunteer	Healthcare	401	70,47%	168	29,53%	569	63.54	1	<.000 1
	Non- Healthcare	713	87,70%	100	12,30%	813			

Results from Table 9.5 show that:

- There are 569 healthcare foundations with a website. Of these, 208 (36.56%) have published the number of workers and 168 (29.53%) the number of volunteers.
- There are 813 non-healthcare foundations. Of these, 134 (16.48%) have published information on the number of employees and 100 (12.3%) have published the number of volunteers.
- There are statistically significant differences, in the publication of the number of workers and the number of volunteers, between healthcare foundations and non-healthcare foundations, being the number of workers more frequently published in the healthcare foundations.

#### 9.1.1.4. Economic and Financial Information of Healthcare Foundations

This section presents the count and percentage of healthcare foundations that have both items of economic and financial information published on their website. It is important to take into account that in this part, just the 569 (56.06%) healthcare foundations with a websites are considered:

Figure 9.4. Economic and Financial Information Published by Healthcare and Non-Healthcare Foundations

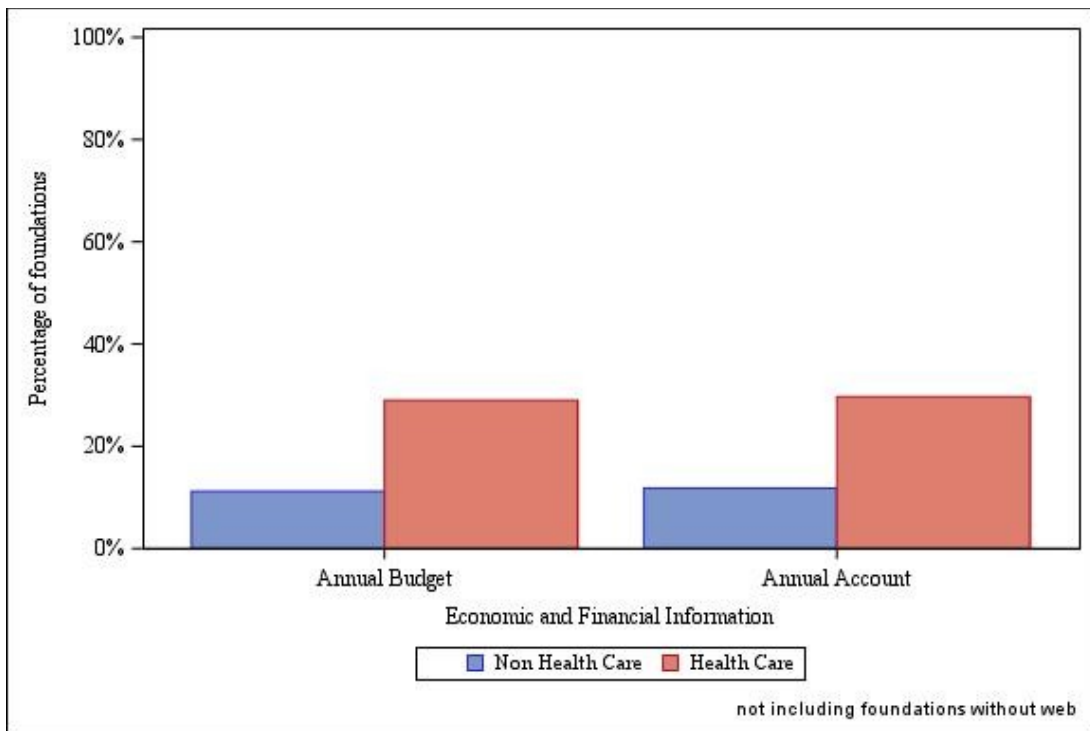




Table 9.6. Economic and Financial Information Published by Healthcare Foundations

Information economic financial	Field of Action	Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi- Square Test	Freedom Degree	p value
Annual Budget	Healthcare	404	71,00%	165	29,00%	569	70.31	1	<.00 01
	Non- Healthcare	722	88,81%	91	11,19%	813			
Annual Account	Healthcare	400	70,30%	169	29,70%	569	69.15	1	<.00 01
	Non- Healthcare	717	88,19%	96	11,81%	813			

In Table 9.6 it is observed that:

- There are 569 healthcare foundations with a website. Of these, 165 (29%) have published the annual budget and 169 (29.7%) have published the annual accounts.
- There are 813 non-healthcare foundations. Of these, 91 (11.19%) have published the annual budget and 96 (11.81%) have published the annual accounts.
- There are statistically significant differences, in the publication of the annual budget and annual accounts, between healthcare foundations and non-healthcare foundations; being the economic and financial information more frequently published in healthcare foundations.

### 9.1.1.5. Social Impact Information of Healthcare Foundations

Figure 9.5. Social Impact Information Published by Healthcare or Non-Healthcare Foundations

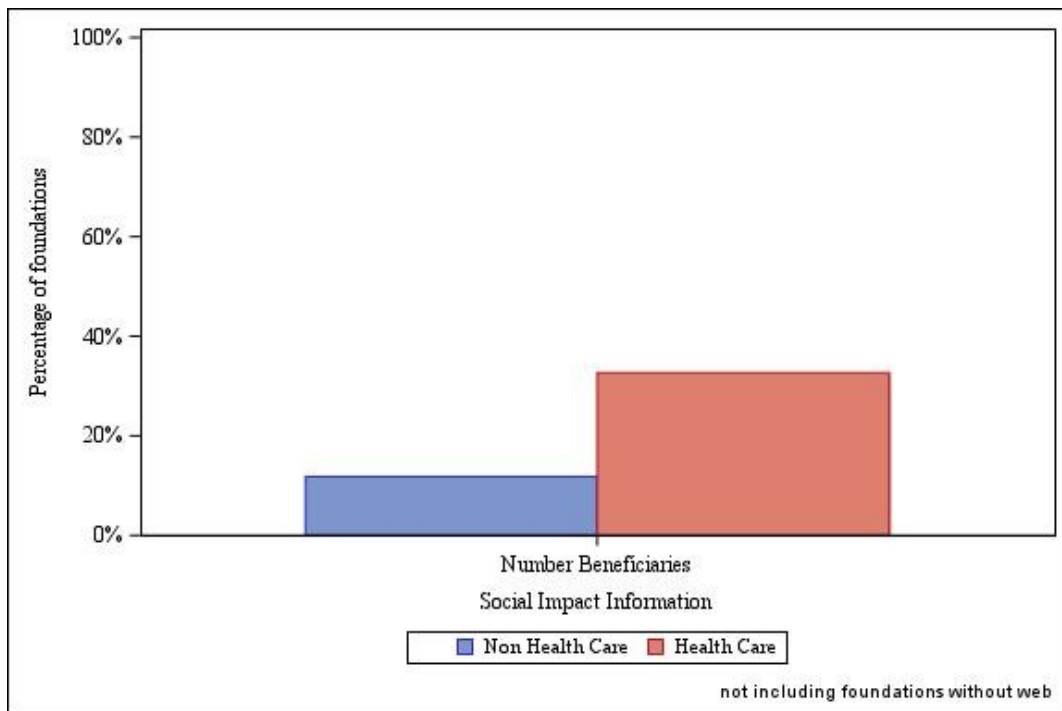


Table 9.7. Social Impact Information Published by Healthcare Foundations

Information Human Resource	Field of Action	Unpublished Information Website		Published Information Website		Total	Statistic		
		% with regard to foundations with a website		% with regard to foundations with a website			Chi-Square Test	Freedom Degree	p value
		N		N					
Number Beneficiaries	Healthcare	383	67,31%	186	32,69%	569	89.86	1	<.0001
	Non-Healthcare	717	88,19%	96	11,81%	813			

In Table 9.7 it is observed that:

- There are 186 (32.69%) healthcare foundations that have published the number of beneficiaries on their website.
- There are 96 (11.81%) non-healthcare foundations that have published their number of beneficiaries on their website.
- There are statistically significant differences in having published the number of beneficiaries between healthcare foundations and non-healthcare foundations, being more frequent to have the number of beneficiaries published in healthcare foundations.

## 9.1.2. Cultural Scope of Activity

### 9.1.2.1. Website of Cultural Foundations

The count and percentage of foundations with a website is presented, differentiated according to whether their scope of activity is cultural or not:

Figure 9.6. Foundations with a Website according to Cultural or Non-cultural Field of Action

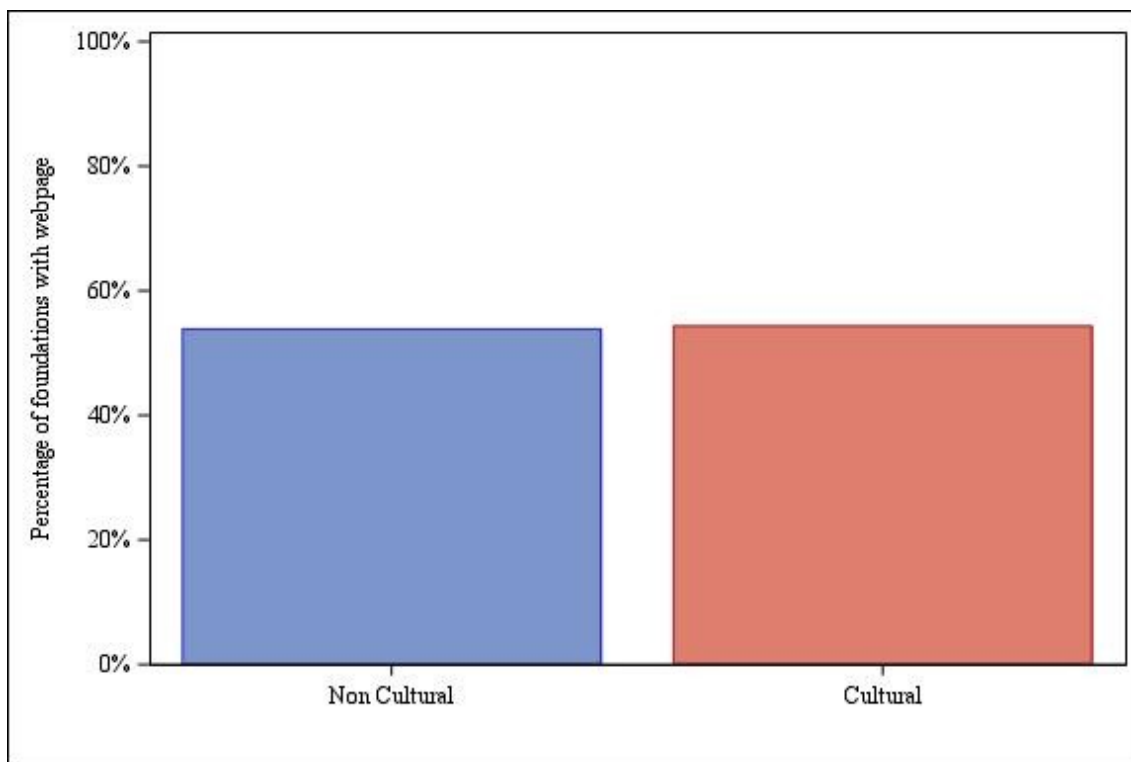


Table 9.8. Foundations with a Website according to Cultural or Non-Cultural Field of Action

Foundations with web-side	Websites		Non Websites		Total	Statistic		
	N	%	N	%		Chi-Square Test	Freedom Degree	p valor
	Cultural	752	54,34	632	45,66	1384	0,06	1
No Cultural	630	53,85	540	46,15	1170			

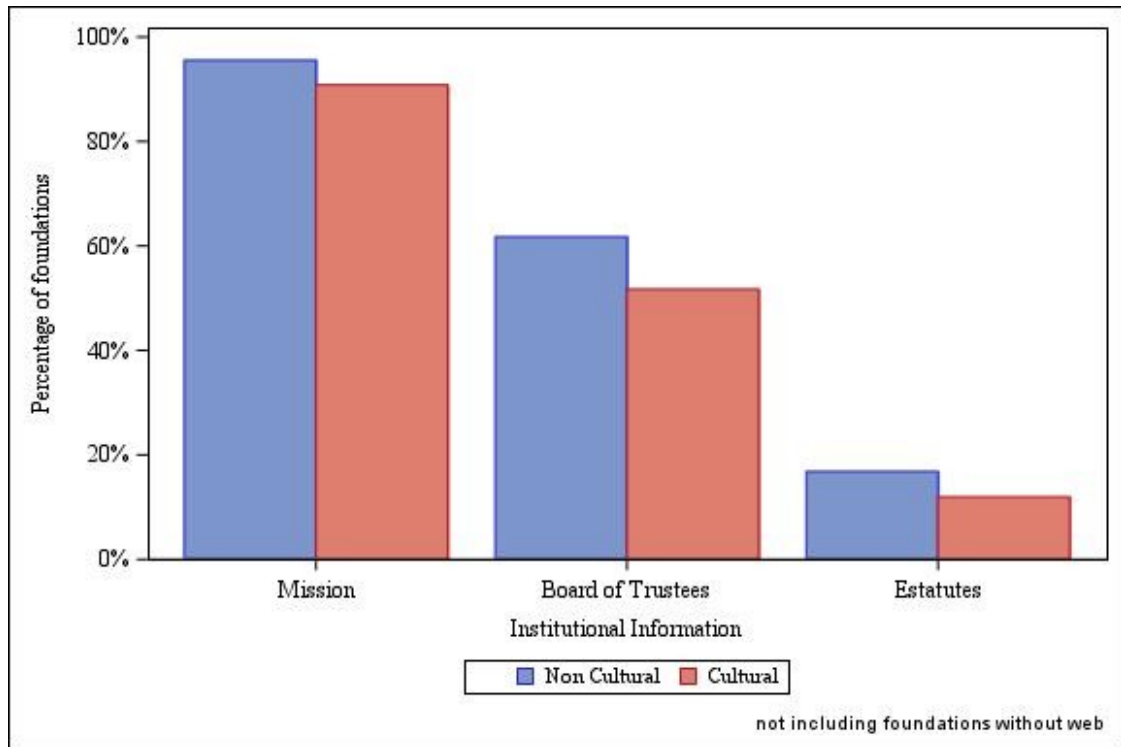
Table 9.8 shows that:

- There are 1384 cultural foundations. Of these, 632 (45.66%) do not have a website while 752 (54.34%) do.
- There are 1170 non-cultural foundations. Of these, 540 (46.15%) do not have a website, while 630 (53.85%) do.
- No statistically significant differences have been detected between the cultural foundations and the rest of the scopes of activity, as shown in Figure 9.6.

#### ***9.1.2.2. Institutional Information of Cultural Foundations***

The count and percentage of foundations that have published on their website each of the following three items of institutional information: (i) mission, (ii) board of trustees and (iii) estatutes, are presented differentiated according to whether their scope of activity is cultural or not. It is important to take into account that in this part, just the 752 (54,34%) cultural foundations with a website are considered:

Figure 9.7. Institutional Information Published by Cultural or Non-Cultural Foundations



In this figure 9.7 the difference between the transparency of cultural foundations and the rest of foundations can clearly be seen, in terms of the institutional information published on their website. Regarding the three indicators of institutional information: mission, board of trustees and estatutes, the level of transparency is clearly higher in non-cultural foundations.

Table 9.9. Institutional Information Published by Cultural Foundations

Information Institutional	Field of Action	Published Information Website		Unpublished Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p valor
Mission	Cultural	683	90,82%	69	9,18%	752	11.76	1	0.0006
	No cultural	602	95,56%	28	4,44%	630			
Board of Trustees	Cultural	389	51,73%	363	48,27%	752	13.98	1	0.0002
	No cultural	389	61,75%	241	38,25%	630			
Estatutes	Cultural	90	11,97%	662	88,03%	752	6.65	1	0.0099
	No cultural	106	16,83%	524	83,17%	630			

Table 9.9 shows that:

- There are 752 cultural foundations with a website. Of these, 683 (90.82%) have published their mission, 389 (51.73%) have published their board of trustees and 90 (11.97%) have published their estatutes.
- There are 630 non-cultural foundations with a website. Of these, 602 (95.56%) have published the mission, 389 (61.75%) have published their board of trustees and 106 (16.83%) have published their estatutes.
- There are statistically significant differences in the publication of: mission, and board of trustees and estatutes between cultural and non-cultural foundations.
- The publication of this information (mission, board of trustees and estatutes) in foundations' websites is more frequent in non-cultural

foundations, which shows that cultural foundations are less transparent.

### 9.1.2.3. Human Resources Information of Cultural Foundations

The count and percentage of foundations that have posted on their website each of the two items on human resources' information: (i) number of employees and (ii) the number of volunteers are presented. It is important to take into account that in this part, just the 752 (54,34%) cultural foundations with a website are considered:

Figure 9.8. Human Resources Information Published by Cultural or Non-Cultural Foundations

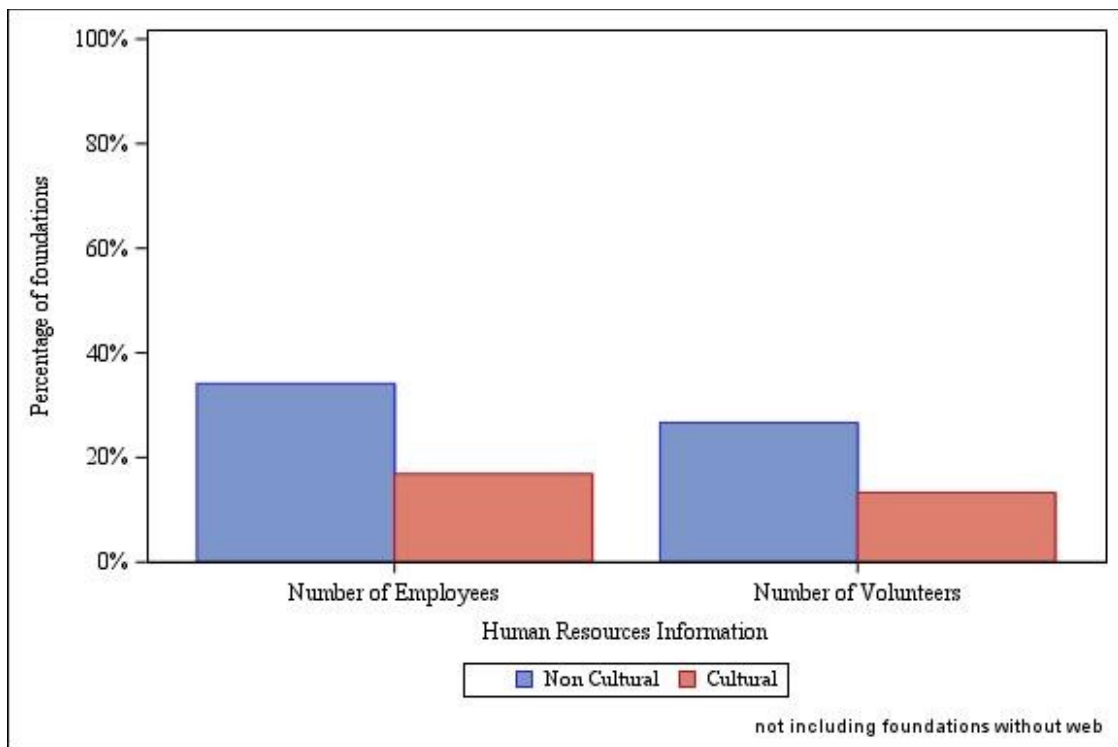




Table 9.10. Human Resources Information Published by Cultural Foundations

Information Human Recourse	Field of Action	Published Information Website		Unpublished Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p valor
Number of Employees	Cultural	127	16,89	625	83,11	752	54.70	1	<.0001
	No Cultural	215	34,13	415	65,87	630			
Number of Volunteers	Cultural	100	13,30	652	86,70	752	39.20	1	<.0001
	No Cultural	168	26,67	462	73,33	630			

From Table 9.10 it is derived that:

- There are 752 cultural foundations. Of these, 127 (16.89%) have published their number of employees and 100 (13.3%) have published their number of volunteers.
- There are 630 non-cultural foundations. Of these, 215 (34.13%) have published the information on their number of workers and 168 (26.67%) their number of volunteers.
- There are statistically significant differences in the publication of the number of employees and the number of volunteers between cultural and non-cultural foundations, being information on human resources more frequently published in non-cultural foundations.

#### ***9.1.2.4. Economic and Financial Information of Cultural Foundations***

This section presents the count and percentage of cultural foundations that have both items of economic and financial information published on their website (annual budget and annual accounts). It is important to take into account that in this part, just the 752 (54,34%) cultural foundations with a

website are considered:

Figure 9.9. Economic and Financial Information Published by Cultural or Non-Cultural Foundations

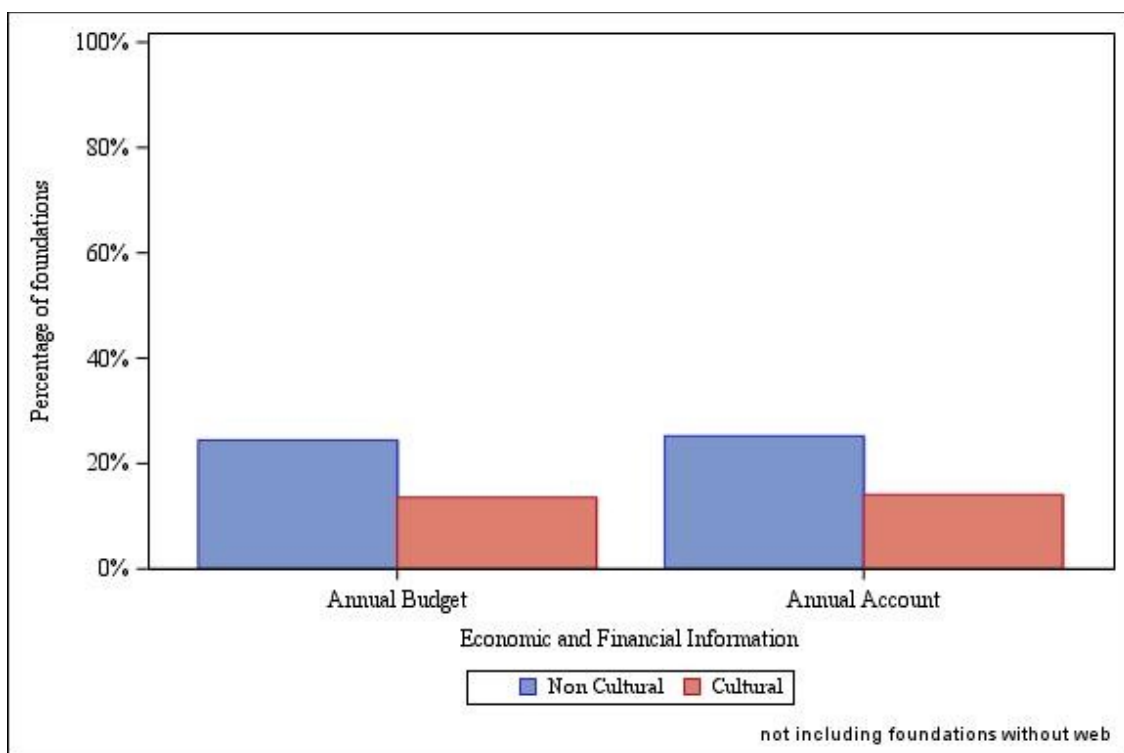


Table 9.11. Economic and Financial Information Published by Cultural Foundations

Information economic and financial	Field of Action	Published Information Website		Unpublished Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Annual Budget	Cultural	102	13.56	650	86.44	752	26.89	1	<.0001
	Non Cultural	154	24.44	476	75.56	630			
Annual Accounts	Cultural	106	14.10	646	85.90	752	27.46	1	<.0001
	Non Cultural	159	25.24	471	74.76	630			

In Table 9.11 it is observed that:

- There are 752 cultural foundations. Of these, 102 (13:56%) have published their annual budget and 106 (14.1%) their annual accounts.
- There are 630 non-cultural foundations. Of these, 154 (24.44%) have published their annual budget and 159 (25.24%) have published their annual accounts.
- There are statistically significant differences the publication annual budget (Chi-Square = 26.89; p\_value <0.0001) and annual accounts (Chi-Square = 27.46; p\_value <0.0001) between cultural foundations and non-cultural foundations, being financial information more frequently published in the website of non-cultural foundations.

### 9.1.2.5. Social Impact Information of Cultural Foundations

The count and percentage of foundations that have published in their website the social impact information item: number of beneficiaries are presented. It is important to take into account that in this part, just the 752 (54,34%) cultural foundations with a website are considered:

Figure 9.10. Social Impact Published by Cultural or Non-Cultural Foundations

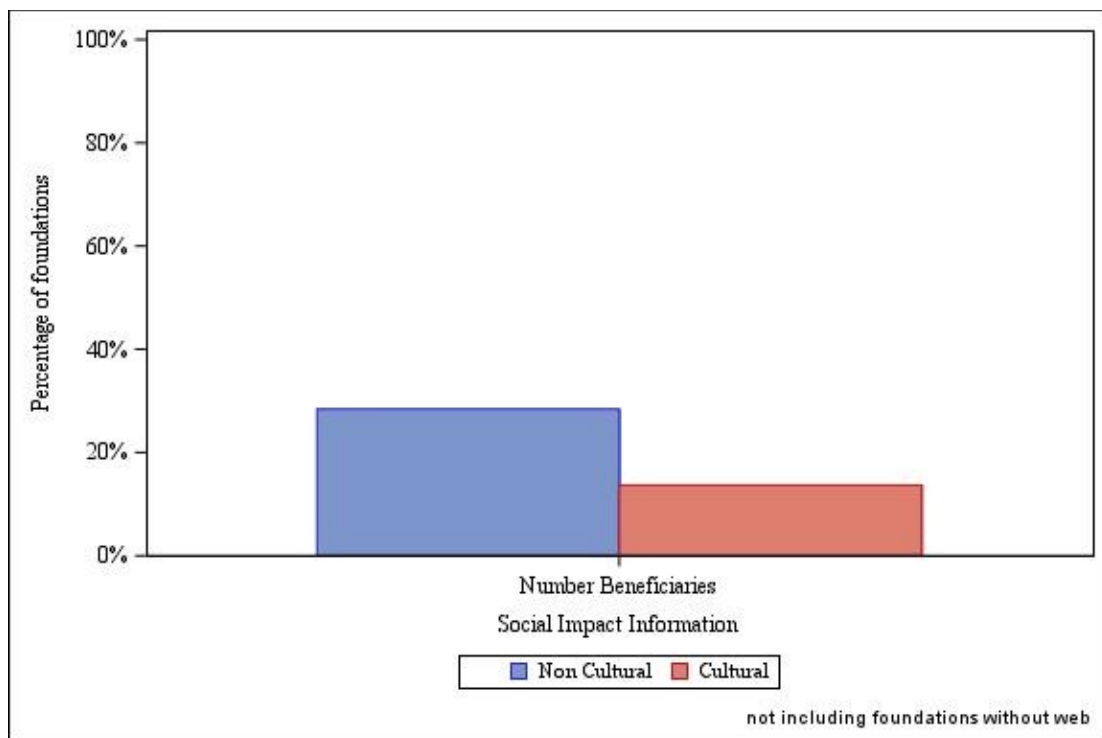


Table 9.12. Social Impact Information Published by Cultural Foundations

Information Social Impact	Field of Action	Published Information Website		Unpublished Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Number Beneficiaries	Cultural	103	13.70	649	86.30	752	45.71	1	<.0001
	No Cultural	179	28.41	451	71.59	630			

In Table 9.12 it is observed that:

- There are 752 cultural foundations that have a website, of which 103 (13.7%) have published their number of beneficiaries.
- There are 630 no-cultural foundations that have a website. Of these, 179 (28.41%) have published their number of beneficiaries.
- There are statistically significant differences in the publication the number of beneficiaries between cultural and non-cultural foundations, being more frequent to have the number of beneficiaries published among the non-cultural foundations.

### ***9.1.3. Educational Scope of Activity***

Table 9.13 below presents the results of the statistical homogeneity of distributions contrast. From nine transparency indicators only one shows one statistically significant difference, which is annual budget.

Table 9.13. Overview Table of Chi-square Results in the Educational Field of Action

Classification of information depending on the level of transparency	Transparency Indicator	Healthcare	Cultural	Educational	Scientific
Stage 1: ITC	Website	1.79	1	0.1804	NO
Stage 2: Institutional	Mission	0.32	1	0.5710	NO
Stage 2: Institutional	Board of Trustees	1.87	1	0.1718	NO
Stage 2: Institutional	Estatutes	0.08	1	0.7814	NO
Stage 4: Human Resource	Number of Employees	0.33	1	0.5654	NO
Stage 4: Human Resource	Number of Volunteers	1.30	1	0.2547	NO
Stage 5: Economic and Financial	Annual Budget	4.39	1	0.0361	YES
Stage 5: Economic and Financial	Annual Accounts	2.58	1	0.1085	NO
Stage 6: Social Impact	Number Beneficiaries	1.38	1	0.2407	NO

Presented in Table 9.13 are the results of Chi-square test for the foundations that have each of the nine transparency indicators: ICT, institutional information, human resources information, financial and economic information and social impact information, differentiating between foundations with or without an educational scope of activity. It is important to take into account that in this part, only foundations with a website are considered.

No statistically significant differences have been detected in having published this information between educational and non-educational foundations. But it is important to emphasize that, considering the results of the statistical homogeneity of distributions, there are significant differences in the publication of annual budget between educational and

non-educational foundations, being annual budgets more frequently published in non-educational foundations.

#### **9.1.4. Scientific Scope of Activity**

Table 9.14. below presents the results of the statistical homogeneity of distributions contrast. From nine transparency indicators only one shows statistically one significant difference, which is the website.

Table 9.14. Overview Table of Chi-square Results in Scientific Field of Action

Classification of information depending on the level of transparency	Transparency Indicator	Healthcare	Cultural	Educational	Scientific
Stage 1: ITC	Website	9.56	1	0.0020	YES
Stage 2: Institutional	Mission	0.58	1	0.4451	NO
Stage 2: Institutional	Board of Trustees	2.83	1	0.0928	NO
Stage 2: Institutional	Estatutes	1.85	1	0.1736	NO
Stage 4: Human Resource	Number of Employees	0.94	1	0.3322	NO
Stage 4: Human Resource	Number of Volunteers	0.02	1	0.8906	NO
Stage 5: Economic and Financial	Annual Budget	1.66	1	0.1980	NO
Stage 5: Economic and Financial	Annual Accounts	1.07	1	0.3008	NO
Stage 6: Social Impact	Number Beneficiaries	0.18	1	0.6724	NO

The only statistically significant differences found between scientific and non-scientific foundations are related to the item of with website or without, being more frequent to have a website among scientific foundations.

From all these results, it is concluded that the scope of activity has a direct influence on the transparency of foundations. Healthcare foundations are more likely to be transparent; however, cultural foundations are more likely to be more opaque. No significant differences in transparency have been detected among educational and scientific foundations.

## ***9.2. Results of the Bivariate Analysis of Transparency Indicators according to the Provinces of Catalonia***

### ***9.2.1. Foundation Website according to Province***

The count and percentage of foundations with a website according to the geographical area or province are presented:



Figure 9.11. Foundations with a Website according to Province of Establishment

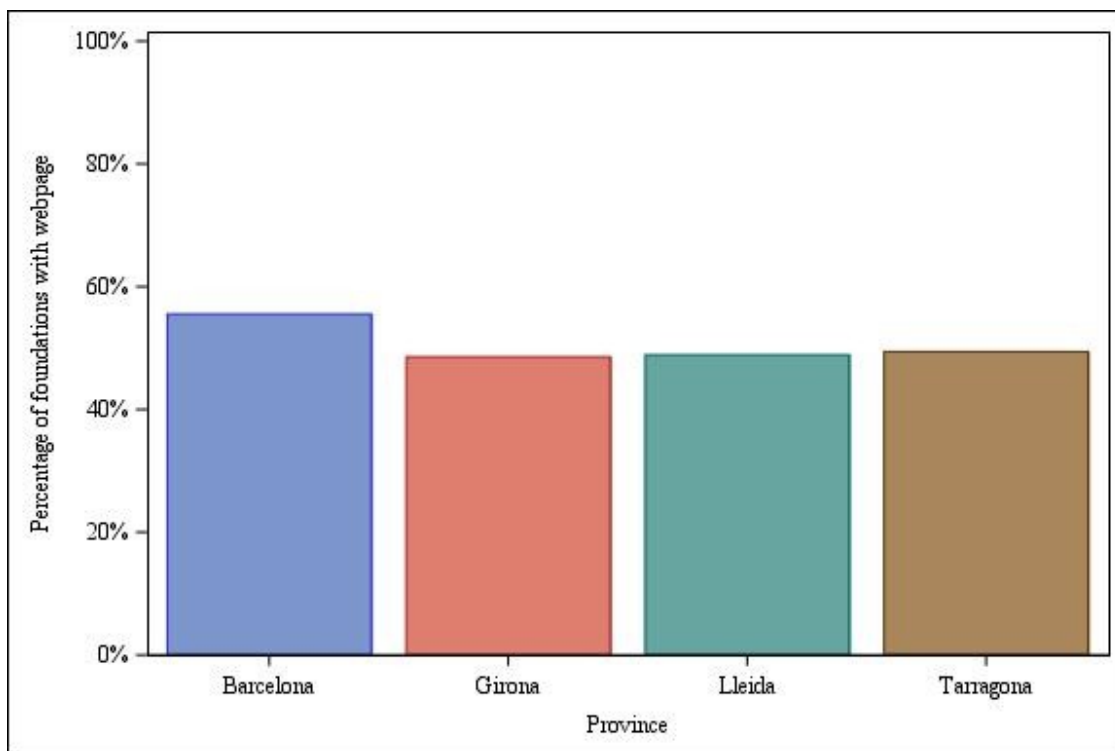


Table 9.15. On-line Information according to Foundations' Province

Website of the foundation itself	Non		Website		Total
	Website		Website		
	N	%	N	%	
Barcelona	891	44.46	1113	55.54	2004
Girona	125	51.44	118	48.56	243
Lleida	69	51.11	66	48.89	135
Tarragona	87	50.58	85	49.42	172

As shown in Table 9.15 there are:

- There are 2004 foundations in the Barcelona province. Of these, 891 (44.46%) do not have a website, while 1113 (55.54%) have a website.
- There are 243 foundations in the Girona province. Of these, 125 (51.44%) do not have a website, while 118 (48.56%) have a website.
- There are 135 foundations in the Lleida province. Of these, 69 (51.11%) do not have a website, while 66 (48.89%) have a website.
- There are 172 foundations in the Tarragona province. Of these, 87 (50.58%) do not have a website, while 85 (49.42%) have a website.
- No statistically significant differences have been found between provinces in having a foundation's website.

### ***9.2.2. Institutional Information according to Province***

The count and percentage of foundations publishing each of the institutional information items according to the province are presented. It is important to take into account that in this part only those foundations with a website are considered.

Figure 9.12. Institutional Information Published according to Province of Establishment

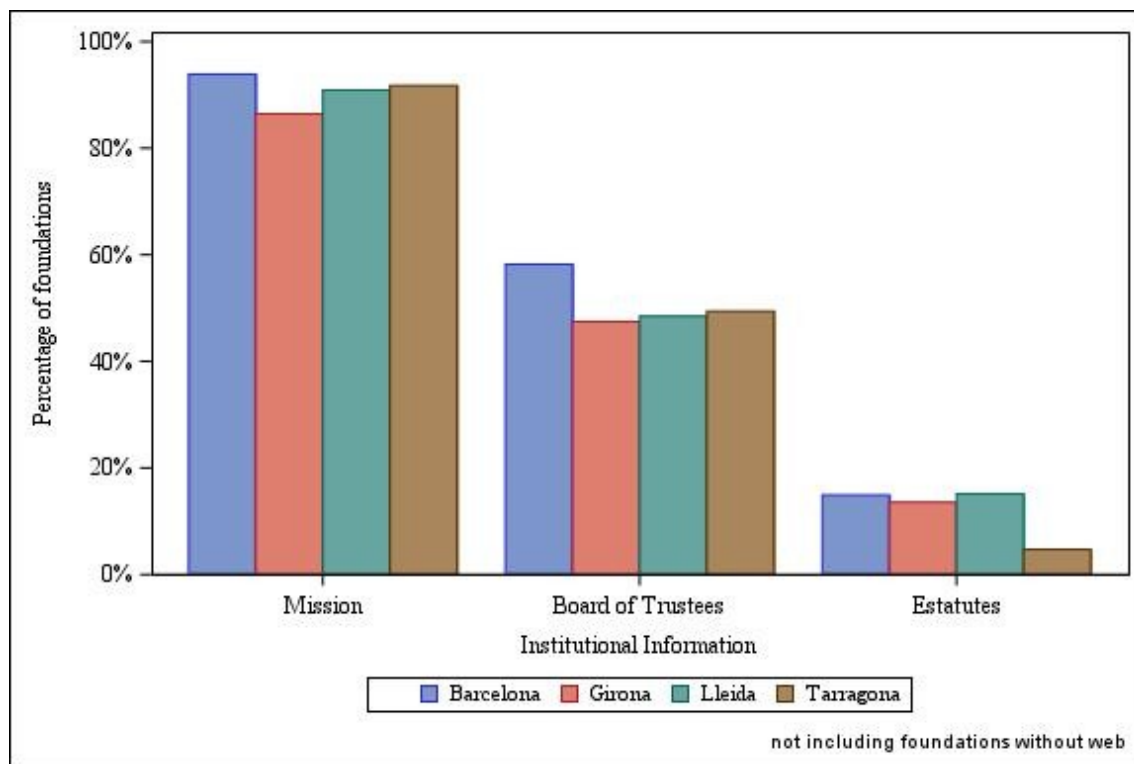


Table 9.16. Institutional Information Published according to Foundations' Province

Information Institutional		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Mission	Barcelona	68	6.11	1045	93.89	1113	9.77	3	0.0206
	Girona	16	13.56	102	86.44	118			
	Lleida	6	9.09	60	90.91	66			

Information Institutional		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
	Tarragona	7	8.24	78	91.76	85			
Board of Trustees	Barcelona	465	41.78	648	58.22	1113			
	Girona	62	52.54	56	47.46	118			
	Lleida	34	51.52	32	48.48	66			
	Tarragona	43	50.59	42	49.41	85	8.70	3	0.0336
Estatutes	Barcelona	947	85.09	166	14.91	1113			
	Girona	102	86.44	16	13.56	118			
	Lleida	56	84.85	10	15.15	66			
	Tarragona	81	95.29	4	4.71	85	6.85	3	0.0768

In Table 9.16 it is seen that:

- In the Barcelona Province 1113 foundations have a website. Of these, 1045 (93.89%) have published their mission, 648 (58.22%) have published their board of trustees and 166 (14.91%) have published their estatutes.
- In the Girona Province 118 foundations have a website. Of these, 102 (86.44%) have published their mission, 56 (47.46%) have published their board of trustees and 16 (13.56%) have published their estatutes.
- In the Lleida Province 66 foundations have a website. Of these, 60 (90.91%) have published their mission, 32 (48.48%) have published their board of trustees and 10 (15.15%) have published their estatutes.
- In the Tarragona Province 85 foundations have a website. Of these, 78 (91.76%) have published their mission, 42 (49.41%) have published their board of trustees and 4 (4.71%) have published their estatutes.

- There are significant differences in the publication of the mission and board of trustees between different provinces, being more frequent to publish the mission among foundation in the province of Barcelona; and less frequent in foundations in the province of Girona.
- No statistically significant differences have been found in the publication of the estatutes between foundations of different provinces.

### ***9.2.3. Human Resources Information according to Province***

The count and percentage of foundations that have published each of the items of human resources' information according to the province are presented. It is important to take into account that in this part only those foundations with a website are considered.

Figure 9.13. Human Resources Information Published according to Province of Establishment

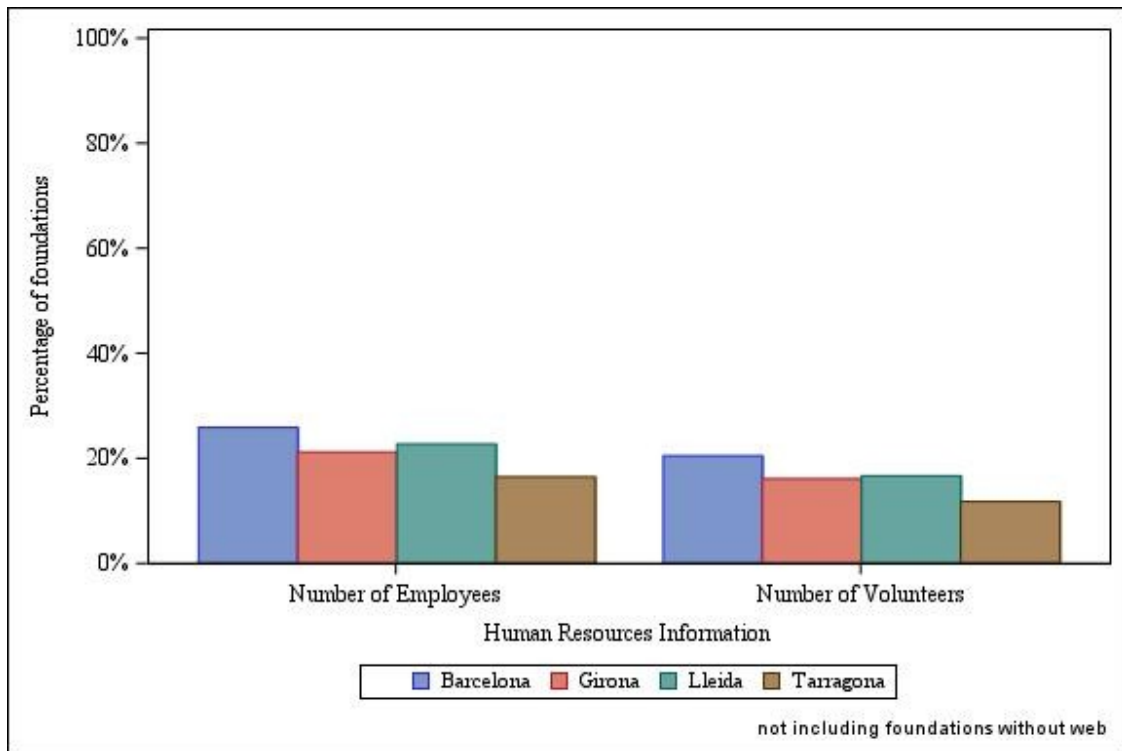


Table 9.17. Human Resources Information Published according to Foundations' Province

Human Resources Information		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Number of Employees	Barcelona	825	74.12	288	25.88	1113	4.84	3	0.1842
	Girona	93	78.81	25	21.19				
	Lleida	51	77.27	15	22.73				
	Tarragona	71	83.53	14	16.47				
Number of	Barcelona	885	79.51	228	20.49	1113		3	0.1615

Human Resources Information		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Volunteers	Girona	99	83.90	19	16.10	118	5.15		
	Lleida	55	83.33	11	16.67	66			
	Tarragona	75	88.24	10	11.76	85			

As shown in Table 9.17:

- In the Barcelona Province 1113 foundations have a website. Of these, 288 (25.88%) have published their number of employees, 228 (20.49%) have published their number of volunteers.
- In the Girona Province 118 foundations have a website. Of these, 25 (21.19%) have published their number of employees, 19 (16.1%) have published their number of volunteers.
- In the Lleida Province 66 foundations have a website. Of these, 15 (22.73%) have published their number of employees, 11 (16.67%) have published their number of volunteers.
- In the Tarragona Province 85 foundations have a website. Of these, 14 (16.47%) have published their number of employees, 10 (11.76%) have published their number of volunteers.
- No statistically significant differences have been detected in the publication of the number of employees and number of volunteers among the foundations of different provinces.

#### ***9.2.4. Economic and Financial Information according to Province***

The count and percentage of foundations that have published economic and financial information according to the province are presented. It is important to take into account that in this part only those foundations with a website are considered.

Figure 9.14. Economic and Financial Information Published according to Province of Establishment

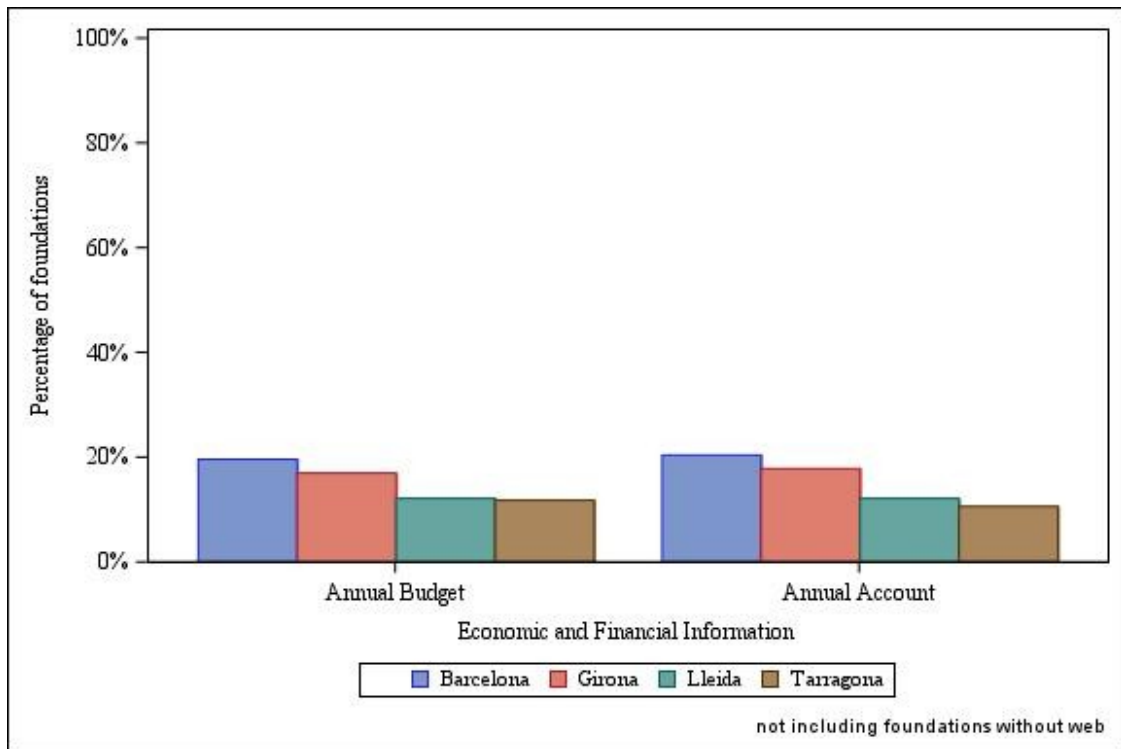


Table 9.18. Economic and Financial Information Published according to Foundations' Province

Economic and Financial Information		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Annual Budget	Barcelona	895	80.41	218	19.59	1113	5.39	3	0.1452
	Girona	98	83.05	20	16.95	118			
	Lleida	58	87.88	8	12.12	66			
	Tarragona	75	88.24	10	11.76	85			



Economic and Financial Information		Unpublished Information Website		Published Information Website		Statistic			
		% with regard to foundations with a website		% with regard to foundations with a website		Total	Chi-Square Test	Freedom Degree	p value
		N		N					
Annual Accounts	Barcelona	886	79.60	227	20.40	1113			
	Girona	97	82.20	21	17.80	118			
	Lleida	58	87.88	8	12.12	66			
	Tarragona	76	89.41	9	10.59	85	7.38	3	0.0608

As shown in Table 9.18:

- In the Barcelona Province 1113 foundations have a website. Of these, 218 (19.59%) have published their annual budget and 227 (20.4%) have published their annual accounts.
- In the Girona Province 118 foundations have a website. Of these, 20 (16.95%) have published their annual budget and 21 (17.8%) have published their annual accounts.
- In the Lleida Province 66 foundations have a website. Of these, 8 (12.12%) have published their annual budget and 8 (12.12%) have published their annual accounts.
- In the Tarragona Province 85 foundations have a website. Of these, 10 (11.76%) have published their annual budget and 9 (10.59%) have published their annual accounts.
- No statistically significant differences have been detected in the publication of the annual budget and annual accounts between foundations of different provinces.

### 9.2.5. Social Impact Information according to Province

Figure 9.15. Social Impact Information Published according to Province of Establishment

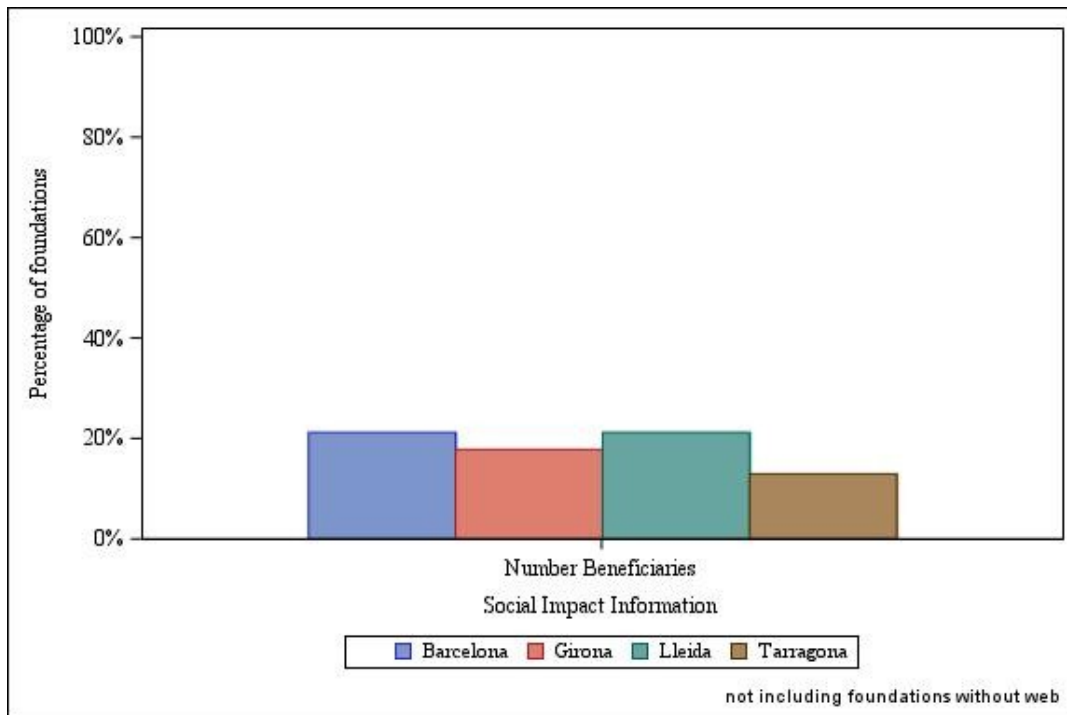


Table 9.19. Social Impact Information Published according to Foundations' Province

Social Impact Information		Unpublished Information Website	Published Information Website		Statistic				
		% with regard to foundations with a website	N	% with regard to foundations with a website	N	Total	Chi-Square Test	Freedom Degree	p value
Number Beneficiaries	Barcelona	877	78.80	236	21.20	1113			
	Girona	97	82.20	21	17.80	118			
	Lleida	52	78.79	14	21.21	66			
	Tarragona	74	87.06	11	12.94	85	3.87	3	0.2754

Table 9.19 shows that:

- By provinces, the number of beneficiaries published, in descending order: Lleida (21.21%), Barcelona (21.2%), Girona (17.80%) and Tarragona (12.94%).
- No statistically significant differences have been detected in the publication of the number of beneficiaries among the foundations of the different Provinces.

In conclusion, the analysis carried out by provinces has shown that there are no statistically significant differences in: (i) website, (ii) number of workers (iii) number of volunteers, (iv) annual budget, (v) annual accounts and (vi) number of beneficiaries. However, regarding the publication of the mission and the board of trustees, statistical differences have been observed between foundations of different provinces, being more frequent to publish the mission and the board of trustees in the foundations in the province of Barcelona, and less frequent in the foundations in the province of Girona.

### ***9.3. Results of the Bivariate Analysis of Transparency Indicators according to Decade of Registration of the Foundation.***

#### ***9.3.1. Website according to Decade of Foundation Registration.***

The count and percentage of foundations with a website according to the decade of registration of the foundation are presented:

Figure 9.16. Foundations with a Website according to Register Decade

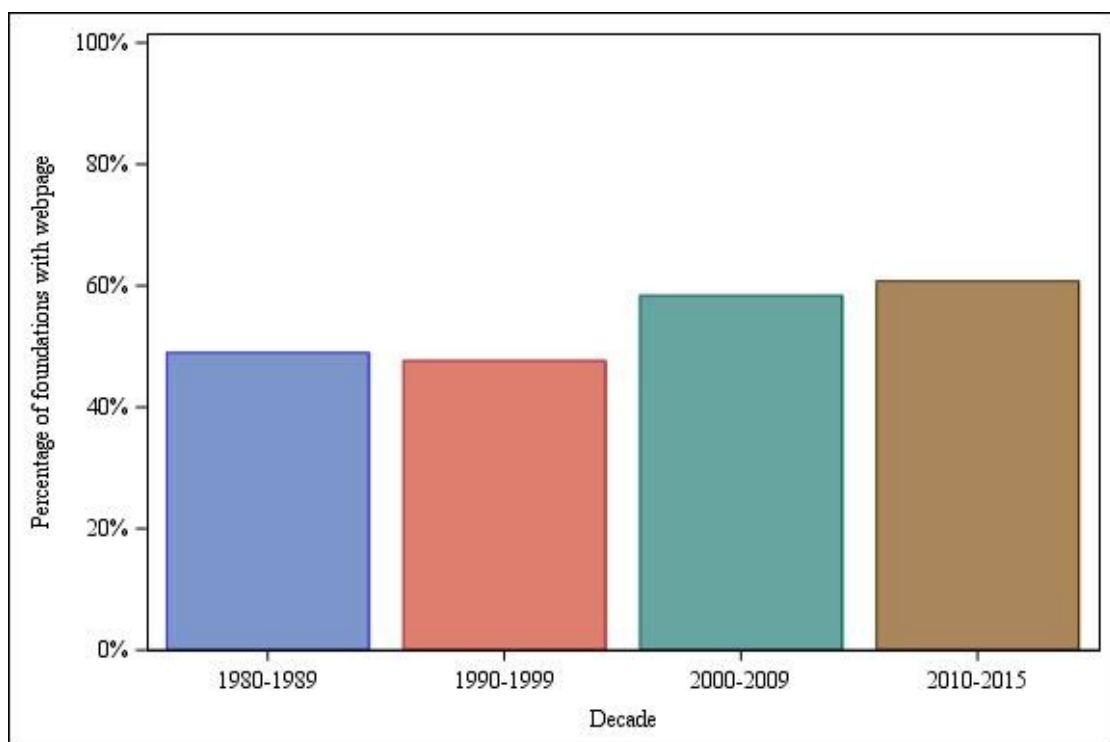


Table 9.20. On-Line Information according to Foundations' Decade

Website of the foundation itself	Non web		Web		Total
	N	%	N	%	N
1980-1989	197	51.04	189	48.96	386
1990-1999	389	52.36	354	47.64	743
2000-2009	471	41.61	661	58.39	1132
2010-2015	115	39.25	178	60.75	293

According to Table 9.20:

- There are 386 foundations registered in the decade of 1980-1989. Of these, 197 (51.04%) do not have a website, while 189 (48.96%) do.
- There are 743 foundations registered in the decade of 1990-1999. Of these, 389 (52.36%) do not have a website, while 354 (47.64%) do.
- There are 1132 registered foundations in the decade of 2000-2009. Of these, 471 (41.61%) do not have a website, while 661 (58.39%) do.
- There are 293 foundations registered in the decade of 2010-2015. Of these, 115 (39.25%) do not have a website, while 178 (60.75%) do.
- There are significant differences in having a website between foundations registered in different decades, being more common to have a foundation's website if registered in the decades after 2000: '2000 to 2009' and '2010-2015', with almost 60% of the foundations having a website. On the contrary, less than 50% of the foundations registered in the decades '1980-1989' and '1990-1999' have a website.

### 9.3.2. Institutional Information according to the Decade of Foundation Registration

The count and percentage of foundations publishing each of the institutional information items according to the decade of registration of the foundation are presented. It is important to take into account that in this part only those foundations with a website are considered.

Figure 9.17. Institutional Information Published according to Register Decade

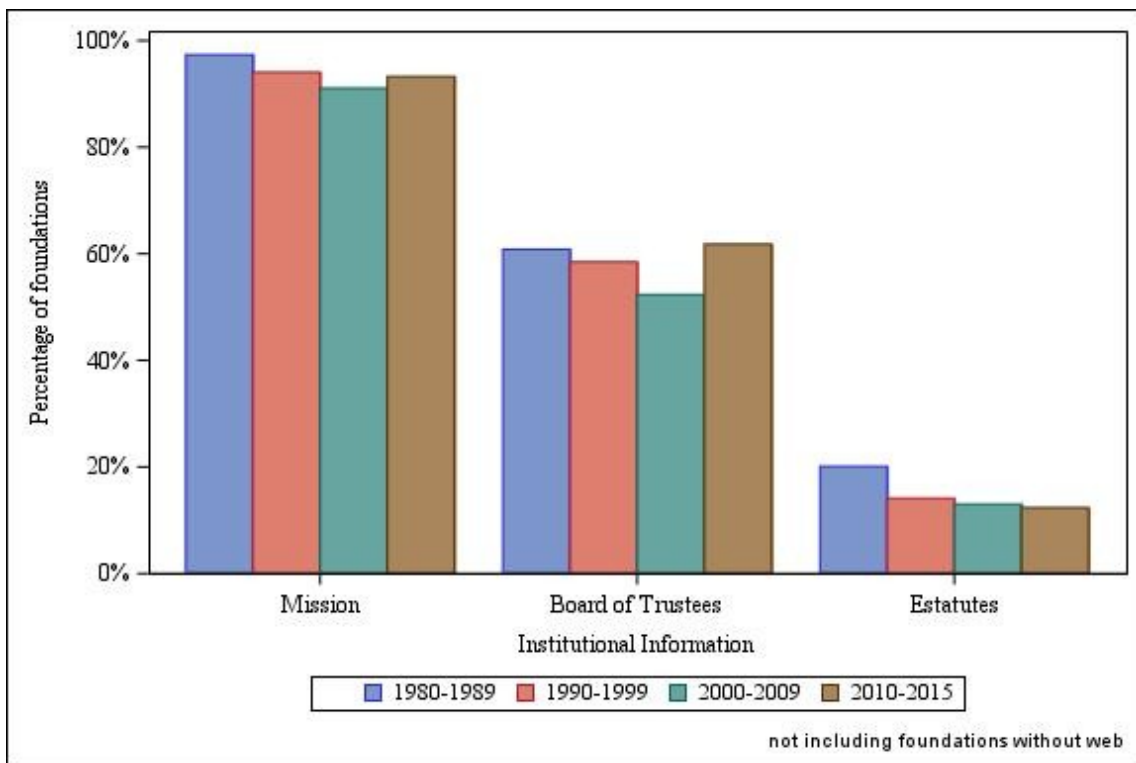


Table 9.21. Institutional Information Published according to Foundations' Decade

Institutional Information		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Mission	1980-1989	5	2.65	184	97.35	189	9.88	3	0.0196
	1990-1999	21	5.93	333	94.07	354			
	2000-2009	59	8.93	602	91.07	661			
	2010-2015	12	6.74	166	93.26	178			
Board of Trustees	1980-1989	74	39.15	115	60.85	189	8.66	3	0.0342
	1990-1999	147	41.53	207	58.47	354			
	2000-2009	315	47.66	346	52.34	661			
	2010-2015	68	38.20	110	61.80	178			
Estatutes	1980-1989	151	79.89	38	20.11	189	6.68	3	0.0828
	1990-1999	304	85.88	50	14.12	354			
	2000-2009	575	86.99	86	13.01	661			
	2010-2015	156	87.64	22	12.36	178			

Table 9.21 shows that:

- 189 foundations registered in the decade of 1980-1989. Of these, 184 (97.35%) have published their mission, 115 (60.85%) have published their board of trustees and 38 (11.20%) have published their estatutes.
- 354 foundations registered in the decade of 1990-1999. Of these, 333 (94.07%) have published their mission, 207 (58.47%) have published their board of trustees and 50 (14.12%) have published their estatutes.
- 661 foundations registered in the decade of 2000-2009. Of these, 602

(91.07%) have published their mission, 346 (52.34%) have published their board of trustees and 86 (13.1%) have published their estatutes.

- 178 foundations registered in the decade of 2010-2015. Of these, 166 (93.26%) have published their mission, 110 (61.8%) have published their board of trustees and 22 (12.36%) have published their estatutes.
- Statistically significant differences in the publication of the mission between foundations from different decades, being more frequent to publish the mission in older foundations, with 97%.
- Significant differences in the publication of the board of trustees between foundations of different decades, being less frequent to publish the board of trustees in the foundations registered from the decade '2000-2009'.
- No statistically significant differences have been found regarding the publication of the estatutes between foundations registered in different decades.

### ***9.3.3. Human Resources Information according to the Decade of Foundation Registration***

The count and percentage of foundations that have published each of the items of human resources' information according to the decade of registration of the foundation are presented. It is important to take into account that in this part only those foundations with a website are considered.



Figure 9.18. Human Resources Information Published according to Register Decade

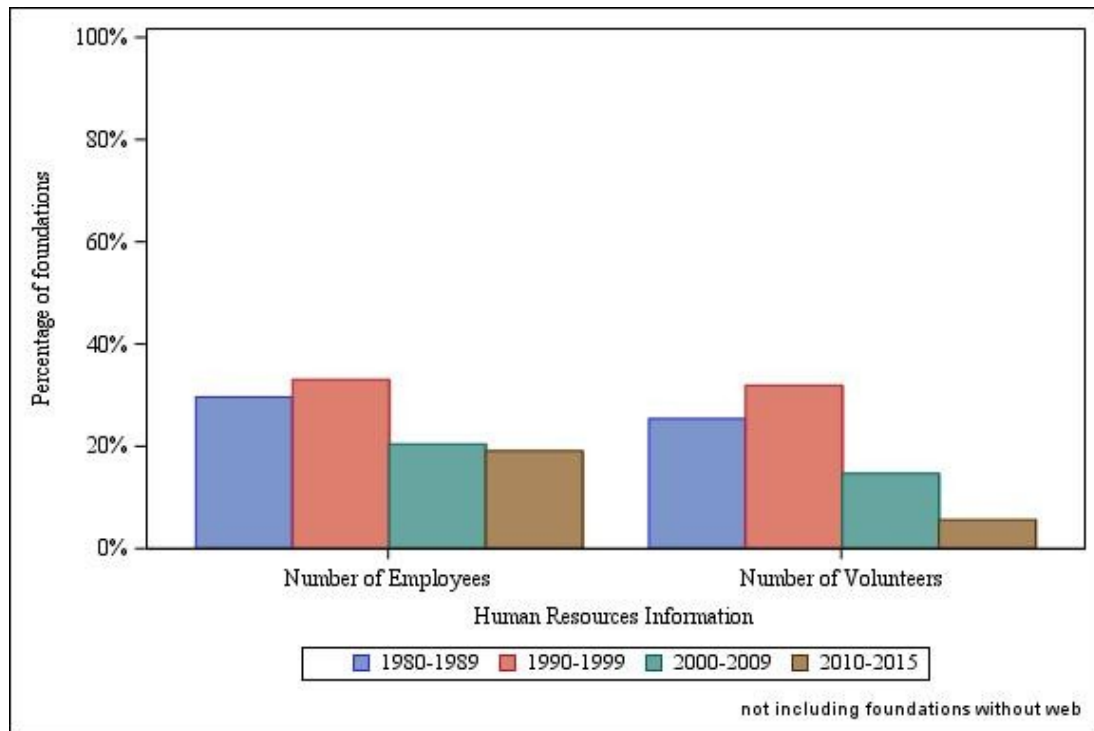


Table 9.22. Human Resources Information Published according to Foundations' Decade

Human Resource Information		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Number of Employees	1980-1989	133	70.37	56	29.63	189	25.21	3	<.0001
	1990-1999	237	66.95	117	33.05	354			
	2000-2009	526	79.58	135	20.42	661			

Human Resource Information		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
	2010-2015	144	80.90	34	19.10	178			
Number of Volunteers	1980-1989	141	74.60	48	25.40	189			
	1990-1999	241	68.08	113	31.92	354			
	2000-2009	564	85.33	97	14.67	661			
	2010-2015	168	94.38	10	5.62	178	70.92	3	<.0001

Table 9.22 shows that:

- 189 foundations are from the decade '1980-1989'. Of these, 56 (29.63%) have published their number of workers while 48 (25.4%) have published their number of volunteers.
- 354 foundations are from the decade '1990-1999'. Of these, 117 (33.05%) have published their number of workers while 113 (31.92%) have published their number of volunteers.
- 661 foundations are from the decade '2000-2009'. Of these, 135 (20.42%) have published their number of employees while 97 (14.67%) have published their number of volunteers.
- 178 foundations are from the decade '2010-2015'. Of these, 34 (19.1%) have published their number of employees while 10 (5.62%) have published their number of volunteers.
- There are statistically significant differences in the publication of the number of workers on the website between foundations of different decades, being more frequent to have published the number of employees in older foundations, with 30%.
- There are statistically significant differences in the publication of the number of volunteers between foundations from different decades, being more frequent to have the number of volunteers published in older foundations, with 28%.

### 9.3.4. Economic and Financial Information according to the Decade of Foundation Registration

The count and percentage of foundations that have published economic and financial information according to the decade of foundation registration are presented. It is important to take into account that in this part only those foundations with a website are considered.

Figure 9.19. Economic and Financial Information Published according to Register Decade

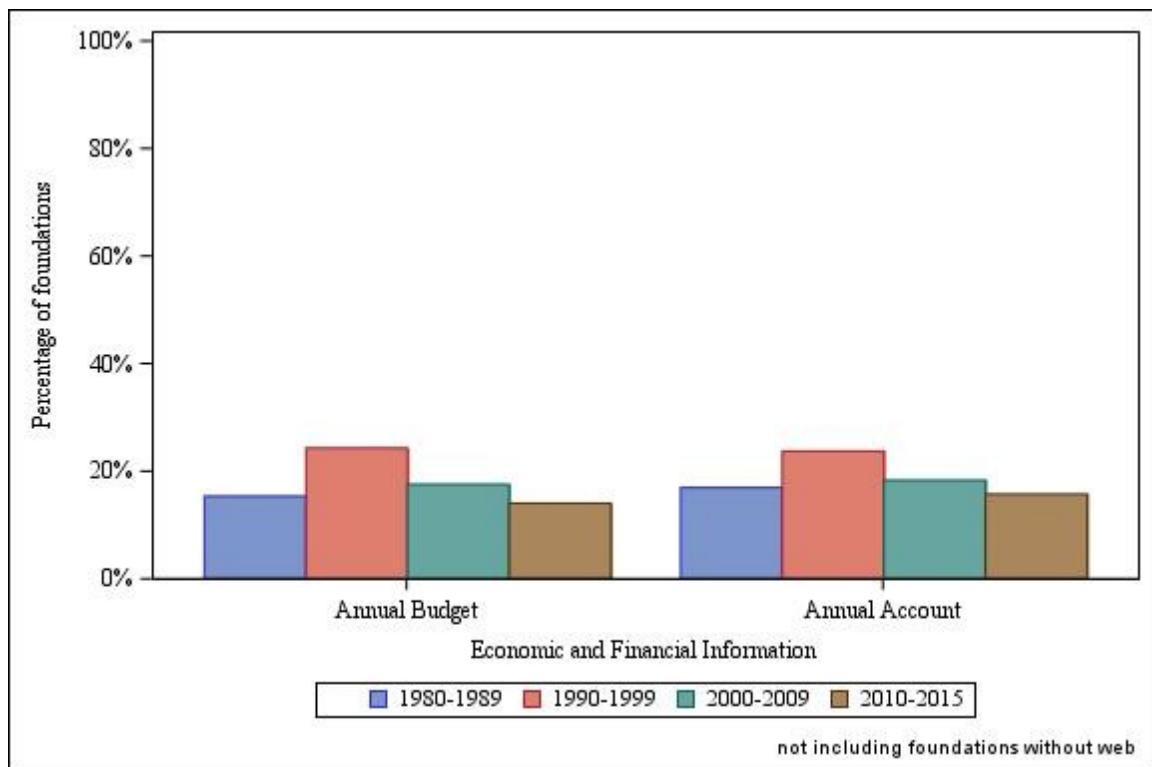


Table 9.23. Economic and Financial Information Published according to Foundations' Decade

Economic and Financial Information		Unpublished Information Website		Published Information Website		Total	Statistic		
		% with regard to foundations with a website		% with regard to foundations with a website			Chi-Square Test	Freedom Degree	p value
		N		N					
Annual Budget	1980-1989	160	84.66	29	15.34	189	11.86	3	0.0079
	1990-1999	268	75.71	86	24.29	354			
	2000-2009	545	82.45	116	17.55	661			
	2010-2015	153	85.96	25	14.04	178			
Annual Accounts	1980-1989	157	83.07	32	16.93	189	7.04	3	0.0708
	1990-1999	270	76.27	84	23.73	354			
	2000-2009	540	81.69	121	18.31	661			
	2010-2015	150	84.27	28	15.73	178			

Table 9.23 shows that:

- 189 foundations registered in the decade of the '1980-1989'. Of these, 29 (15.34%) have published their annual budget while 32 (16.93%) have published annual accounts.
- 354 foundations registered in the decade of the '1990-1999'. Of these, 86 (24.29%) have published their annual budget while 84 (23.73%) have published annual accounts.
- 661 foundations registered during the decade of the '2000-2009'. Of these, 116 (17.55%) have published the annual budget while 121 (18.31%) have published their annual accounts.
- 178 foundations registered during the decade of the '2010-2015'. Of these, 25 (14.4%) have published their annual budget while 28 (15.73%) have published their annual accounts.
- There are statistically significant differences in the publication the annual budget between the various foundations according to the decade of registration.

- There are no statistically significant differences in the publication of the annual accounts between foundations registered in different decades.

### 9.3.5. Social Impact according to the Decade of Foundation Registration

Figures 9.20. Social Impact Information Published according to Register Decade

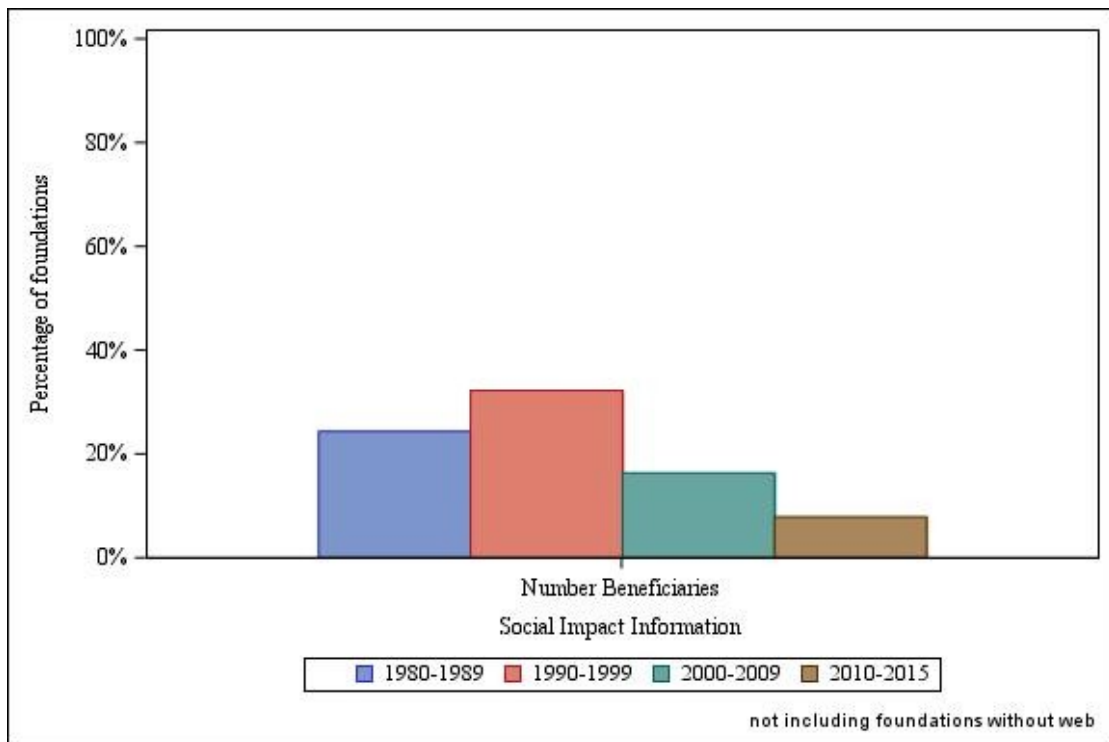


Table 9.24. Social Impact Information Published according to Foundations' Decade

Social Impact Information		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Number of Beneficiaries	1980-1989	143	75.66	46	24.34	189			
	1990-1999	240	67.80	114	32.20	354			
	2000-2009	553	83.66	108	16.34	661			
	2010-2015	164	92.13	14	7.87	178	56.10	3	<.0001

Table 9.24 shows that:

- 46 (24.34%) out of 189 foundations have published their number of beneficiaries and registered in the '1980-1989' decade.
- 114 (32.2%) out of 354 foundations have published their number of beneficiaries and registered in the '1990-1999' decade.
- 108 (16.34%) out of 661 foundations have published their number of beneficiaries and registered in the '2000-2009' decade.
- 14 (7.87%) out of 178 foundations have published their number of beneficiaries and registered in the '2010-2015' decade.
- There are statistically significant differences in the publication of the number of beneficiaries between different decades of foundation registration, being more frequent to have the number of beneficiaries published in older foundations.

To conclude this section, it is highlighted that out of the foundations created in the 80s and 90s, fewer than 50% have a website today. In contrast, out of those created from 2000 to 2015, over 60% have a website.

Regarding the publication of mission, number of employees, number of

volunteers and number of beneficiaries, foundations created from 1980 to 1990 are the most transparent. However, the publication of the annual budgets is more frequent by foundations registered in the decade 1990-1999. Finally, the publication of estatutes and annual accounts do not show statistical differences according to the decade of registration of the foundation.

## ***9.4. Results of the Bivariate Analysis of Transparency Indicators according to Legislation Period***

### ***9.4.1. Website according to Legislation Period***

It is presented the count and percentage of foundations with a website according to legislation period of the foundation:

Figure 9.21. Foundations with a Website according to Legislation Period

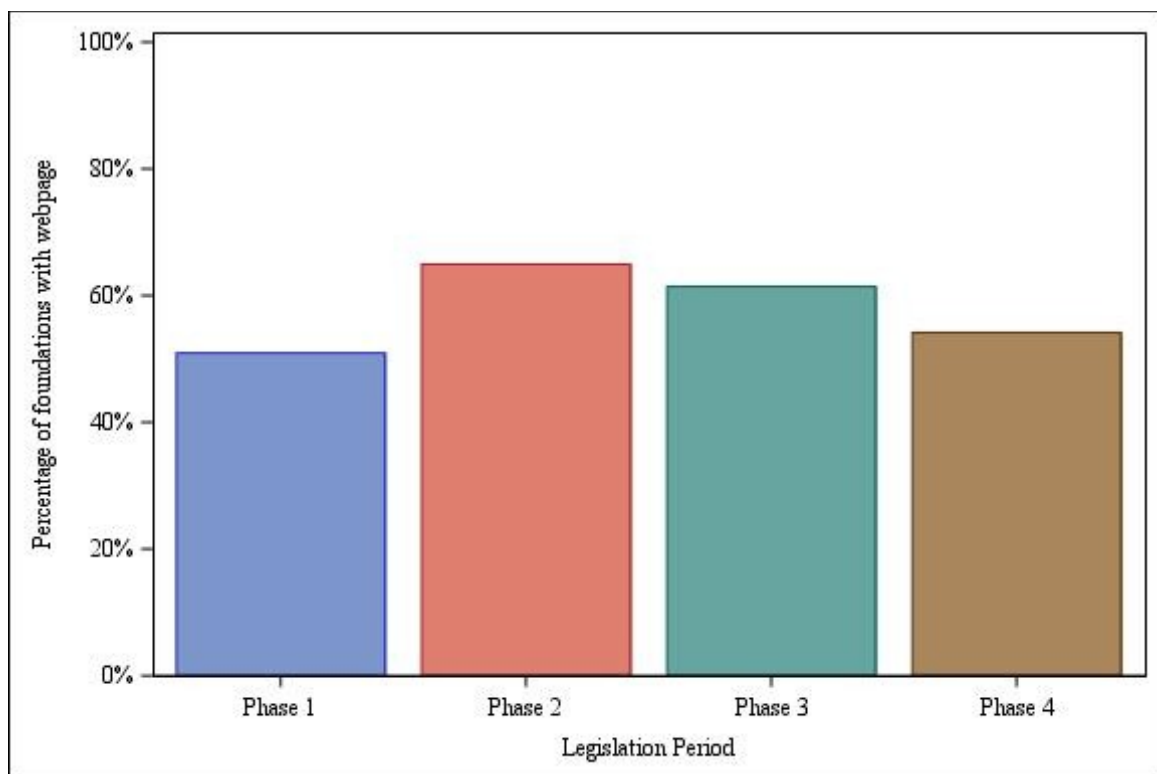




Table 9.25. On-Line Information according to Foundations' Legislation Period

Website of the foundation itself	No web		Web		Total N
	N	%	N	%	
Phase 1	888	49.20	917	50.80	1805
Phase 2	127	35.38	232	64.62	359
Phase 3	97	39.43	149	60.57	246
Phase 4	42	44.68	52	55.32	94

Table 9.25 shows that:

- 1805 foundations were registered in phase 1. Of these, 888 (49.2%) without a website, and 917 (50.8%) do.
- 359 foundations were registered in phase 2. Of these, 127 (35.38%) without a website, and 232 (64.62%) do.
- 246 foundations were registered in phase 3. Of these, 97 (39.43%) without a website, and 149 (60.57%) do.
- 94 foundations were registered in phase 4. Of these, 42 (44.68%) without a website, and 52 (55.32%) do.
- There are significant differences in having a website between foundations registered in different legislation periods, being more frequent to have a web site in the foundations of phase 2 and 3.

#### ***9.4.2. Institutional Information according to Legislation Period***

The count and percentage of foundations publishing each of the institutional information items according to the legislation period in which they were registered are presented. It is important to take into account that in this part only those foundations with a website are considered.

Figure 9.22. Institutional Information Published according to Legislation Period

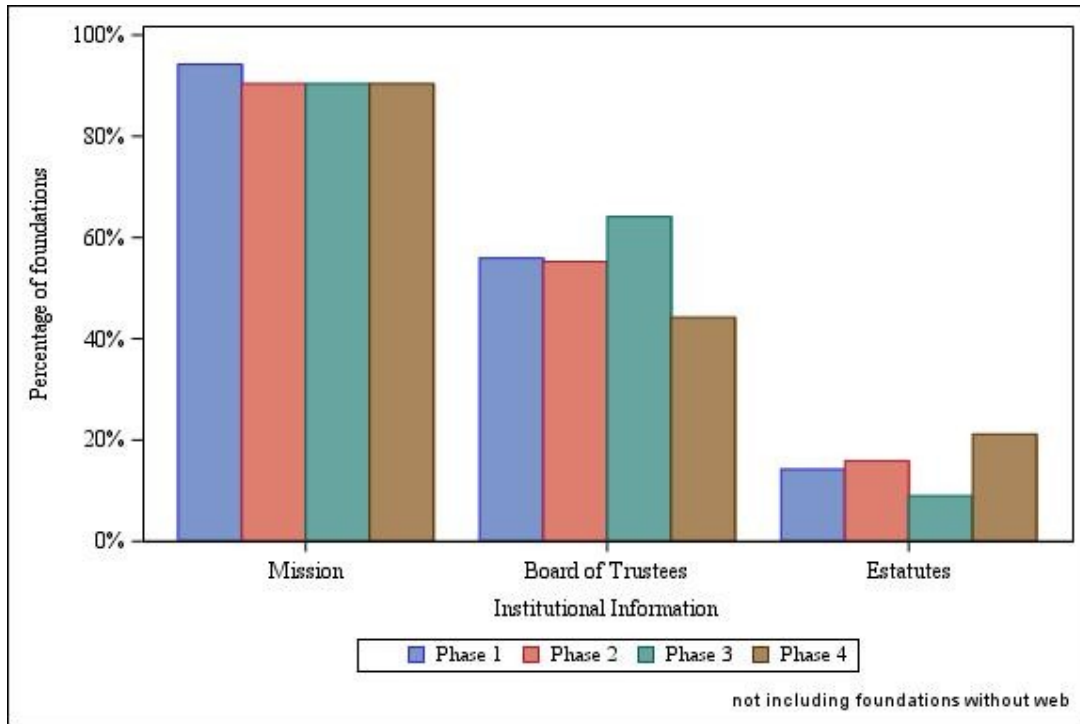


Table 9.26. Institutional Information Published according to Foundations' Legislation Period

Institutional Information		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Mission	Phase 1	54	5.89	863	94.11	917	5.77	3	0.1236
	Phase 2	22	9.48	210	90.52	232			
	Phase 3	14	9.40	135	90.60	149			
	Phase 4	5	9.62	47	90.38	52			
Board of Trustees	Phase 1	406	44.27	511	55.73	917	7.31	3	0.0628
	Phase 2	104	44.83	128	55.17	232			
	Phase 3	53	35.57	96	64.43	149			
	Phase 4	29	55.77	23	44.23	52			
Estatutes	Phase 1	789	86.04	128	13.96	917	6.71	3	0.0817
	Phase 2	194	83.62	38	16.38	232			
	Phase 3	136	91.28	13	8.72	149			
	Phase 4	41	78.85	11	21.15	52			

Table 9.26 shows that:

- 917 foundations were registered in phase 1. Of these, 863 (94.11%) have published their mission, 511 (55.73%) have published their board of trustees and 128 (13.96%) have published their estatutes.
- 232 foundations were registered in phase 2. Of these, 210 (90.52%) have published their mission, 128 (55.17%) have published their board of trustees and 38th (16.38%) have published their estatutes.

- 149 foundations were registered in phase 3. Of these, 135 (90.6%) have published their mission, 96 (64.43%) have published their board of trustees and 13 (8.72%) have published their estatutes.
- 52 foundations were registered in phase 4. Of these, 47 (90.38%) have published their mission, 23 (44.23%) have published their board of trustees and 11 (21.15%) have published their estatutes.
- No statistically significant differences have been found in the publication of mission, board of trustees or estatutes between foundations registered in different legislation periods.

### ***9.4.3. Human Resources Information according to Legislation Period***

The count and percentage of foundations that have published each of the items of human resources' information according to the legislative period in which the foundation was registered are presented. It is important to take into account that in this part only those foundations with a website are considered.

Figure 9.23. Human Resources Information Published according to Legislation Period

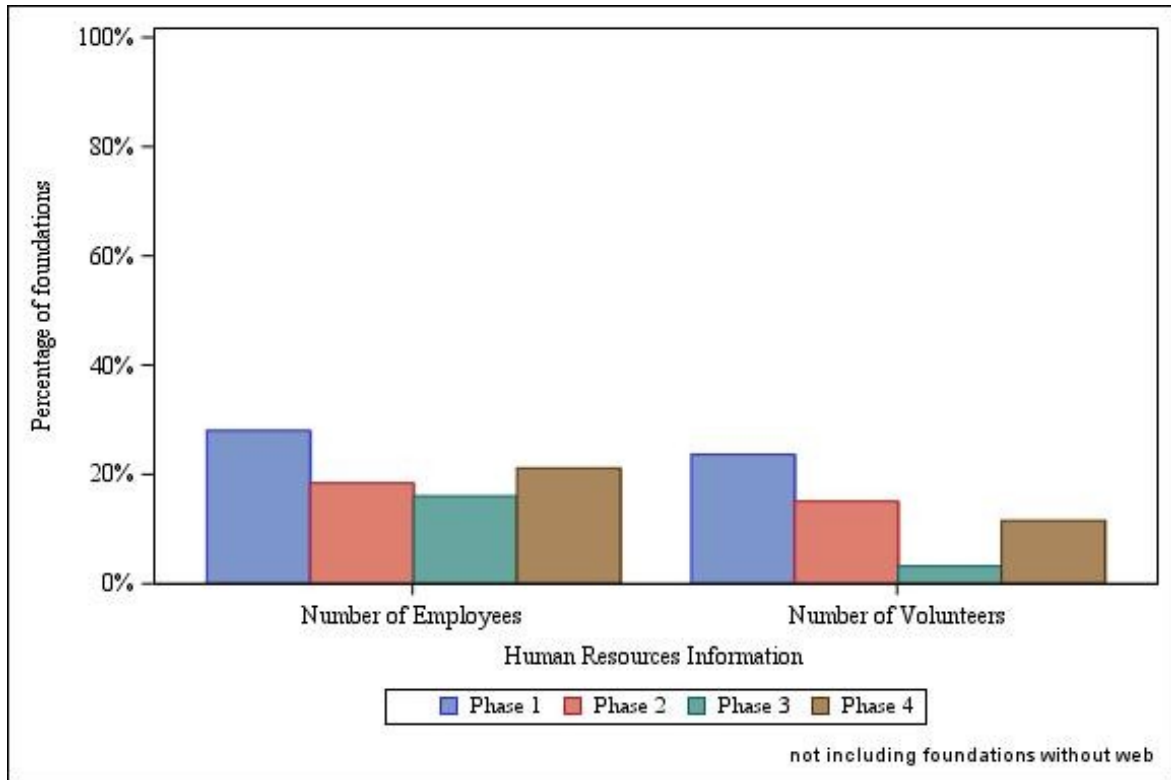


Table 9.27. Human Resources Information Published according to Foundations' Legislation Period

Human Resource Information	Phase	Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Number of	Phase 1	664	72.41	253	27.59	917	16.85	3	0.0008

Human Resource Information		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Employees	Phase 2	190	81.90	42	18.10	232			
	Phase 3	126	84.56	23	15.44	149			
	Phase 4	41	78.85	11	21.15	52			
Number of Volunteers	Phase 1	704	76.77	213	23.23	917			
	Phase 2	196	84.48	36	15.52	232			
	Phase 3	144	96.64	5	3.36	149			
	Phase 4	46	88.46	6	11.54	52	37.61	3	<.0001

Table 9.27 shows:

- 917 foundations have a website and are in phase 1. Of these, 253 (27.59%) have published their number of workers and 213 (23.23%) have published their number of volunteers.
- 232 foundations have a website and are phase 2. Of these, 42 (18.1%) have published their number of workers and 36 (15.52%) have published their number of volunteers.
- 149 foundations have a website and are in phase 3. Of these, 23 (15.44%) have published their number of workers and 5 (3.36%) have published their number of volunteers.
- 52 foundations have a website and are in phase 4. Of these, 11 (21.15%) have published their number of workers and 6 (11.54%) have published their number of volunteers.
- There are statistically significant differences in the publication of the number of workers between the various legislation periods in which foundations have been registered, being more frequent to have published the number of employees in the foundations of phase 1.

There are statistically significant differences in the publication of the number of volunteers between foundations of different phases, being more frequent to have published the number of volunteers in the foundations of phase 1.

#### ***9.4.4. Economic and Financial Information according to Legislation Period***

The count and percentage of foundations that have published economic and financial information according to the legislation period in which the foundation was registered are presented.

Figure 9.24. Economic and Financial Information Published according to Legislation Period

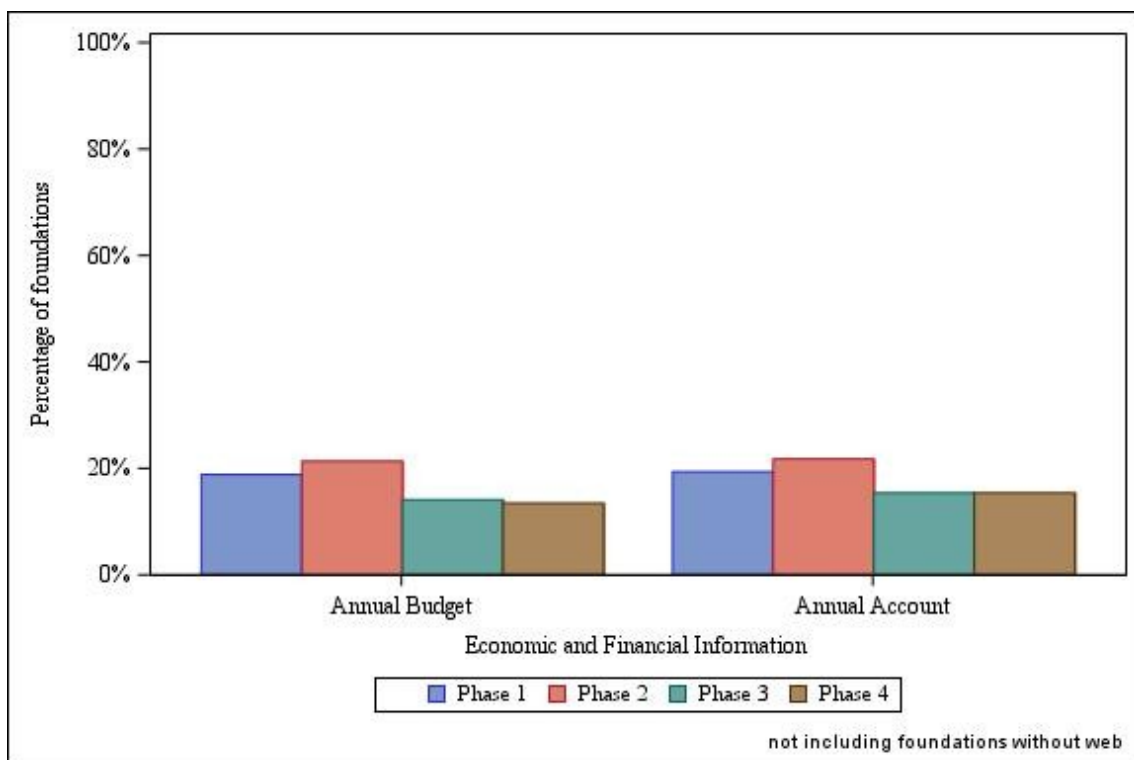


Table 9.28. Economic and Financial Information Published according to Foundations' Legislation Period

Economic and Financial Information		Unpublished Information Website		Published Information Website		Total	Statistic		
		N	% with regard to foundations with a website	N	% with regard to foundations with a website		Chi-Square Test	Freedom Degree	p value
Annual Budget	Phase 1	750	81.79	167	18.21	917	4.83	3	0.1846
	Phase 2	182	78.45	50	21.55				
	Phase 3	129	86.58	20	13.42				
	Phase 4	45	86.54	7	13.46				
Annual Accounts	Phase 1	745	81.24	172	18.76	917	3.53	3	0.3166
	Phase 2	181	78.02	51	21.98				
	Phase 3	127	85.23	22	14.77				
	Phase 4	44	84.62	8	15.38				

Table 9.28 shows that:

- 917 foundations were registered in phase 1. Of these, 167 (18.21%) have published their annual budget while 172 (18.76%) have published their annual accounts.
- 232 foundations were registered in phase 2. Of these, 50 (21.55%) have published their annual budget while 51 (21.98%) have published their annual accounts.
- 149 foundations were registered in phase 3. Of these, 20 (13.42%) have published their annual budget while 22 (14.77%) have published their annual accounts.



- 52 foundations were registered in phase 4. Of these, 7 (13.46%) have published their annual budget while 8 (15.38%) have published their annual accounts.
- No statistically significant differences have been detected in the publication of the annual budget and the annual accounts between foundations registered in different phases.

### 9.4.5. Social Impact according to Legislation Period

Figure 9.25. Social Impact Information Published according to Legislation Period

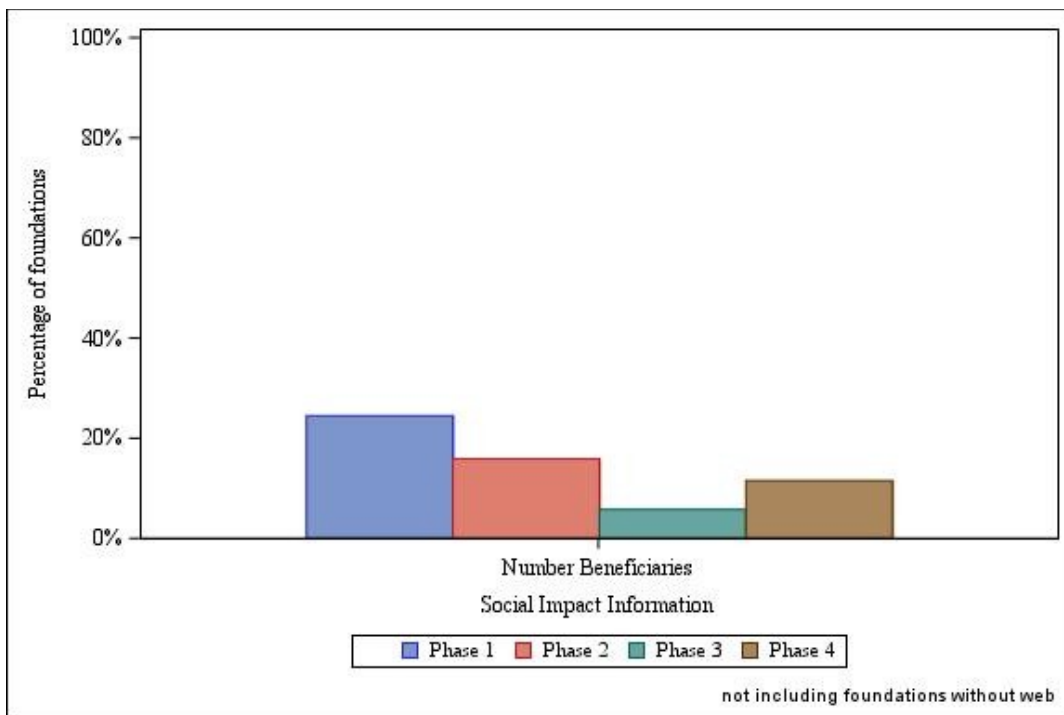


Table 9.29. Social Impact Information Published according to Foundations' Legislation Period

Social Impact Information		Unpublished Information Website		Published Information Website		Statistic			
		% with regard to foundations with a website		% with regard to foundations with a website		Total	Chi-Square Test	Freedom Degree	p value
		N		N					
Number of Beneficiaries	Phase 1	697	76.01	220	23.99	917	31.20	3	<.0001
	Phase 2	194	83.62	38	16.38				
	Phase 3	140	93.96	9	6.04				
	Phase 4	46	88.46	6	11.54				

In Table 9.29 it is seen that:

- Depending to the phase, the number of beneficiaries has been published: 220 (23.99%) phase 1, 38 (16.38%) phase 2, 9 (6.04%) phase 3 and 6 (11.54%) phase 4.
- There are statistically significant differences in the publication of the number of beneficiaries between the foundations of different phases, being more frequent to have the number of beneficiaries published in the foundations of phase 1.

As a conclusion of the study of different legislation periods, it can be said that transparency items without statistical differences are: (i) mission, (ii) board of trustees, (iii) estatutes, (iv) annual budget and (v) annual accounts. However, those foundations registered in phase 1 legislative period are more likely to be more transparent, as it is in such case more frequent to publish the number of employees, the number of volunteers and the number of beneficiaries.

One aspect to note is that foundations registered in phase 2 and 3 are those more likely to have a website.





# Chapter 10: Multivariate Analysis

This chapter presents the results of the multivariate analysis. The first part presents a factor analysis that has been captured in several factorial maps. This has led to the conclusion that the foundations that publish transparent information on their webs sites are those that can be defined by the following characteristics:

- postal address in the province of Barcelona
- scope based on healthcare activities
- scope not based on cultural activities
- registration done during legislation period belonging to the first phase (from 1980 to 2003)
- registered in the nineties

As it will be seen later, these features will be confirmed by modelling in Chapter 11.

After performing the factor analysis, the characteristics of each cluster are presented<sup>29</sup>, emphasizing strengths and weaknesses from the point of view of measuring the transparency of Catalan foundations. The level of transparency of each foundation group is presented, basing the study of groups on the research question of this study, presented in Chapter 1 (Figure 1.1).

At the beginning of the five cluster sections a table can be found with the values of each cluster. This table contains the following information:

- (i) **Cluster:** cluster and the number of foundations comprising it,
- (ii) **Value (Total Percentage):** value and presence or influence, and

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<sup>29</sup> Clustering: consist on splitting the data into groups of similar objects. This process improves the structural grouping of a data set. Clustering can also be seen as a statistical technique to generate a structure of categories from grouped data. Clustering divides the data into subsets (clusters), which are characterised by being comprised of different objects with a high degree of association between them.

response percentage showing this characteristic throughout the sample,

(iii) **Percentage of Variable in the cluster**: percentage of response showing this characteristic in the cluster,

(iv) **Percentage of Cluster in variable**: percentage of responses showing this characteristic in the cluster, out of the total responses showing this characteristic

(v) **P\_value**: probability that, having a total of 1382 responses, the percentage of responses showing each characteristic in the sample and in the cluster will be the same. This calculation is made under the assumption of a Yperita-geometric distribution<sup>30</sup>.

This clusters research has been conducted between eight dependent variables (transparency indicators):

1. mission,
2. board of trustees,
3. estatutes,
4. number of employees
5. number of volunteers
6. annual budget,
7. annual accounts, and
8. number of beneficiaries.

The 7 independent variables are:

1. healthcare scope of activity,
2. cultural scope of activity,
3. educational scope of activity,
4. scientific scope of activity,
5. registration province,
6. registration decade,
7. legislation period.

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<sup>30</sup> The origin of the geometric distribution began with Jacob Bernoulli (1654-1705), who provided the key to understanding the geometric distribution. In his "Bernoulli trial" he depicts a set of  $n$  independent binary variables in which the  $j$  observation could be a success or a failure, having the success a probability of  $p$ , which is the same for each trial.

## ***10.1. Factorial maps***

Attending to the factor analysis of foundations' transparency, it is possible to see a projection of foundations and their characteristics on the factorial map, as well as clusters of foundations with similar characteristics to see what transparency level each cluster is depicting.

The statistical method here performed was a multiple correspondence analysis (Greenacre, 2008), which allows getting biplots<sup>31</sup> in order to find foundation groups with similar characteristics.

To perform this analysis all foundations with their own website (a total number of 1382) have been considered.

Factorial maps presented below give a synthetic view, where the coordinates represent a snapshot of the initial set of variables and their dimensions, depending on the associations created among them.

All results have been obtained using SAS software version 9.3 (SAS System, Cary, NC, USA, 2013)<sup>32</sup>.

The assessments of the presence of dependent variables (transparency indicators related to the transparency law) are the following in the table:

---

<sup>31</sup> Biplots (Gabriel, 1971) are a graphical representation of multivariate data. In the same way that a scatterplot shows the joint distribution of two variables, Biplot represents three or more variables (Odoroff and Gabriel, 1990). Biplot fits the distribution of a multivariate sample into a reduced set of dimensions, usually two-dimensional, and represents it over the same variables on the sample size (Gower, 1996). The representations of the variables are usually vectors, coincide with the directions in which the change is best for each individual variable. Biplots are useful for graphically describing the data, or depicting the results provided by formal models.

<sup>32</sup> SAS stands for "Statistical Analysis System". It started at the State University of North Carolina as a project to analyse agricultural data. The demand of this software increased, SAS was founded in 1976 to help all sort of customers (from banks and pharmaceutical companies to academic and governmental institutions). The development of this software reached a high position in the business and academic world, since it is able to be used on all platforms. The development of this software was extremely important for members of the University Statistician Southern Experiment Stations, a consortium of eight universities. ([www.sas.com/es\\_es/company-information.html#stats](http://www.sas.com/es_es/company-information.html#stats), access online: 20-03- 2017)

Table 10.1. Transparency Indicator Related Items

Classification of information depending on the level of transparency	Transparency Indicator	NO		YES	
		N	%	N	%
Stage 2: ICT	Web	0	0,00%	1.382	100,00%
Stage 3: Institutional	Mission	97	7,02%	1.285	92,98%
	Board of Trustees	604	43,70%	778	56,30%
	Estatutes	1.186	85,82%	196	14,18%
Stage 4: Human Resources	Number Employees	1.040	75,25%	342	24,75%
	Number Volunteers	1.114	80,61%	268	19,39%
Stage 5: Economic and Financial	Annual Budget	1.126	81,48%	256	18,52%
	Annual Accounts	1.117	80,82%	265	19,18%
Stage 6: Social Impact	Number Beneficiaries	1.100	79,59%	282	20,41%

Table 10.1 shows the presence of dependent variables related to the research question about institutional indicators *STAGE 3*: 92.98% presents its mission and 56.30% shows its board of trustees. However, the estatutes are only provided by 14.18% of foundations, being them compulsory internal regulations that 100% of foundations have, but many of them do not publish. This lack of transparency is easy to improve.

In *STAGE 4* there are transparency indicators related to human resources. Number of employees is more frequently published (24.75%) than number of volunteers (19.39%). Therefore, as little is published on foundations' websites, there is ample space for improvement.

*STAGE 5* shows the economic and financial indicators: annual accounts and annual budgets publication. They have a very low score, around 19%. This



demonstrates that foundations are not transparent in terms of economic and financial information. Given that society is increasingly demanding this information, this will be a challenge for foundations, since in the near future this data should have a higher presence on their websites.

Finally, it is important to note that *STAGE 6* for the social impact indicator of number of beneficiaries has also a very low presence, accounting for a 20.41%.

Table 10.2 Dimension Square-Chi Values

Inertia and Chi-Square Decomposition						
	Eigenvalues	Principal Inertia	Chi-Square	%	Cumulative Percentage	11 22 33 44 55 -----+-----+-----+-----+-----
Dimension 1	0.74575	0.55614	6148.7	55.6	55.61	*****
				1		
Dimension 2	0.37364	0.13961	1543.5	13.9	69.57	*****
				6		
Dimension 3	0.31748	0.10079	1114.4	10.0	79.65	*****
				8		
Dimension 4	0.28345	0.08034	888.3	8.03	87.69	****
Dimension 5	0.27427	0.07522	831.6	7.52	95.21	***
Dimension 6	0.15490	0.02400	265.3	2.40	97.61	*
Dimension 7	0.11433	0.01307	144.5	1.31	98.92	*
Dimension 8	0.10405	0.01083	119.7	1.08	100.00	
	Total	1.00000	11056.0	100.00		
Degrees of Freedom = 20715						

Table 10.2 shows the results of multiple correspondence analysis based on the presence or absence of each one of the dependent variables (transparency indicators) to obtain a representation of the foundations, transparency indicators, and independent variables in a smaller dimension.

The dimensions are orthogonal and fictitious variables, and they serve to form groups of foundations with similar characteristics, defined as clusters. It is noticed that the first three dimensions of the table provide 80% of information. The first dimension explains 55.61% of the total foundations' variability, the second dimension explains 13.96%, and 10.08 % is explained by a third dimension. The other dimensions (from 4 to 8) explain less than 20% of the total variability.

In this type of analysis, it is usual to make a first reduction of information by restricting the number of analysed values, eliminating those that provide less information. But in this study, all the dimensions have been used, since there are only eight of them.

Biplots considering the first three dimensions (those that provide more information) are shown below. The size of the circles indicates the amount of foundations showing the different characteristics.

Figure 10.1 Factorial Map with Transparency Indicators  
(Dimensions 1 and 2)

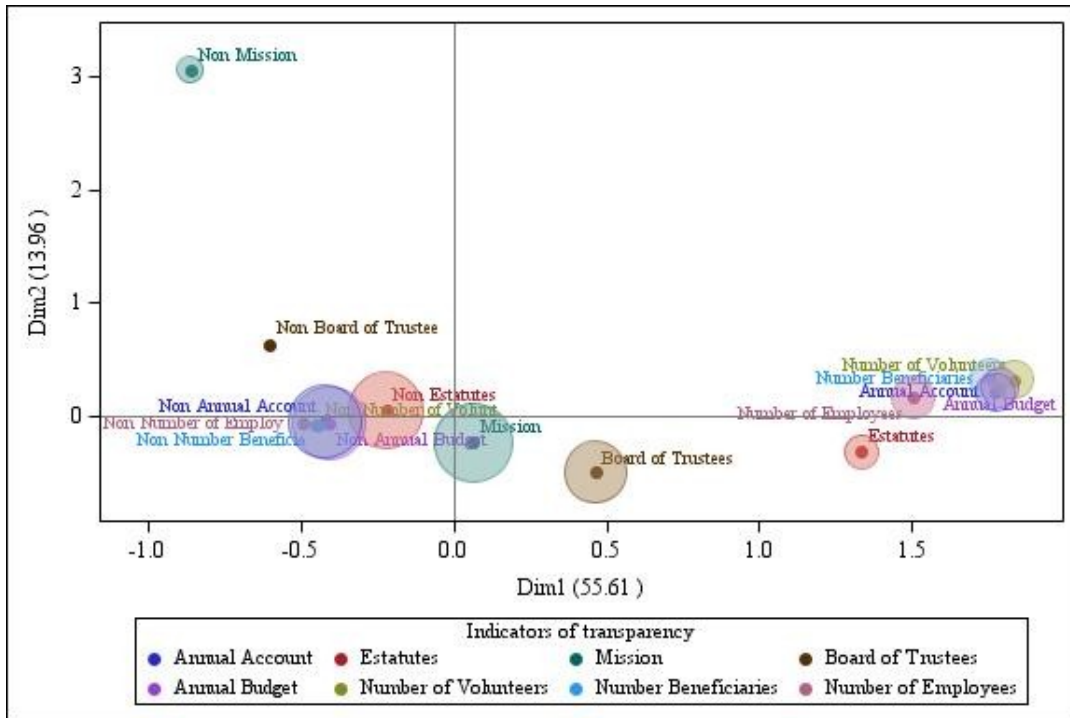
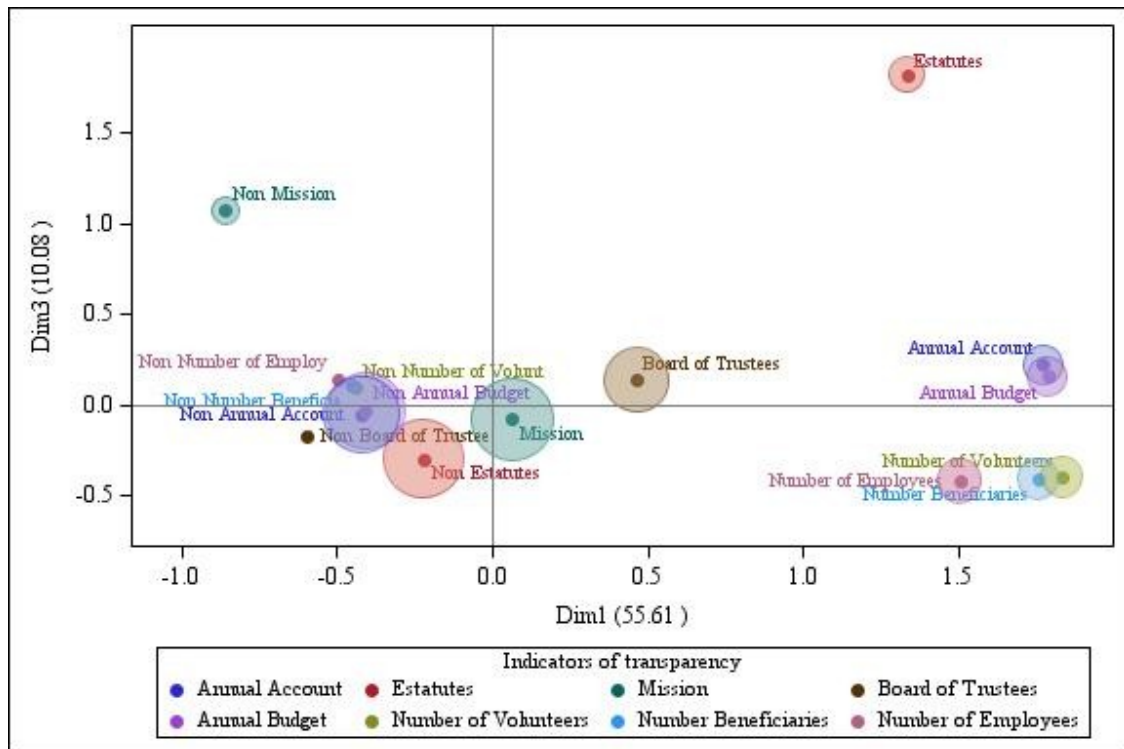


Figure 10.1 represents the first and second dimensions in a scale from -1 to 1.5.

It must be noted that the first dimension separates the presence from the absence of each one of the indicators of transparency: estatutes, number of employees, number of volunteers, annual budget, annual accounts and number of beneficiaries. The vertical axis shows the second dimension, being the foundations without published mission far away from 0, while the foundations whose mission is clear are very close to 0. In other words, this dimension is mainly defined by foundations that have published their mission on their website.

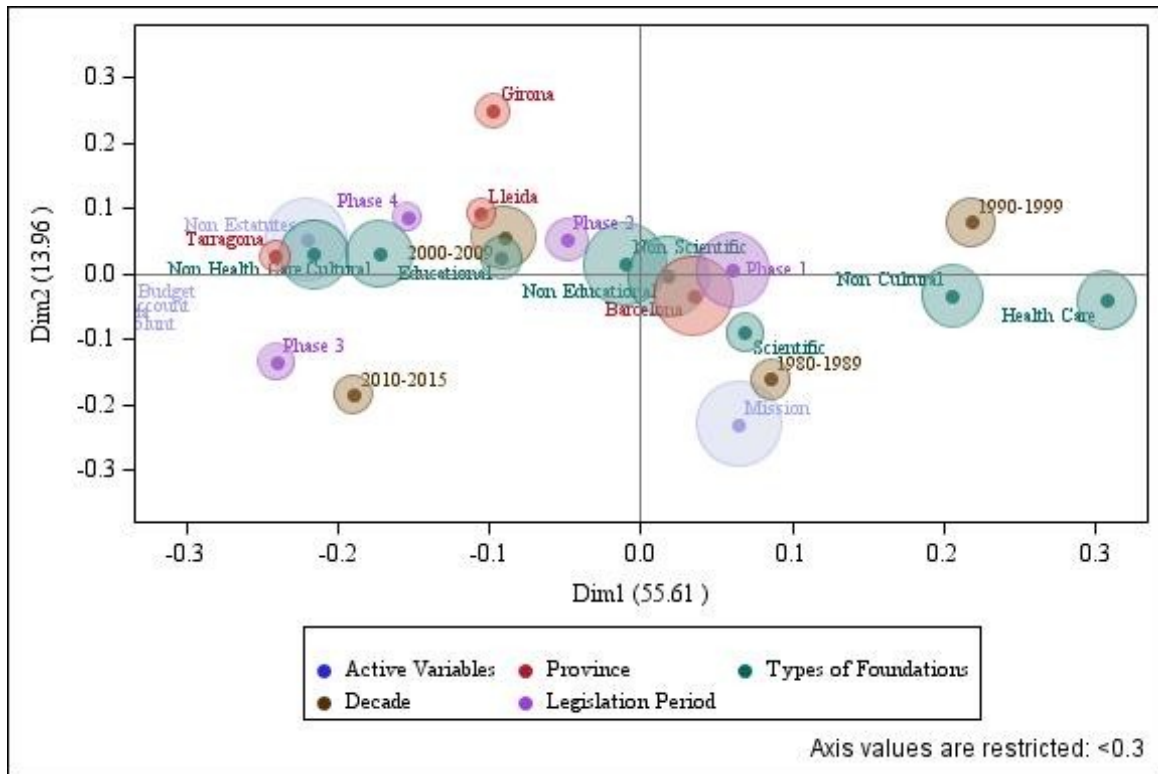
Another factorial map showing the first and third dimensions can be seen below:

Figure 10.2. Factorial Map with Transparency Indicators  
(Dimension 1 and 3)



The third axis seems to discriminate foundations by their presence or lack of the statutes on their website. This will be a feature to consider when making the studied clusters later in this chapter.

Figure 10.3. Factorial Map Relating Active and illustrative Variables Limited to Axes 0.3 (Dimension 1 and 2)



It must be also be noted that the province of Barcelona is depicted in positive x-axis coordinates, while the other three provinces, Tarragona, Lleida, and Girona are in the negative coordinates on the same axis. In other words, foundations established in the province of Barcelona are more associated with more transparency items accomplished (transparency items defining the first dimension, having or lacking: estatutes, number of employees, number of volunteers, annual budget, annual accounts and number of beneficiaries). This is a feature that has been confirmed by the bivariate analysis of Chapter 9 and the modelling variables of Chapter 11. It also seems that healthcare foundations are associated with higher transparency, registered in the period 1990-1999, and not performing cultural activities. These three characteristics of foundations are repeated throughout the different statistical techniques that have been performed in

the course of the empirical study.

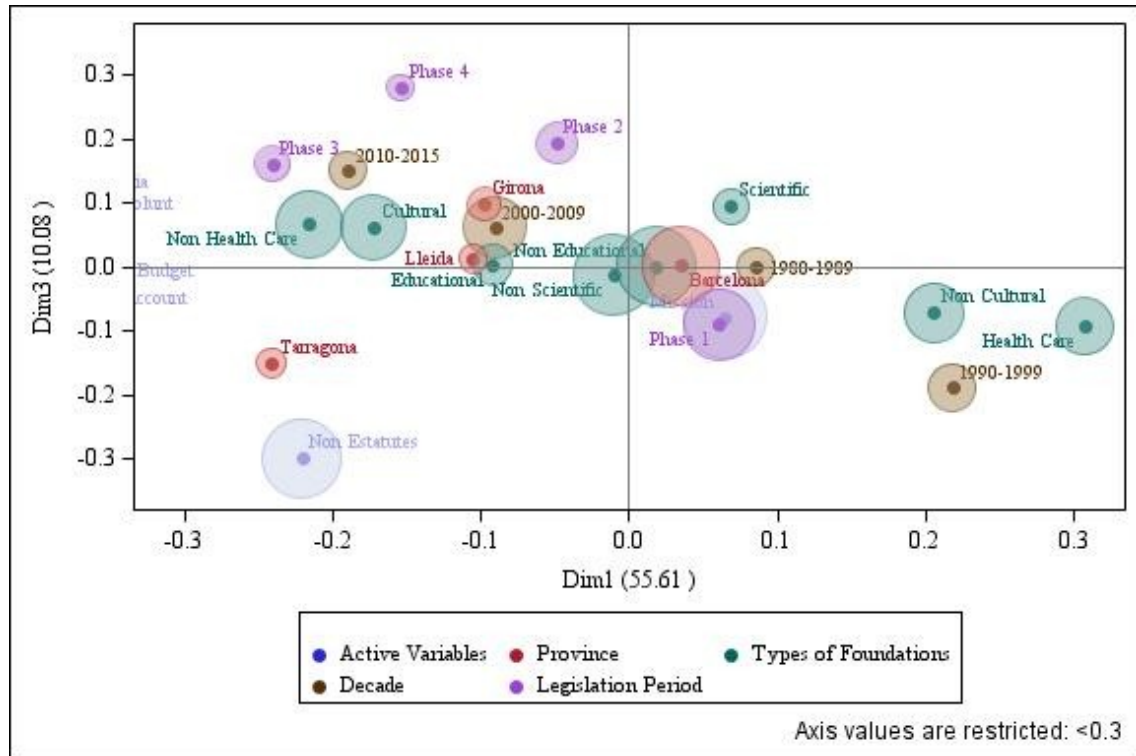
Graph 10.2. indicates that the most transparent foundations are those that have the following independent variables: (i) located in the province of Barcelona (ii) healthcare scope (iii) non-cultural scope, since being part of this sector is less transparent (iv) registration phase undertaken in the legislation periods phase 1 (1980 to 2003), and (v) registration period of the foundation is from 1990 to 1999.

Finally, a chart has been created from factorial maps (Figure 10.4), where the dependent and independent variables are present in the first two axes. Active variables have been depicted with some transparency, in order to clearly see the position of the illustrative variables.

It is observed that all independent variables are represented very close to the origin of coordinates, i.e. they do not seem to be highly related to specific patterns.

Below it is possible to see the factorial map, but restricting the axes to 0.3. This has been done in order to observe the distribution of the categories overlapped in the origin of coordinates:

Figure 10.4. Factorial Map Relating Active and Illustrative Variables Limited to Axes 0.3 (Dimensions 1 and 3)



## 10.2. Clusters

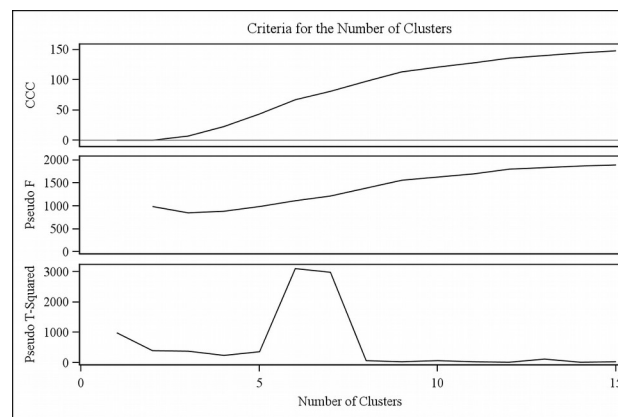
In order to decide the optimal number of clusters the following four criteria have been used: Cubic Cluster Criterion (CCC)<sup>33</sup>, Pseudo F<sup>34</sup>, Pseudo

<sup>33</sup> The grouping criterion **cubic clustering criterion (CCC)** was established in 1980 by Warren Sarle, SAS researcher who developed many machine learning algorithms for commercial software. CCC uses a heuristic formula built from many simulations to estimate the error of an algorithm based on the distance group (i.e., k-means, Ward method) in the reference distribution and in training set data being  $k = 1$  cluster for  $k =$  a maximum number of proven conglomerates. The difference between these two measures of error in each  $k$  test is basically the value of CCC in this  $k$ .

<sup>34</sup> **Pseudo F** describes the relationship between the cluster variation and variance into the cluster. If Pseudo F is decreasing means that either, the variance within the group is increasing or remaining static (denominator), or cluster variation is decreasing (numerator).

T-Squared<sup>35</sup> (these three criteria are represented in Figure 10.5) and Difference Semipartial RSQ<sup>36</sup>, as highlighted in chapter 6. Graphics show the evolution of these criteria till having 15 clusters.

Figure 10.5. Criteria: Cubic Cluster Criterion, Pseudo F, Pseudo T-Squared to Build the Number of Clusters



From this graph five of the 15 clusters have been made, due to the fact that the CCC is quite high, Pseudo F and Pseudo T-Square do not grow much (they stay low), and finally, the Semipartial RSQ difference is quite close to those in the surroundings.

The five elaborated clusters are shown in Table 10.3. clusters 1 and 2 are formed by more than 30% of foundations, being the largest clusters. In contrast, the smallest cluster is cluster 4, grouping only 7.02% of foundations.

<sup>35</sup> **Pseudo T-Square** index quantifies the difference between two groups which are combined in a given step. Therefore, if the pseudo T-square statistic has a different jump in step  $k + 1$  of the hierarchical group, then the group at the stage  $k + 1$  is selected as the optimal cluster. The pseudo T-square index is closely related to the Duda and Hart index. (See online [http://cda.psych.uiuc.edu/multivariate\\_fall\\_2012/systat\\_cluster\\_manual.pdf](http://cda.psych.uiuc.edu/multivariate_fall_2012/systat_cluster_manual.pdf) 5-5-2017)

<sup>36</sup> **Determination coefficient (RSQ)** indicates the proportional amount of the variation in the variable response explained by the X independent variables in the linear regression model. The higher the RSQ is, the higher variability is explained by the linear regression model. RSQ is the ratio of the sum of squares explained by the model (See online: 20-02-2017 <https://es.mathworks.com/help/search.html?submitsearch=&qdoc=Difference+Semipartial+RSQ>)



Table 10.3. Number of Foundations per Cluster

Cluster	N	%
Cluster 3	185	13,39
Cluster 5	149	10,78
Cluster 1	499	36,11
Cluster 2	452	32,71
Cluster 4	97	7,02
TOTAL	1382	100

### ***10.3. Cluster 3 Characteristics.***

Characteristics of cluster 3, comprising 185 foundations, and the number of responses for each variable above the average of the 1382 foundations are shown in Table 4.10. There are statistically significant differences (p-value column) between the percentage of foundations that have published the characteristic in the whole sample and in the cluster.

Table 10.4. Positive Characteristics Cluster 3

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Mission	Published (92.98%)	185	100.0%	14.40%	<.0001
Board of Trustees	Published (56.30%)	179	96.76%	23.01%	<.0001
Estatutes	Published (14.18%)	96	51.89%	48.98%	<.0001

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Number of Employees	Published (24.75%)	185	100.0%	54.09%	<.0001
Number of Volunteers	Published (19.39%)	185	100.0%	69.03%	<.0001
Number of Beneficiaries	Published (20.41%)	185	100.0%	65.60%	<.0001
Annual Budget	Published (18.52%)	185	100.0%	72.27%	<.0001
Annual Accounts	Published (19.18%)	185	100.0%	69.81%	<.0001
Field of Action	Healthcare (41.17%)	120	64.86%	21.09%	<.0001
Registration Decade	1990-1999 (25.62%)	77	41.62%	21.75%	<.0001
Legislation Period	Fase 1 (67.66%)	142	76.76%	15.19%	0.0024

On the one hand, cluster 3, representing 185 foundations, is the only cluster that has the eight transparency indicators over-represented:

- **Mission published**, the mission has been published in 92.98% of all foundations. In this cluster all foundations have published their mission, representing 14.4% of the foundations with mission published.
- **Board of Trustees published**: the board of trustees has been published in 56.3% of foundations. In this cluster 96.76% of foundations have published their board of trustees, representing 23.1% of the foundations with the board of trustees published.
- **Estatutes published**: estatutes have been published in the 14.18% of foundations. In this cluster we have that 51.89% of foundations

have their estatutes published, representing 48.98% of the foundations with the published statutes.

- **Number of employees published:** the number of employees is posted on 24.75% of all foundations. In this cluster all foundations have published their number of employees, representing 54.09% of foundations with the number employees published.
- **Number of volunteers published:** the number of volunteers is published in the 19.39% of foundations. In this cluster all foundations have published their number of volunteers, representing 69.03% of foundations with the number of volunteers published.
- **Number of beneficiaries published:** the number of beneficiaries is published in the 20.41% of foundations. In this cluster all foundations have published their number of beneficiaries, representing 65.6% of foundations with the number of beneficiaries published.
- **Annual budget published:** an average of 18.52% of foundations have published the annual budget. In this cluster all foundations have published their annual budget, accounting for 72.27% of foundations with the annual budget published.
- **Annual accounts published:** an average of 19.18 % of foundations have published their annual accounts. In this cluster all foundations have published their annual accounts, representing 69.81% of foundations with published annual accounts.
- **Healthcare scope:** an average of 41.17% of all foundations have healthcare scope. In this cluster there are 64.86% foundations with healthcare scope, representing 21.9% of total foundations of healthcare scope.
- **Registration decade from 1990 to 1999:** an average of 25.62% of the foundations were registered between 1990-1999. In this cluster there are 41.62% of foundations registered in this decade, accounting for 21.75% of foundations registered in 1990-1999.
- **Phase 1 legislation period (1980-2003):** an average of 67.66% of the foundations were registered in the legislation period defined as phase 1. In this cluster the 76.76% of foundations have been

registered in the phase 1, representing the 15.19% of all foundations registered in this phase.

On the other hand, less frequent features of cluster 3, that should be improved, are shown in Table 10.5:

Table 10.5. Characteristics to be Improved in Cluster 3

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Province	Tarragona (6.15%)	7	3.78%	8.24%	0.0468
Field of Action	Cultural (54.41%)	68	36.76%	9.04%	<.0001
Registration Decade	2010-2015 (12.88%)	8	4.32%	4.49%	<.0001
Legislation Period	Phase 3 (11.29%)	5	2.70%	3.21%	<.0001

They are not registered in the province of Tarragona; they are not cultural foundations; they are neither registered in the decade 2010-2015, nor in phase 3 (2009-2013).

#### ***10.4. Cluster 5 Characteristics.***

Table 10.6 presents the characteristics of cluster 5, made of 149 foundations. The number of responses for each variable above the average of the 1382 foundations. There are statistically significant differences (p-value column) between the percentage of foundations that have published the characteristic in the whole sample and in the cluster.

Table 10.6. Positive Characteristics of Cluster 5

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Mission	Published (92.98%)	149	100.0%	11.60%	<.0001
Board of Trustees	Published (56.30%)	121	81.21%	15.55%	<.0001
Number of Employees	Published (24.75%)	137	91.95%	40.06%	<.0001
Number of Volunteers	Published (19.39%)	80	53.69%	29.85%	<.0001
Number of Beneficiaries	Published (20.41%)	85	57.05%	30.14%	<.0001
Field of Action	Healthcare (41.17%)	81	54.36%	14.24%	0.0004
Registration Decade	1980-1989 (13.68%)	37	24.83%	19.58%	<.0001
Legislation Period	Phase 1 (67.66%)	124	83.22%	13.26%	<.0001

Cluster 5, comprising 149 foundations shows the following over-represented characteristics:

- **Mission published:** mission has been published in 92.98% of all foundations. In this cluster 100% are the foundations that have published their mission, representing 11.6% of the total foundations with published mission.
- **Board of trustees published:** board of trustees has been published in 56.3% of foundations. In this cluster 81.21% of foundations have published it, representing 15.55% of all foundations having their board of trustees published.
- **Number of employees published:** number of employees is posted on 24.75% of all foundations. In this cluster 91.95% of foundations publish this transparency indicator, representing 40.06% of

foundations publishing the number of employees.

- **Number of volunteers published:** number of volunteers is published in 19.39% of foundations. In this cluster 53.69% of foundations have published it, and this represents 29.85% of foundations with this indicator published.
- **Number of beneficiaries published:** number of beneficiaries is published in 20.41% of foundations. In this cluster 57.05% of foundations have published their number of beneficiaries, representing 30.14% of foundations with their number of beneficiaries published.
- **Healthcare scope:** 41.17% of the foundations show healthcare scope. In his cluster 54.36% of the foundations have healthcare scope, representing 14.24 % of foundations with healthcare scope.
- **Registration decade from 1990 to 1999:** 13.68% of foundations were registered in the 1980-1989 decade. In this cluster 24.83% of foundations have been registered in this decade, representing 19.58% of foundations registered between 1980-1989.
- **Phase 1 legislation period (1980-2003):** 67.66% of the foundations were registered in the legislation period defined as phase 1. In this cluster 83.22% of foundations were registered in phase 1, representing 13.26% of all foundations registered in this phase.

Characteristics less frequent in cluster 5 than in the whole number of foundations, which would correspond to characteristics that should be improved by foundations belonging to this cluster, are shown below:

Table 10.7. Characteristics to Be Improved Cluster 5

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Annual Budget	Published (18.52%)	4	2.68%	1.56%	<.0001
Annual Accounts	Published (19.18%)	10	6.71%	3.77%	<.0001
Field of Action	Cultural (54.41%)	57	38.26%	7.58%	<.0001
Registration Decade	2000-2009 (47.83%)	54	36.24%	8.17%	0.0010
Legislation Period	Phase 2 (17.29%)	9	6.04%	3.77%	<.0001
	Phase 3 (11.29%)	9	6.04%	5.77%	0.0074

The following underrepresented characteristics have been found: unpublished annual budget and annual accounts. These foundations are not characterized by being cultural scope foundations; neither being registered in the decade 2000-2009, nor registered in phases 2 and 3.

### ***10.5. Cluster 1 Characteristics.***

Table 10.8 presents the characteristics of cluster 1, made of 499 foundations, and the number of responses for each variable above the average of the 1382 foundations. There are statistically significant differences (p-value column) between the percentage of foundations that have published the characteristic in the whole sample and in the cluster.

Table 10.8. Positive Characteristics Cluster 1

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Mission	Published (92.98%)	499	100.0%	38.83%	<.0001
Board of Trustees	Published (56.30%)	477	95.59%	61.31%	<.0001
Province	Barcelona (80.54%)	416	83.37%	37.38%	0.0262
Registration Decade	2010-2015 (12.88%)	91	18.24%	51.12%	<.0001
Legislation Period	Phase 3 (11.29%)	86	17.23%	55.13%	<.0001

Cluster 1, comprising 499 foundations, shows the following five characteristics over-represented. In all of them there are significant differences between the percentage of foundations publishing the characteristic in the whole sample and in the cluster:

- **Mission published:** mission has been published in an average of 92.98% of the 1382 foundations, but in this cluster 100% of the 499 foundations have published their mission, representing 38.83%.
- **Board of Trustees published:** board of trustees has been published in an average of 56.3% of the 1,382 foundations. In this cluster 95.59% of the 499 foundations have their board of trustees published above the foundations average, representing 61.31%.
- **Province of Barcelona:** An average of 80.54% of the 1382 foundations are registered in the province of Barcelona. In this cluster 83.37% of the 499 foundations are located in this province, representing 37.38%.
- **Registration decade from 2010-2015:** An average of 12.88% of the 1382 foundations was registered in the period between 2010-2015.



This cluster is above average, since 18.24% of foundations were registered from 2010 to 2015, representing 51.12% of the foundations registered during this period.

- **Phase 3 legislation period (2009-2013):** An average of 11.29% of the foundations were registered in the legislation period defined as phase 3. Within this cluster, 17.23% of foundations have been registered in phase 3, representing 55.13% of foundations registered in this phase.

Table 10.9 depicts the less frequent characteristics of cluster 1 with respect to total number of foundations.

Table 10.9. Characteristics to be Improved Cluster 1

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Number of Employees	Published (24.75%)	19	3.81%	5.56%	<.0001
Number of Volunteers	Published (19.39%)	3	0.60%	1.12%	<.0001
Number of Beneficiaries	Published (20.41%)	11	2.20%	3.90%	<.0001
Annual Budget	Published (18.52%)	67	13.43%	26.17%	<.0001
Annual Accounts	Published (19.18%)	70	14.03%	26.42%	<.0001
Province	Girona (8.54%)	33	6.61%	27.97%	0.0199
Registration Decade	1990-1999 (25.62%)	103	20.64%	29.10%	0.0005
Legislation Period	Phase 1 (67.66%)	303	60.72%	32.41%	<.0001

These characteristics correspond to those that should be improved by foundations in Cluster 1. The following characteristics are under-represented: number of employees, number of volunteers, and number of beneficiaries are not published. Annual Budget and Annual Accounts are neither published. They are not characterized by being in the

province of Girona; they are not registered in the 1990-1999 decade, neither in phase 1 (1980-2003).

## 10.6. Cluster 2 Characteristics.

Cluster 2 consists of 452 foundations. Characteristics and number of responses for each variable above the average of 1382 foundations are shown in Table 10.10. There are statistically significant differences (p-value column) between the percentage of foundations that have published the characteristic in the whole sample and in the cluster.

Table 10.10. Positive Characteristics Cluster 2

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Mission	Published (92.98%)	452	100.0%	35.18%	<.0001
Field of Action	Cultural (54.41%)	272	60.18%	36.17%	0.0016
Registration Decade	2000-2009 (47.83%)	236	52.21%	35.70%	0.0133

The following characteristics are over-represented:

- **Mission published:** Mission has been published in 92.98% of 1382 foundations. In this cluster all foundations have published their mission, representing thus 35.18%.
- **Cultural Scope:** Foundations within this scope represent 54.41% of total number of foundations. In this cluster it is seen that 60.18% of foundations have cultural scope, representing 36.17% of the foundations working on this field.

- **Registration decade from 2000 to 2009:** 47.83% of all foundations were registered in the 2000-2009 decade. 52.21% of foundations in this cluster were registered in this decade, representing 35.7% of foundations registered in 2000-2009.

The less frequent characteristics are presented now. Cultural scope foundations present a very low level of transparency on their website, only publishing information related to their mission. These foundations should improve throughout the rest of transparency indicators:

Table 10.11. Characteristics to Be Improved in Cluster 2

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Board of Trustees	Published (56.30%)	0	0.00%	0.00%	<.0001
Estatutes	Published (14.18%)	0	0.00%	0.00%	<.0001
Number of Employees	Published (24.75%)	0	0.00%	0.00%	<.0001
Number of Volunteers	Published (19.39%)	0	0.00%	0.00%	<.0001
Number of Beneficiaries	Published (20.41%)	0	0.00%	0.00%	<.0001
Annual Budget	Published (18.52%)	0	0.00%	0.00%	<.0001
Annual Accounts	Published (19.18%)	0	0.00%	0.00%	<.0001
Province	Barcelona (80.54%)	350	77.43%	31.45%	0.0184
Field of Action	Healthcare (41.17%)	153	33.85%	26.89%	<.0001

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Legislation Period	Phase 3 (11.29%)	41	9.07%	26.28%	0.0267

Cluster 2, comprised by 452 foundations, shows the following underrepresented characteristics: board of Trustees, estatutes, number of employees, number of volunteers, number of beneficiaries, annual budget and annual accounts remain unpublished. They are not characterized for being settled in the province of Barcelona, neither being healthcare scope foundations, nor being registered in phase 3

### ***10.7. Cluster 4 Characteristics.***

Cluster 4 is formed by 97 foundations. Characteristics of this cluster, as well as the number of responses above the average of the 1382 foundations are shown in Table 10.12. There are statistically significant differences (p-value column) between the percentage of foundations that have published the characteristic in the whole sample and in the cluster.

Table 10.12. Positive Characteristics of Cluster 4

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Province	Girona (8.54%)	16	16.49%	13.56%	0.0060
Field of Action	Cultural (54.41%)	69	71.13%	9.18%	0.0004
Registration Decade	2000-2009 (47.83%)	59	60.82%	8.93%	0.0053

In cluster 4, consisting of 97 foundations, the following over-represented features have been found:

- **Province of Girona:** an average of 8.54% of the total number of foundations is in the province of Girona. In this cluster 60.82% of foundations are working in the province of Girona, representing 13.56% of the foundations of this province.
- **Cultural scope:** on average, 54.41% of all foundations are of cultural scope. 71.13% of foundations present in this cluster have the aforementioned scope, representing 9.18% of the total number of cultural foundations.
- **Registration decade from 2000 to 2009:** an average of 47.83% of the foundations registered in the 2000-2009 decade. In this cluster, 60.82% of foundations were registered in this decade, representing 8.93% of foundations registered in 2000-2009.

Also, characteristics less frequent in this cluster than in all foundations are presented below. Within active variables, these characteristics are those that should be improved by cluster 4 foundations:

Table 10.13. Characteristics to Be Improved Cluster 4

Variable	Characteristic (%total)	Number of answers this feature the cluster	% Answers to feature the cluster	Answers have this the characteristic cluster, the total response with the characteristic	p_value
Mission	Published (92.98%)	0	0.00%	0.00%	<.0001
Board of Trustees	Published (56.30%)	1	1.03%	0.13%	<.0001
Estatutes	Published (14.18%)	1	1.03%	0.51%	<.0001
Number of Employees	Published (24.75%)	1	1.03%	0.29%	<.0001
Number of Volunteers	Published (19.39%)	0	0.00%	0.00%	<.0001
Number of Beneficiaries	Published (20.41%)	1	1.03%	0.35%	<.0001
Annual Budget	Published (18.52%)	0	0.00%	0.00%	<.0001
Annual Accounts	Published (19.18%)	0	0.00%	0.00%	<.0001
Province	Barcelona (80.54%)	68	70.10%	6.11%	0.0035
Field of Action	Healthcare (41.17%)	18	18.56%	3.16%	<.0001
Registration Decade	1980-1989 (13.68%)	5	5.15%	2.65%	0.0014
Legislation Period	Phase 1 (67.66%)	54	55.67%	5.78%	0.0038

Cluster 4, comprising 97 foundations, shows the following underrepresented characteristics: mission, board of trustees, estatutes, number of employees, number of volunteers, number of beneficiaries, annual budget and annual accounts remain unpublished. Foundations on this cluster are not characterized for being in the province of Barcelona; neither being healthcare foundations, nor being registered in the 1980-1989

decade, or in phase 1.

### ***10.8. Preliminary Cluster Analysis Conclusions, Detailing the Most Influential Characteristics.***

The most influential characteristics defining each cluster, which have been detailed in previous sections, are now shown together in Table 10.14. Characteristics represented in green are those more relevant in the cluster than in the whole sample of 1.382 foundations, while red characteristics are those less present. Grey percentages correspond to those characteristics whose differences between the percentage of foundations in the cluster and in the entire sample are not statistically significant.

Table 10.14. Influential Characteristics in Each Cluster Definition

Variable		%	Cluster 1 ( N=499 )	Cluster 2 ( N=452 )	Cluster 3 ( N=185 )	Cluster 4 ( N=97 )	Cluster 5 ( N=149 )
Mission	Published	(93.0%)	100%*	100%*	100%*	0.0%*	100%*
Board of Trustees	Published	(56.3%)	95.6%*	0.0%*	96.8%*	1.0%*	81.2%*
Estatutes	Published	(14.2%)	15.6%	0.0%*	51.9%*	1.0%*	14.1%
Number of Employee	Published	(24.7%)	3.8%*	0.0%*	100%*	1.0%*	91.9%*
Number of Volunteer	Published	(19.4%)	0.6%*	0.0%*	100%*	0.0%*	53.7%*
Number of Beneficiaries	Published	(20.4%)	2.2%*	0.0%*	100%*	1.0%*	57.0%*
Annual Budget	Published	(18.5%)	13.4%*	0.0%*	100%*	0.0%*	2.7%*
Annual Accounts	Published	(19.2%)	14.0%*	0.0%*	100%*	0.0%*	6.7%*
Province	Barcelona	(80.5%)	83.4%*	77.4%*	84.9%	70.1%*	81.9%
Province	Girona	(8.5%)	6.6%*	9.7%	7.6%	16.5%*	7.4%
Province	Lleida	(4.8%)	3.8%	5.3%	3.8%	6.2%	6.7%

Variable		%	Cluster 1 ( N=499 )	Cluster 2 ( N=452 )	Cluster 3 ( N=185 )	Cluster 4 ( N=97 )	Cluster 5 ( N=149 )
Province	Tarragona	(6.2%)	6.2%	7.5%	3.8%*	7.2%	4.0%
Field of Action	Healthcare	(41.2%)	39.5%	33.8%*	64.9%*	18.6%*	54.4%*
Field of Action	Cultural	(54.4%)	57.3%	60.2%*	36.8%*	71.1%*	38.3%*
Field of Action	Educational	(16.5%)	15.4%	17.9%	14.1%	18.6%	17.4%
Field of Action	Scientific	(12.8%)	14.0%	12.2%	14.6%	10.3%	10.1%
Registration Decade	1980-1989	(13.7%)	14.4%	11.9%	11.4%	5.2%*	24.8%*
Registration Decade	1990-1999	(25.6%)	20.6%*	24.6%	41.6%*	21.6%	28.2%
Registration Decade	2000-2009	(47.8%)	46.7%	52.2%*	42.7%	60.8%*	36.2%*
Registration Decade	2010-2015	(12.9%)	18.2%*	11.3%	4.3%*	12.4%	10.7%
Legislation Period	Phase 1	(67.7%)	60.7%*	69.0%	76.8%*	55.7%*	83.2%*
Legislation Period	Phase 2	(17.3%)	18.6%	17.7%	18.4%	23.7%	6.0%*
Legislation Period	Phase 3	(11.3%)	17.2%*	9.1%*	2.7%*	15.5%	6.0%*
Legislation Period	Phase 4	(3.8%)	3.4%	4.2%	2.2%	5.2%	4.7%

It is worth to highlighting that, to research question *STAGE 3* (institutional information), all clusters have the mission published, except cluster 4. Board of Trustees is published in 3 out of 5 clusters, and, finally, the estatutes are only published in cluster 3.

In *STAGE 4* (human resources information on) and *STAGE 6* (social impact information) it can be observed that only foundations belonging to cluster 3 and 5 are transparent with regard to information on human resources and social impact. Much attention should therefore be devoted to the main characteristics of the most transparent foundations in Catalonia: most



foundations comprising these clusters are from Barcelona, they are old foundations, and more than 50% of them are healthcare foundations. As far as *STAGE 5* is concerned, (Economic and Financial Information) only cluster 3 publishes information on annual budget and annual accounts.



# Chapter 11. Statistical Modelling

This chapter presents the statistical modelling of transparency indicators (according to the characteristics of foundations), their application to the database and the interpretation of the obtained results.

The aim of the modelling and was to identify those characteristics of foundations that directly influence the level of transparency. The level of transparency was measured according to the presence of the following nine indicators:

- Website
- Mission
- Board of Trustees
- Estatutes
- Number of employees
- Number of volunteers
- Annual budget
- Annual accounts
- Number of beneficiaries

A logistic regression model was performed (Hosmer and Lemeshow, 2013) for each transparency indicator (dependent variable) considering three characteristics of foundations as independent variables: (i) scope of activity (ii) province and (iii) decade of registration or legislation period. This is a regression model where the dependent variable is binary or dichotomous and aims at estimating the probability of occurrence ( $p$ ) for each transparency indicator.

The models considered in this study were the following:

- MODEL I Relationship between the areas (healthcare, cultural, educational and scientific purposes), the province and the early registration of the foundation.

$$Y = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 * \text{Health Care} + \beta_2 * \text{Cultural} + \beta_3 * \text{Educational} + i$$

$$+ \beta_4 * \text{Scientific} + \beta_{5,3} * \text{Province} + \beta_{6,3} * \text{Decade}$$

- MODEL II Relationship between the scope of activity (healthcare, cultural, educational and scientific activity), the province and the legislation period in which the foundations were registered.

$$Y = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 * \text{Health Care} + \beta_2 * \text{Cultural} + \beta_3 * \text{Educational} + i$$

$$+ \beta_4 * \text{Scientific} + \beta_{5,3} * \text{Province} + \beta_{6,3} * \text{Legislation Period}$$

- MODEL III Relationship between the grouped scopes of activity, the province and the decade of registration of the foundation.

$$Y = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_{1,9} * \text{Type of foundation} + \beta_{2,3} * \text{Province} + \beta_{3,3} * \text{Decade}$$

- MODEL IV Relationship between the grouped scopes of activity, the province and the legislation period in which the foundations were registered.

$$Y = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_{1,9} * \text{Type of foundation} + \beta_{5,3} * \text{Province} + \beta_{6,3} * \text{Legislation period}$$

where  $p$  is the probability of occurrence of each transparency indicator.

It is important to mention that in MODELS I and II foundations can belong to more than one scope of activity. Indicator variables were used, one for each scope of activity: (i) healthcare, (ii) cultural, (iii) educational and (iv) scientific activity, which take value 1 if the foundation has that scope of activity, and the value 0 otherwise. For example, a foundation with scope of activity healthcare and education, takes value 1 for both indicator variables (healthcare 1 plus educational 1).

On the contrary, in MODELS III and IV, which are a variant of MODELS I and II, the scope of activity was combined, resulting in *groups of scope of activity (grouped scope)* so that each foundation only participates in one of the ten groups defined: (i) healthcare, (ii) healthcare and cultural, (iii) healthcare and educational, (iv) healthcare and scientific, (v) cultural, (vi) cultural and educational (vii) cultural and scientific (viii) educational (ix) educational and scientific and (x) scientific. This allows to differentiate between foundations that are dedicated to *one scope* of activity from those that are dedicated to *two*. Foundations that operated in three or more areas were excluded.

In MODEL I transparency indicators (dependent variable) are related to the three independent variables: (i) scope of activity (healthcare, cultural, educational and scientific activity), (ii) province and (iii) decade of registration of the foundation in the Foundations Register of Catalonia. In MODEL II the same independent variables were used with the exception of decade of registration that was substituted by Legislation period.

In MODEL III transparency indicators (dependent variable) are related to three independent variables (i) grouped scope, (ii) province and (iii) decade of registration of the foundation. MODEL IV uses the same independent variables except for decade of registration that was substituted by legislation period.

The statistical analysis was performed with the following software: SAS v9.3, SAS Institute Inc., Cary, NC, USA. Statistical decisions were made

taking 0.05 as the significance level.

This chapter will only show *statistically significant results*. Full results are available on request.

### ***11.1. Modelling Transparency Indicators according to Scope of Activity, Province and Decade: Model I.***

This section presents the results of modelling the presence of nine transparency indicators (dependent variables) of foundations as independent variables: each of the four scopes of activity, the provinces of Catalonia and the decade of registration in the Foundations Register of Catalonia.

A logistic regression for each transparency indicator is presented.

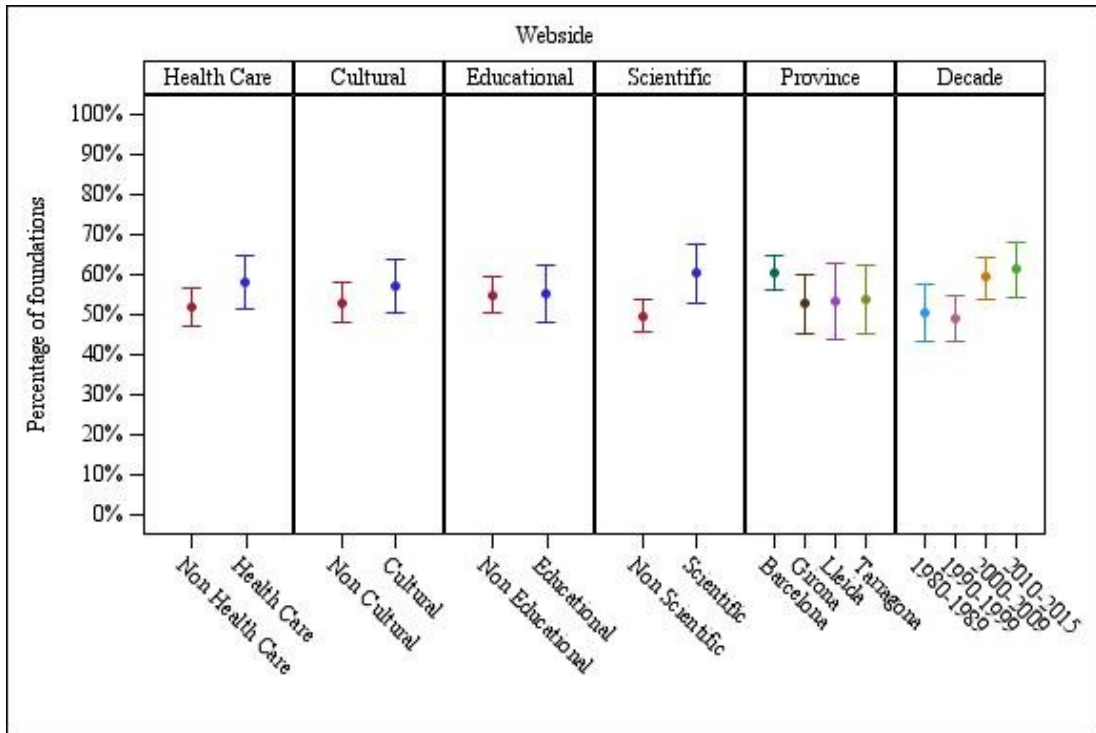
$$Y = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 * Health\ Care + \beta_2 * Cultural + \beta_3 * Educational + \beta_4 * Scientific + \beta_{5,3} * Province + \beta_{6,3} * Decade + \epsilon$$

#### ***11.1.1. Website of the Foundation***

In order to conduct this regression all foundations in Catalonia (n = 2554) have been taken into account.

A figure with estimates of percentage of foundations that have a website according to each of the characteristics of the foundation, obtained from model I (Figure 11.1).

Figure 11.1. Estimate of the percentage of foundations with a website according to the characteristics of the foundation. Model I



It can be noted that the estimated percentage of foundations with a website is the higher in scientific foundations and, its is also so, in the foundations registered in the decades 2000-2009 and 2010-2015.

Table 11.1 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.1. Estimates of the statistically significant differences with regard to a website for each characteristic of the foundation. The difference is presented in terms of Odds Ratio. Model I.

Websites		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 58.14%; [51%, 65%]	<b>Non Healthcare</b> 52.05%; [47%, 57%]	2.11	0.0351	1.28	[1.02, 1.61]
<b>Scientific</b> 60.40%; [53%, 68%]	<b>Non Scientific</b> 49.71%; [46%, 54%]	3.11	0.0019	1.54	[1.17, 2.03]
<b>1980-1989</b> 50.62%; [43%, 58%]	<b>2000-2009</b> 59.30%; [54%, 64%]	-2.92	0.0186	0.70	[0.52, 0.96]
	<b>2010-2015</b> 61.34%; [54%, 68%]	-2.73	0.0326	0.65	[0.43, 0.98]
<b>1990-1999</b> 48.95%; [43%, 55%]	<b>2000-2009</b> 59.30%; [54%, 64%]	-4.35	<.0001	0.66	[0.51, 0.84]
	<b>2010-2015</b> 61.34%; [54%, 68%]	-3.53	0.0024	0.60	[0.42, 0.87]

From Table 11.1 it is concluded that:

- Healthcare foundations are associated with the highest occurrence of the website transparency indicator (OR=1.28, IC<sub>95%</sub>=[1.02, 1.61], t =2.11 p\_value = 0.0351). The percentage of healthcare foundations with a website is 58.14% (IC<sub>95%</sub>=[51%, 65%]) compared to 52.05%, IC<sub>95%</sub>=[47%, 57%] of non-healthcare foundations.
- Scientific foundations are also associated with a higher occurrence of the website transparency indicator (OR=1.54, IC<sub>95%</sub>=[1.17, 2.03], t =3.11 p\_value = 0.0019). The percentage of scientific foundations that have a website is 60.4% (IC<sub>95%</sub>=[53%, 68%]), instead, non-scientific foundations' percentage is 49.71% (IC<sub>95%</sub>=[46%, 54%]).
- Having a website also depends on the decade in which the foundation entered the Foundations Register of Catalonia. For foundations from the decades '1980-1989' and '1990-1999' the



percentage obtained was an estimate percentage of foundations with a website of approximately 50% (50.62%,  $IC_{95\%}=[43\%, 58\%]$  and 48.95%,  $IC_{95\%}=[43\%, 55\%]$ , respectively). Moreover, for foundations registered from 2000 onwards, corresponding to the decades '2000-2010' and '2010-2015', the estimated percentage of foundations with a website obtained was of around 60% (59.3%,  $IC_{95\%}=[54\%, 64\%]$  and 61.34%,  $IC_{95\%}=[54\%, 68\%]$ , respectively).

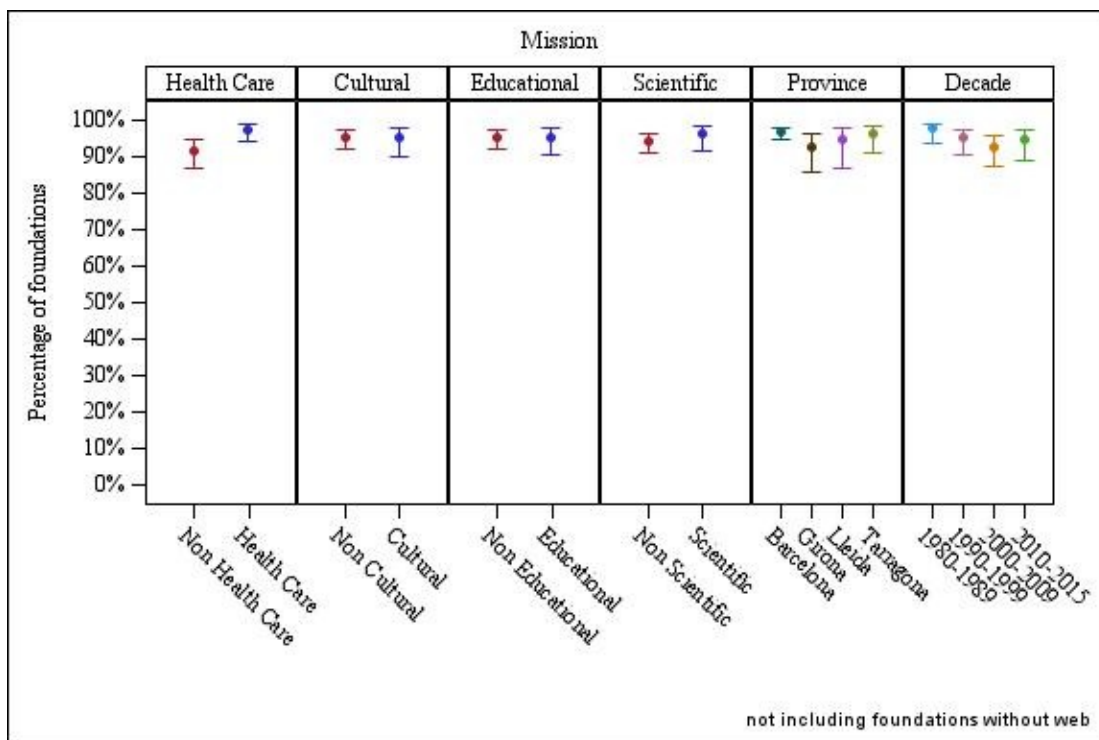
### ***11.1.2. Institutional information***

#### ***11.1.2.1. Mission***

The conduct this regression all Catalan foundations with a website (n = 1382) have been taken into account.

A figure with estimates of the percentage of foundations whose mission is published on their website according to each of the characteristics of the foundation, obtained from model I (Figure 11.2).

Figure 11.2. Estimates of the percentage of foundations with their mission published in their website according to the characteristic of the foundation.  
Model I



It can be noted that the estimated percentage of foundations whose mission is published on their website is the highest in healthcare foundations. In general, this is an indicator present in virtually all foundations that have a website.

Table 11.2 presents the only statistically significant differences for mission and the characteristics considered (independent variables).

Table 11.2. Estimates of the statistically significant differences with regard to mission published in the website for each characteristic of the foundation. Model I.

Mission		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 97.40%; [94%, 99%]	<b>Non Healthcare</b> 91.77%; [87%, 95%]	3.39	0.0007	3.36	[1.67, 6.78]
<b>Barcelona</b> 96.77%; [95%, 98%]	<b>Girona</b> 92.73%; [86%, 96%]	2.79	0.0270	2.35	[1.07, 5.14]

From Table 11.2 it is concluded that:

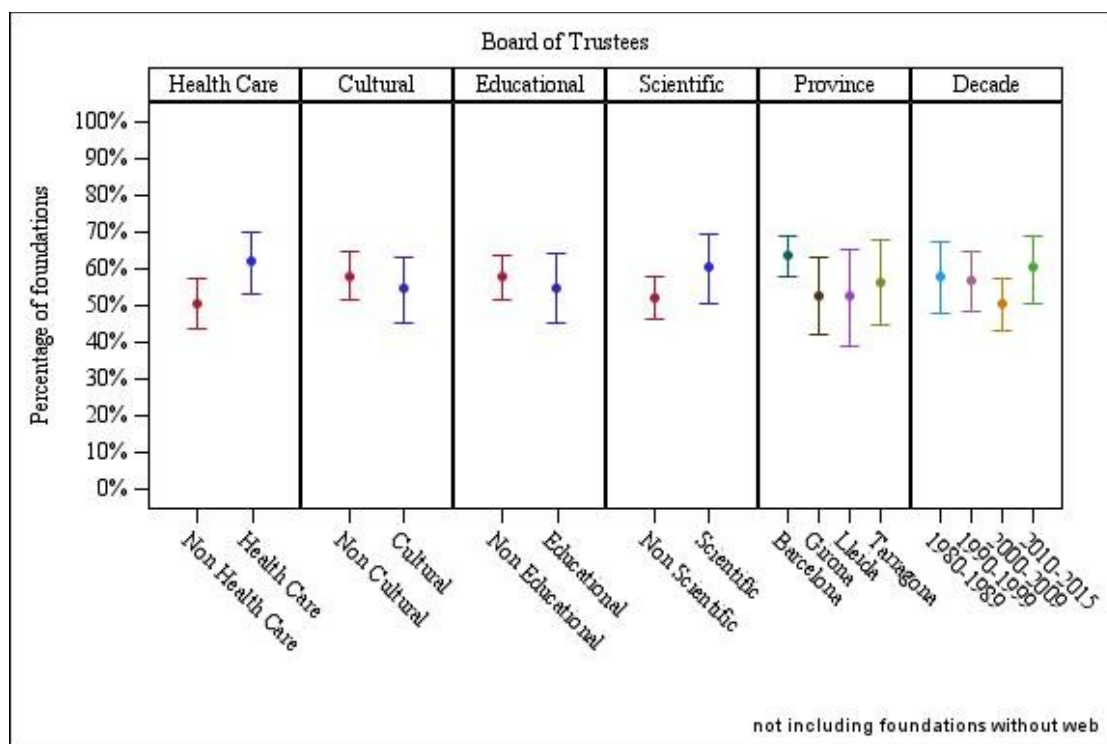
- Healthcare foundations are associated with a higher occurrence of mission transparency indicator (OR=3.36, IC<sub>95%</sub>=[1.67, 6.78], t=3.39 p\_value = 0.0007). The percentage of healthcare foundations whose mission was published on their website is 97.4% (IC<sub>95%</sub>=[94%, 99%]) while it is 91.77%, IC<sub>95%</sub>=[87%, 97%] for non-healthcare foundations.
- Foundations from the Barcelona province are also associated with a higher occurrence of having the mission indicator (OR=2.35, IC<sub>95%</sub>=[1.07, 5.14], t =2.79 p\_value = 0.0270), if compared to the ones from the Girona province. The percentage of foundations in the province of Barcelona that have published the mission in their website is 96.77% (IC<sub>95%</sub>=[95%, 98%]), instead, this percentage is 92.73% (IC<sub>95%</sub>=[86%, 96%]) for foundations of the Girona province. Regarding the other two provinces (Lleida and Tarragona), statistically significant differences were not observed.

### 11.1.2.2. Board of Trustees

To conduct this regression all Catalan foundations with a website (n = 1382) have been taken into account.

A figure is presented with estimates of the percentage of foundations whose board of trustees is published on their website according to each of the characteristics of the foundation, obtained from model I (Figure 11.3).

Figure 11.3. Estimates of the percentage of foundations with its board of trustees published in its website according to the characteristics of the foundation. Model I.



It can be noted that the estimated percentage of foundations whose board of trustees is published on their website is highest in healthcare foundations, in contrast to the non-healthcare foundations. This is an indicator present in

50% of the foundations that have a website.

Table 11.3 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.3. Estimates of the statistically significant differences with regard to board of trustees published in the website for each characteristic of the foundation. Model I.

Board of Trustees		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 61.90%; [53%, 70%]	<b>Non Healthcare</b> 50.62%; [44%, 57%]	2.98	0.0029	1.59	[1.17, 2.15]

From Table 11.3 it is concluded that:

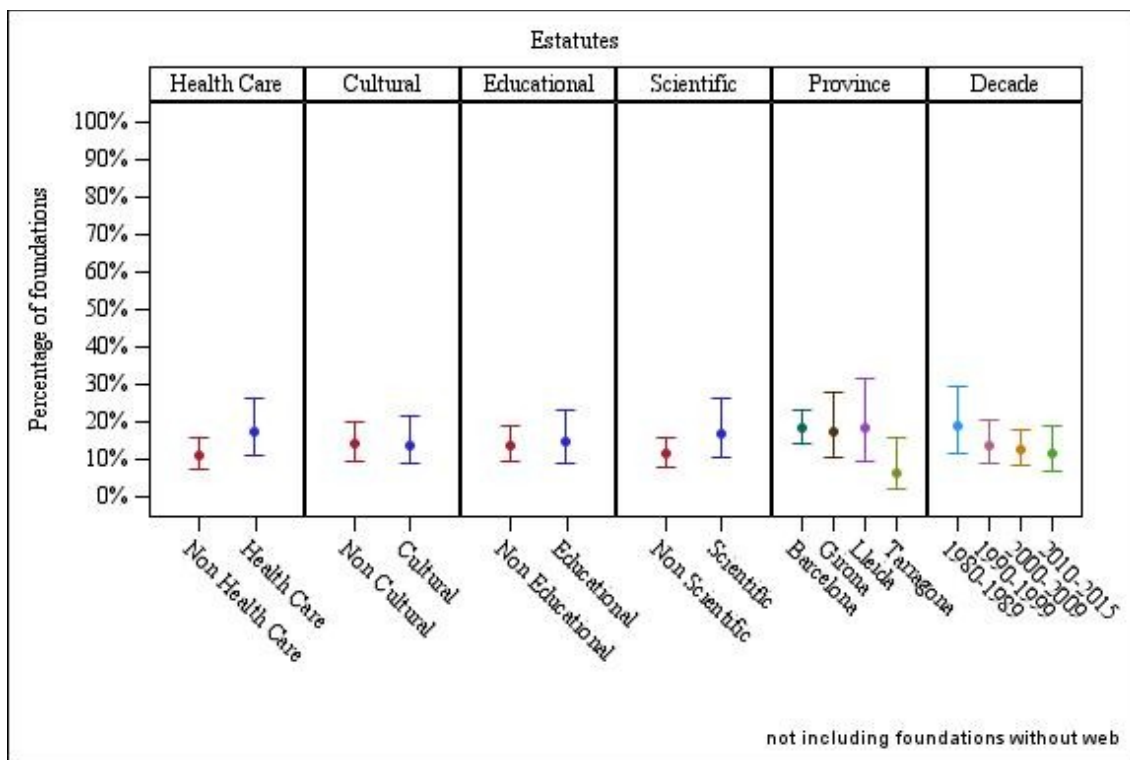
- Healthcare foundations are associated with a higher occurrence of board of trustees transparency indicator (OR=1.59, IC<sub>95%</sub>=[1.17, 2.15], t =2.98 p\_value = 0.0029). The percentage of healthcare foundations that have published the board of trustees on their website is 61.9% (IC<sub>95%</sub>=[53%, 70%]), in contrast with 50.62%, IC<sub>95%</sub>=[44%, 57%] of non-healthcare foundations.

### 11.1.2.3. *Estatutes*

To conduct this regression all Catalan foundations with a website (n = 1382) have been taken into account.

A figure is presented with estimates of the percentage of foundations whose board of trustees is published on their website according to each of the characteristics of the foundation, obtained from model I (Figure 11.4).

Figure 11.4. Estimates of the percentage of foundations with their Estatutes published in their website according to the characteristics of the foundation.  
Model I



It can be noted that the estimated percentage of foundations whose estatutes are published on their website is the highest in healthcare and scientific foundations, and is lower in the province of Tarragona.

Table 11.4 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.4. Estimates of the statistically significant differences with regard to estatutes published in the website for each characteristic of the foundation. Model I.

Estatutes		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 17.48%; [11%, 26%]	<b>Non Healthcare</b> 11.11%; [8%, 16%]	2.54	0.0111	1.69	[1.13, 2.55]
<b>Scientific</b> 17.03%; [10%, 26%]	<b>Non Scientific</b> 11.43%; [8%, 16%]	2.02	0.0437	1.59	[1.01, 2.50]

From Table 11.4 we conclude that:

- Healthcare foundations are associated with the highest occurrence of estatutes transparency indicator (OR=1.69, IC<sub>95%</sub>=[1.13, 2.55], t =2.54 p\_value = 0.0111). The percentage of healthcare foundations that have their estatutes published on the website is 17.48% (IC<sub>95%</sub>=[11%, 26%]) as opposed to 11.11%, IC<sub>95%</sub>=[8%, 16%] for non-healthcare foundations.
- Scientific foundations are also associated with the highest occurrence of estatutes transparency indicator (OR=1.59, IC<sub>95%</sub>=[1.01, 2.5], t =2.02 p\_value = 0.0437). The percentage of scientific foundations that have published their estatutes in the website is 17.03% (IC<sub>95%</sub>=[10%, 26%]) in contrast to non-scientific foundations, with a percentage of 11.43% (IC<sub>95%</sub>=[8%, 16%]).

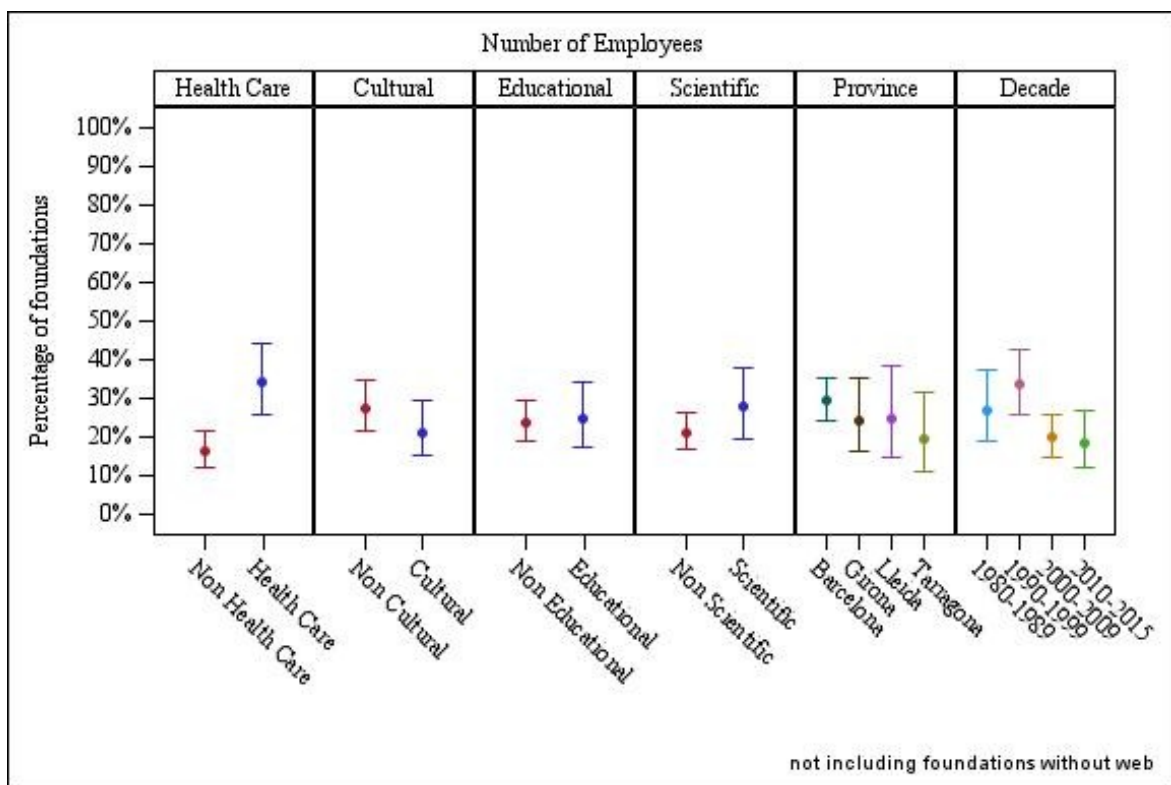
### ***11.1.3. Human resources***

#### ***11.1.3.1. Number employees***

To conduct this regression all Catalan foundations with a website have been taken into account (n = 1382).

We present a figure with estimates of % of foundations whose number of employees is published on the website according to each of the characteristics of the foundation, obtained from model I (Figure 11.5).

Figure 11.5. Estimates of the percentage of foundations with its number of employees published in its website according to the characteristics of foundation. Model I.



It can be noted that the estimated percentage of foundations whose number of employees is published on the website is the highest in healthcare foundations, and in the foundations from the decades 1980-1989 and 1990-1999.

Table 11.5 presents the only statistically significant differences for the characteristics considered (independent variables).



Table 11.5. Estimates of the statistically significant differences with regard to number of employees published in the website for each characteristic of the foundation. Model I.

Number Employees		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 34.44%; [26%, 44%]	<b>Non Healthcare</b> 16.43%; [12%, 22%]	5.60	<.0001	2.67	[1.89, 3.77]
<b>Cultural</b> 21.30%; [15%, 29%]	<b>Non Cultural</b> 27.60%; [22%, 35%]	-1.99	0.0467	0.71	[0.51, 0.99]
<b>1990-1999</b> 33.73%; [26%, 43%]	<b>2000-2009</b> 19.81%; [15%, 26%]	4.64	<.0001	2.06	[1.38, 3.07]
	<b>2010-2015</b> 18.59%; [12%, 27%]	3.45	0.0033	2.23	[1.23, 4.05]

From Table 11.5 I can be concluded that:

- Healthcare foundations are associated with the highest occurrence of number of employees transparency indicator (OR=2.67, IC<sub>95%</sub>=[1.89, 3.77], t =5.6 p\_value < 0.0001). The percentage of healthcare foundations that have the number of employees published on their website is 34.44% (IC<sub>95%</sub>=[26%, 44%]) against 16.43%, IC<sub>95%</sub>=[12%, 22%] for non-healthcare foundations.
- Cultural foundations are associated with the lowest occurrence of the number of employees transparency indicator (OR=0.71, IC<sub>95%</sub>=[0.51, 0.99], t =-1.99 p\_value = 0.0467). The percentage of cultural foundations that have the number of employees published on their website is 21.3% (IC<sub>95%</sub>=[15%, 29%]) compared to 27.6% (IC<sub>95%</sub>=[22%, 35%]) for non-cultural foundations.
- Having the number of employees published in the website of the foundation also depends on the decade in which it entered the

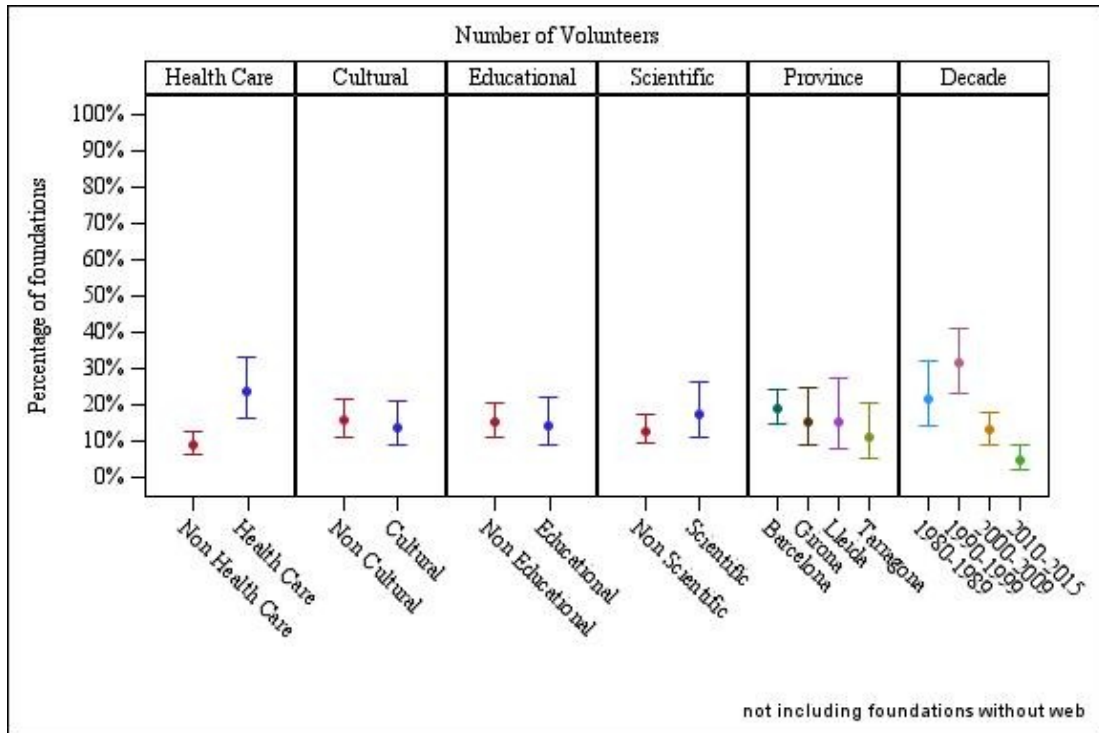
Foundations Register. Foundations of the decade '1990-1999' get an estimated percentage of foundations with the number of employees published of 33.73% ( $IC_{95\%}=[26\%, 43\%]$ ). Moreover, foundations registered from 2000 onwards, corresponding to the decades '2000-2010' and '2010-2015', have an estimated percentage of foundations with the number of employees published of about 20% (19.81%,  $IC_{95\%}=[15\%, 26\%]$  and 18.59%,  $IC_{95\%}=[12\%, 27\%]$ , respectively). Finally, it is worth commenting that the foundations registered in the decades '1980-1989' have an estimated percentage of foundations with the number of employees published of 27.6%, which, even though exceeding the estimated percentages obtained for the 2000 and onwards, was not found to have statistically significant differences.

### ***11.1.3.2. Number of Volunteers***

To conduct this regression all Catalan foundations with a website ( $n = 1382$ ) have been taken into account.

A figure is presented with estimates of the percentage of foundations whose number of volunteers is published on their website according to each of the characteristics of the foundation, obtained from model I (Figure 11.6).

Figure 11.6. Estimates of the percentage of foundations with its number of volunteers published in its website according to the characteristics of the foundation. Model I.



It can be noted that the estimated percentage of foundations whose number of volunteers is published on the website is higher in healthcare foundations, and in the foundations registered in the decades prior to 2000. Table 11.6 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.6. Estimates of the statistically significant differences with regard to number volunteer published in the website for each characteristic of the foundation. Model I.

Number Volunteer		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 23.74%; [16%, 33%]	<b>Non Healthcare</b> 8.89%; [6%, 13%]	5.85	<.0001	3.19	[2.16, 4.70]
<b>1980-1989</b> 21.81%; [14%, 32%]	<b>2000-2009</b> 13.01%; [9%, 18%]	2.93	0.0181	1.86	[1.08, 3.22]
	<b>2010-2015</b> 4.62%; [2%, 9%]	4.62	<.0001	5.76	[2.17, 15.26]
<b>1990-1999</b> 31.36%; [23%, 41%]	<b>2000-2009</b> 13.01%; [9%, 18%]	6.70	<.0001	3.05	[1.99, 4.69]
	<b>2010-2015</b> 4.62%; [2%, 9%]	6.33	<.0001	9.43	[3.79, 23.48]
<b>2000-2009</b> 13.01%; [9%, 18%]	<b>2010-2015</b> 4.62%; [2%, 9%]	3.23	0.0070	3.09	[1.26, 7.59]

From Table 11.6 it is concluded that:

- Healthcare foundations have the highest occurrence of number of volunteers transparency indicator (OR=3.19, IC<sub>95%</sub>=[2.16, 4.7], t =5.85 p\_value < 0.0001). The percentage of healthcare foundations that have the number of volunteers published on their website is 23.74% (IC<sub>95%</sub>=[16%, 33%]) as opposed to 8.89%, IC<sub>95%</sub>=[6%, 13%] for non-healthcare foundations.
- Having the number of volunteers published on the website of the foundation also depends on the decade in which the foundations entered the Foundations Register. Foundations from the decades '1980-1989' and '1990-1999' get an estimated percentage of foundations with the number of volunteers published on the website of 20% (21.81 IC<sub>95%</sub>=[14%, 32%] and 31.36% IC<sub>95%</sub>=[23%, 41%], respectively). Foundations registered in the decade '2000-2009', have

an estimated percentage of foundations with the number of volunteers published on the website of 13.01% (IC<sub>95%</sub>=[9%, 18%]). Finally, foundations registered in the decade '2010-2015' have an estimated percentage of foundations with the number of volunteers published on their website of 4.62% (IC<sub>95%</sub>=[2%, 9%]). We found statistically significant differences were found between all decades except for between the decades 1980-1989 and the decade of 1990-1999.

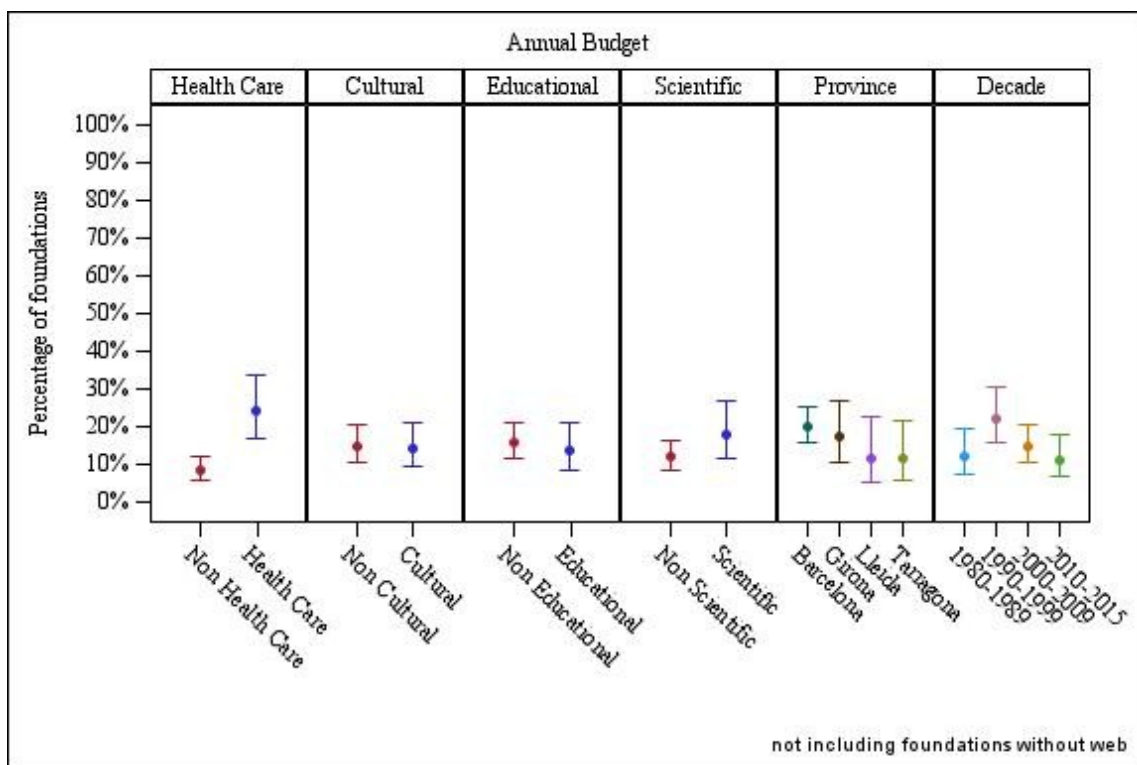
#### ***11.1.4. Economic and Financial Information***

##### ***11.1.4.1. Annual Budget***

To conduct this regression all Catalan foundations with a website (n = 1382) have been taken.

A figure is presented with estimates of the percentage of foundations whose annual budget is published on their website according to each of the characteristics of the foundation, obtained from model I (Figure 11.7).

Figure 11.7. Estimates of the percentage of foundations with their annual budget published in their website according to the characteristics of the foundations. Model I.



It can be noted that the estimated percentage of foundations whose annual budget is published on the website is the highest in healthcare and scientific foundations, and in the foundations registered in the decade 1990-1999.

Table 11.7 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.7. Estimates of the statistically significant differences with regard to annual budget published in the website for each characteristic of the foundation. Model I.

Annual Budget		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 24.29%; [17%, 34%]	<b>Non Healthcare</b> 8.47%; [6%, 12%]	6.53	<.0001	3.47	[2.39, 5.04]
<b>Scientific</b> 18.05%; [12%, 27%]	<b>Non Scientific</b> 11.88%; [9%, 16%]	2.28	0.0227	1.63	[1.07, 2.49]
<b>1980-1989</b> 12.17%; [7%, 20%]	<b>1990-1999</b> 22.32%; [16%, 31%]	-2.94	0.0176	0.48	[0.25, 0.91]
<b>1990-1999</b> 22.32%; [16%, 31%]	<b>2000-2009</b> 14.93%; [11%, 21%]	2.93	0.0181	1.64	[1.06, 2.52]
	<b>2010-2015</b> 11.20%; [7%, 18%]	3.15	0.0090	2.28	[1.16, 4.46]

From Table 11.7 it is concluded that:

- Healthcare foundations are associated with the highest occurrence of annual budget publication transparency indicator (OR=3.47, IC<sub>95%</sub>=[2.39, 5.04], t =6.53 p\_value < 0.0001). The percentage of healthcare foundations whose annual budget is published on their website is 24.29% (IC<sub>95%</sub>=[17%, 34%]) opposed to 8.47%, IC<sub>95%</sub>=[6%, 12%] for non-healthcare foundations.
- Scientific foundations are also associated with the highest occurrence of annual budget publication transparency indicator (OR=1.63, IC<sub>95%</sub>=[1.07, 2.49], t =2.28 p\_value = 0.0227). The percentage of scientific foundations that have published the annual budget on their website is 18.05% (IC<sub>95%</sub>=[12%, 27%]) as opposed to 11.88% (IC<sub>95%</sub>=[9%, 16%]) for non-scientific foundations.
- Foundations registered in the decade '1980-1989' are associated with a lower occurrence of annual budget publication transparency

indicator if compared to the foundations registered in the decade '1990-1999' (OR=0.48, IC<sub>95%</sub>=[0.25, 0.91], t =2.94 p\_value = 0.0176). The percentage of foundations registered in the decade '1980-1989' that published the annual budget in their website is 12.17% (IC<sub>95%</sub>=[7%, 20%]) as opposed to 22.32% (IC<sub>95%</sub>=[16%, 31%]) for the foundations registered in the decade '1990-1999'.

- Foundations registered in the decade '1990-1999' are associated with the highest occurrence of annual budget publication transparency indicator if compared to the foundations registered from the 2000 onwards, in the decades' 2000-2009 'and' 2010- 2015 '. The percentage of foundations registered in the decade '1990-1999' that published the annual budget in their website is 22.32% (IC<sub>95%</sub>=[16%, 31%]) as opposed to approximately 15% for the foundations registered in 2000 onwards (14.93% IC<sub>95%</sub>=[11%, 21%] and 11.2% IC<sub>95%</sub>=[7%,18%], respectively).

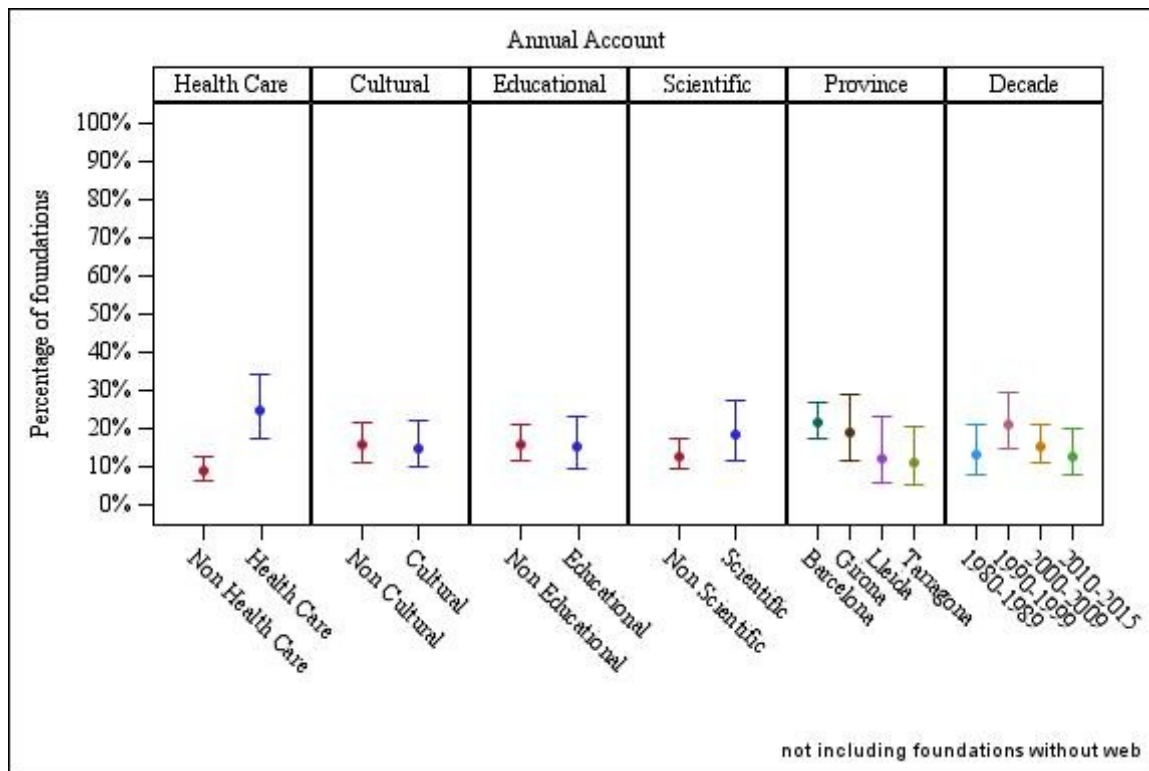
#### ***11.1.4.2. Annual Accounts***

To conduct this regression all Catalan foundations with a website (n = 1382) have been taken into account.

A figure with estimates of the percentage of foundations whose annual accounts are published on their website according to each of the characteristics of the foundation, obtained from model I (Figure 11.8).



Figure 11.8. Estimates of the percentage of foundations with their annual accounts published in their website according to the characteristics of the foundation. Model I.



It can be noted that the estimated percentage of foundations whose annual accounts are published on their website is the highest in healthcare foundations, and in the foundations registered in the decade 1990-1999. Table 11.8 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.8. Estimates of the statistically significant differences with regard to annual account published in the website for each characteristic of the foundation. Model I.

Annual Accounts		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 24.93%; [17%, 34%]	<b>Non Healthcare</b> 9.03%; [6%, 13%]	6.45	<.0001	3.35	[2.32, 4.83]
<b>Scientific</b> 18.32%; [12%, 27%]	<b>Non Scientific</b> 12.81%; [9%, 17%]	1.98	0.0479	1.53	[1.00, 2.32]

From Table 11.8 it is concluded that:

- Healthcare foundations are associated with the highest occurrence of annual accounts publication transparency indicator (OR=3.35, IC<sub>95%</sub>=[2.32, 4.83], t =6.45 p\_value < 0.0001). The percentage of healthcare foundations that have published their annual accounts on their website is 24.93% (IC<sub>95%</sub>=[17%, 34%]) in contrast to 9.03%, IC<sub>95%</sub>=[6%, 13%] for non-healthcare foundations.
- Scientific foundations are associated with the highest occurrence of annual accounts publication transparency indicator (OR=1.53, IC<sub>95%</sub>=[1, 2.32], t =1.98 p\_value = 0.0479). The percentage of scientific foundations that publish their annual accounts on their website is 18.32%, IC<sub>95%</sub>=[12%, 27%] in contrast to 12.81%, IC<sub>95%</sub>=[9%, 17%] for the non-scientific foundations.

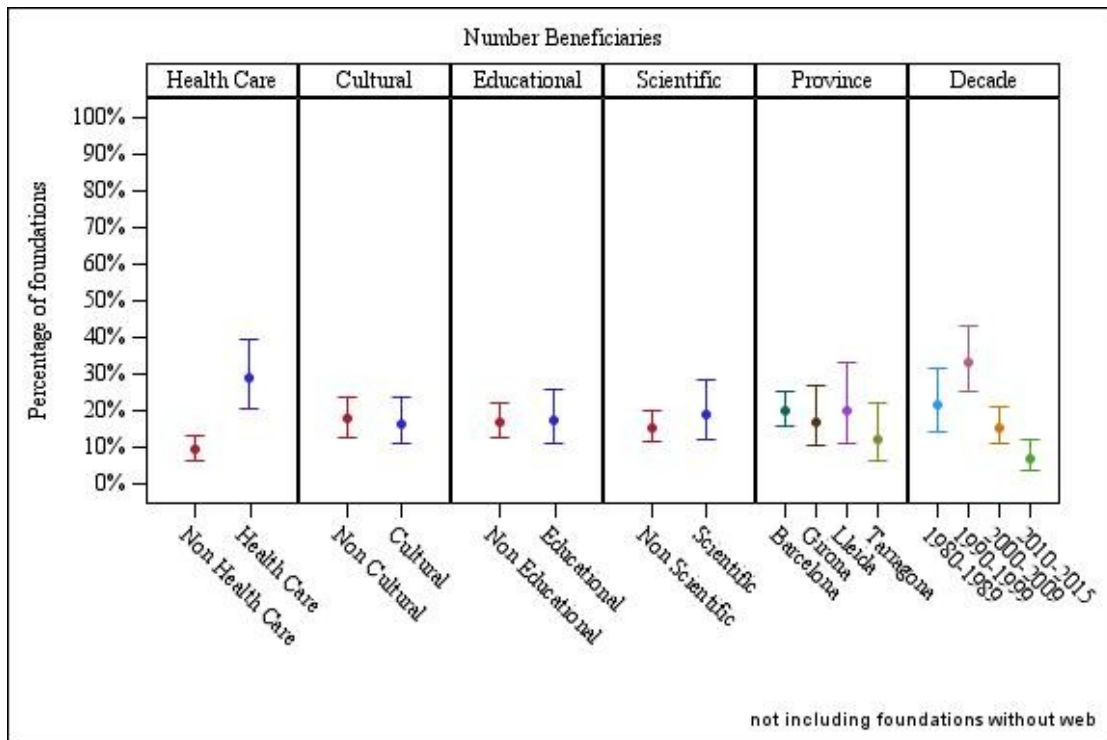
### ***11.1.5. Social Impact***

#### ***11.1.5.1. Number of Beneficiaries***

To conduct this regression all Catalan foundations with a website (n = 1382) have been taken into account.

A figure is presented with estimates of the percentage of foundations whose number of beneficiaries is published on their website according to each of the characteristics of the foundation, obtained from model I (Figure 11.8).

Figure 11.9. Estimates of the percentage of foundations with their number of beneficiaries published in their website according to the characteristics of the foundation. Model I.



It can be noted that the estimated percentage of foundations whose number of beneficiaries is published on their website is the highest in healthcare foundations, and in the foundations registered in the before the year 2000.

Table 11.9 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.9. Estimates of the statistically significant differences with regard to number beneficiaries published in their website for each characteristic of the foundation. Model I.

Number Beneficiaries		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 29.14%; [21%, 39%]	<b>Non Healthcare</b> 9.32%; [6%, 13%]	7.13	<.0001	4.00	[2.73, 5.86]
<b>1980-1989</b> 21.47%; [14%, 31%]	<b>1990-1999</b> 33.42%; [25%, 43%]	-2.77	0.0286	0.54	[0.31, 0.96]
	<b>2010-2015</b> 6.75%; [4%, 12%]	3.89	0.0006	3.77	[1.57, 9.09]
<b>1990-1999</b> 33.42%; [25%, 43%]	<b>2000-2009</b> 15.24%; [11%, 21%]	6.21	<.0001	2.79	[1.83, 4.27]
	<b>2010-2015</b> 6.75%; [4%, 12%]	6.18	<.0001	6.93	[3.10, 15.52]
<b>2000-2009</b> 15.24%; [11%, 21%]	<b>2010-2015</b> 6.75%; [4%, 12%]	2.98	0.0156	2.48	[1.13, 5.44]

From Table 11.9 it is concluded that:

- Healthcare foundations are associated with the highest occurrence of the website number of beneficiaries transparency indicator (OR=4, IC95%=[2.73, 5.86], t=7.13 p\_value < 0.0001). The percentage of healthcare foundations that have their number of beneficiaries published on their website is 29.14% (IC95%=[21%, 39%]) as opposed to 9.32%, IC95%=[6%, 13%] for the non-healthcare foundations.
- Having the number of beneficiaries published in the website of the foundation also depends on the decade in which it entered the Foundations Register. The percentage of foundations that have the number of beneficiaries published on their website is: 21.47% (IC95%=[14%,31%]) for those registered in the decade '1980-1989', higher, 33.42% (IC95%=[25%,43%]), for those registered in the

following decade '1990-1999', lower, 15.24% (IC95%=[11%,21%]), for those registered in the following decade '2000-2009', and the lowest percentage occurs in foundations registered in the decade '2010-2015' with an estimate of 6.75% (IC95%=[4%,12%]). Statistically significant differences were observed between all decades except between the decade of 1980-1989 and the decade of 2000-2009.

### ***11.2. Modelling of Complete Transparency Items Count, according to Scope of Activity, Province and Decade: Model I.***

This section presents the results of modelling the count of completed transparency items (dependent variable) of foundations according to the independent variables: each of the four scopes of activity, the provinces of Catalonia and the decade of registration in the Foundations Register of Catalonia.

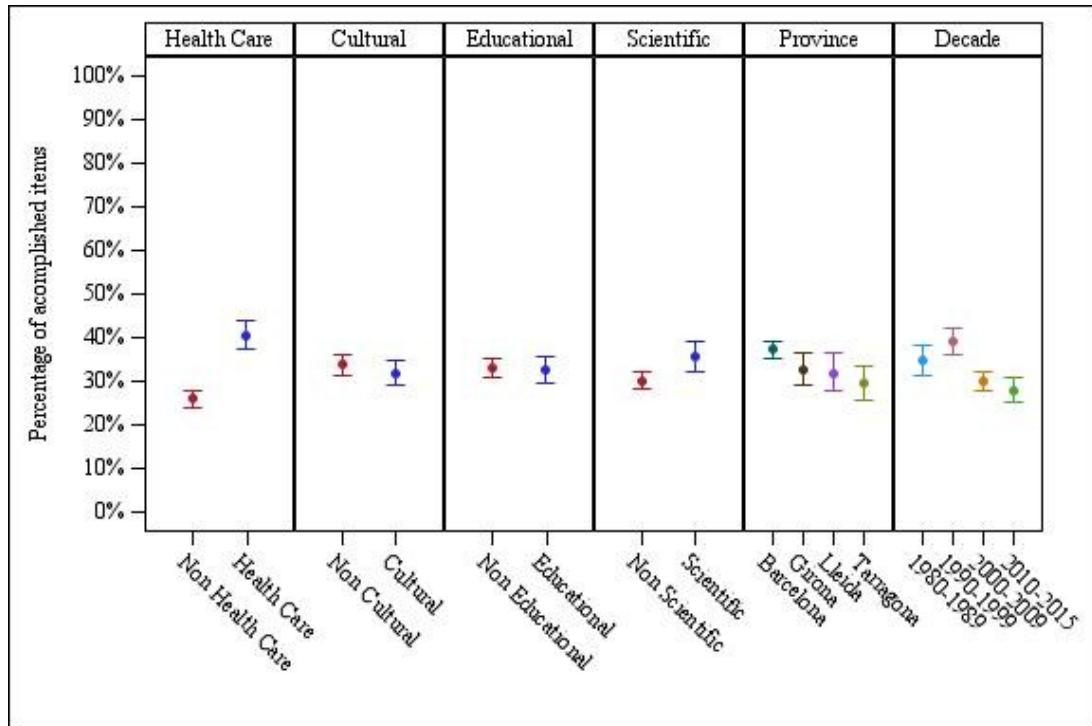
A binomial regression for each transparency indicator is presented.

$$Y = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 * Assistència + \beta_2 * Cultural + \beta_3 * Docent + \epsilon \\ + \beta_4 * FinsCientífics + \beta_{5;3} * Província + \beta_{6;3} * Dècada$$

A  $p$  corresponds to the expected value of completed items percentage out of eight possible ones. This regression only takes into account the Catalan foundations with a website ( $n = 1382$ ).

The figure is presented with the estimations of the percentage of complete items for the foundations that have a website according to the characteristics of the foundation obtained from model I (Figure 11.10).

Figure 11.10. Estimates of the percentage of foundations with their accomplished items published in their website according to the characteristics of foundation. Model I.



It can be noted that the percentage of completed items among foundations with a website is the highest in the healthcare and scientific foundations, and in the foundations registered in the Barcelona province. The highest percentage of completed items is also observed for foundations registered in the decades 1990-1999 and 1980-1989.

Table 11.10 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.10. Estimates of the statistically significant differences with regard to each characteristic of the foundation. The difference is presented in terms of Odds Ratio. Model I.

Percentage of completed items		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 40.47%; [37%, 44%]	<b>Non Healthcare</b> 25.99%; [24%, 28%]	11.78	<.0001	1.94	[1.73, 2.16]
<b>Scientific</b> 35.63%; [32%, 39%]	<b>Non Scientific</b> 30.14%; [28%, 32%]	3.88	0.0001	1.28	[1.13, 1.46]
<b>Barcelona</b> 37.28%; [35%, 39%]	<b>Girona</b> 32.80%; [29%, 36%]	2.58	0.0488	1.22	[1.00, 1.48]
	<b>Tarragona</b> 29.51%; [26%, 34%]	3.81	0.0008	1.42	[1.12, 1.80]
<b>1980-1989</b> 34.68%; [31%, 38%]	<b>1990-1999</b> 39.15%; [36%, 42%]	-2.83	0.0241	0.83	[0.69, 0.98]
	<b>2000-2009</b> 30.02%; [28%, 32%]	3.35	0.0047	1.24	[1.05, 1.46]
	<b>2010-2015</b> 28.00%; [25%, 31%]	3.77	0.0010	1.37	[1.10, 1.69]
<b>1990-1999</b> 39.15%; [36%, 42%]	<b>2000-2009</b> 30.02%; [28%, 32%]	8.12	<.0001	1.50	[1.32, 1.70]
	<b>2010-2015</b> 28.00%; [25%, 31%]	6.97	<.0001	1.65	[1.37, 1.99]

From Table 11.10 it is concluded that:

- Healthcare foundations are associated with the greatest number of completed items (OR=1.94, IC<sub>95%</sub>=[1.73, 2.16], t =11.78 p\_value<0.0001). The percentage of completed items for healthcare foundations is 40.47%≈3.24/8 (an estimated 3.24 out of 8 potential items), IC<sub>95%</sub>=[37%, 44%] as opposed to 25.99%≈2.1/8 (an estimated 2.1 out of 8 potential items), IC<sub>95%</sub>=[24%, 28%] for non-healthcare foundations.

- Scientific foundations are also associated with the highest percentage of completed items (OR=1.28, IC<sub>95%</sub>=[1.13, 1.46], t =3.88 p\_value = 0.0001). The percentage of completed items for scientific foundations is 35.63%≈2.85/8 (an estimated 2.85 out of 8 potential items) IC<sub>95%</sub>=[32%, 39%], in contrast, the percentage for non-scientific foundations is 30.14%≈2.5/8 (an estimated 2.5 out of 8 potential items) (IC<sub>95%</sub>=[28%, 32%]).
- The percentage of completed items also depends on the foundation's province. In the foundations the Barcelona province, an estimate percentage was obtained of completed items of 37.28%≈2.98/8 (an estimated 2.98 out of 8 potential items) IC<sub>95%</sub>=[35%, 39%]. Moreover, the foundations the Girona and Tarragona provinces get an estimate of the percentage of completed items of approximately 30% (32.8%, IC<sub>95%</sub>=[29%, 36%] and 29.51%, IC<sub>95%</sub>=[26%, 34%], respectively).
- Having a foundation website also depends on the decade in which the foundation entered the Foundations Register. Foundations from the decade '1990-1999' get an estimated percentage of completed items of 39.15%≈3.13/8 (an estimated 3.13 out of 8 potential items) IC<sub>95%</sub>=[36%, 42%]. Foundations from the decade '1980-1989' get an estimate percentage of completed items of 34.68%≈2.77/8 (an estimated 2.77 out of 8 potential items) IC<sub>95%</sub>=[31%, 38%]. Moreover, foundations registered from 2000 onwards, corresponding to the decades '2000-2010' and '2010-2015', get an estimate percentage of completed items of around (30.02%, IC<sub>95%</sub>=[28%, 32%] and 28%, IC<sub>95%</sub>=[25%, 31%], respectively).



### ***11.3. Modelling Transparency Indicators according to Scope of Activity, Province and Legislation Period: Model II.***

This section presents the results of modelling the presence of nine transparency indicators (dependent variables) of foundations as independent variables: each of the four scopes of activity, the provinces of Catalonia and the legislation period in which the foundation entered the Foundations Register of Catalonia.

A logistic regression for each transparency indicator is presented.

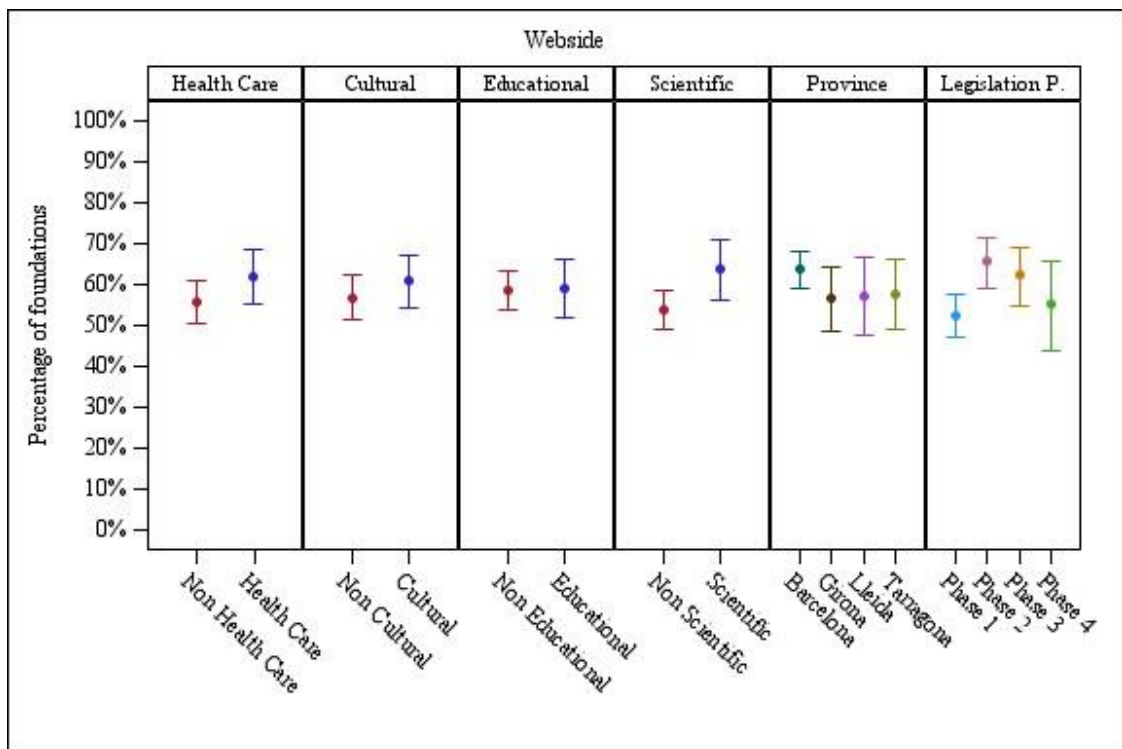
$$Y = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 * Health\ Care + \beta_2 * Cultural + \beta_3 * Educational + \epsilon \\ + \beta_4 * Scientific + \beta_{5,3} * Province + \beta_{6,3} * Legislation\ Period$$

#### ***11.3.1. Website of the Foundation***

In order to conduct this regression all foundations in Catalonia (n = 2554) have been taken into account.

A figure is presented with estimates of the percentage of foundations that a website according to each of the characteristics of the foundation, obtained from model II (Figure 11.1).

Figure 11.11. Estimates of the percentage of foundations with a website according to the characteristics of the foundation. Model II.



It can be noted that the estimated percentage of foundations with a website is the highest in healthcare and scientific foundations and, in addition, in foundations registered in the legislative periods: phase 2 and phase 3.

Table 11.11 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.11. Estimates of the statistically significant differences with regard to a website for each characteristic of the foundation. Model II.

Websites		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 62.02%; [55%, 68%]	<b>Non Healthcare</b> 55.67%; [50%, 61%]	2.25	0.0245	1.30	[1.03, 1.63]
<b>Scientific</b> 63.93%; [56%, 71%]	<b>Non Scientific</b> 53.65%; [49%, 58%]	3.08	0.0021	1.53	[1.17, 2.01]
<b>Phase 1</b> 52.42%; [47%, 58%]	<b>Phase 2</b> 65.48%; [59%, 71%]	-4.52	<.0001	0.58	[0.43, 0.79]
	<b>Phase 3</b> 62.15%; [55%, 69%]	-2.87	0.0213	0.67	[0.47, 0.96]

From Table 11.11 it is concluded that:

- Healthcare foundations are associated with the highest occurrence of the website transparency indicator (OR=1.3, IC<sub>95%</sub>=[1.03, 1.63], t =2.25 p\_value = 0.0245). The percentage of healthcare foundations with a website is 62.02% (IC<sub>95%</sub>=[55%, 68%]) compared to 55.67%, IC<sub>95%</sub>=[50%, 61%] of non-healthcare foundations.
- Scientific foundations are also associated with the highest occurrence of website transparency indicator (OR=1.53, IC<sub>95%</sub>=[1.17, 2.01], t =3.08 p\_value = 0.0021). The percentage of scientific foundations that have a website is 63.93% (IC<sub>95%</sub>=[56%, 71%]), instead, this percentage for non-scientific foundations is 53.65% (IC<sub>95%</sub>=[49%, 58%]).
- The percentage of foundations that have a website also depends on the legislation period in which the foundation entered the Foundations Register of Catalonia. For foundations from 'phase 1' an estimate percentage is obtained of foundations with website of 52.42%, IC<sub>95%</sub>=[47%, 58%]. Moreover for foundations registered in

phases 2 and 3, an estimated percentage is obtained of foundations with website of around 63% (65.48%,  $IC_{95\%}=[59\%, 71\%]$  and 62.15%,  $IC_{95\%}=[55\%, 69\%]$ , respectively).

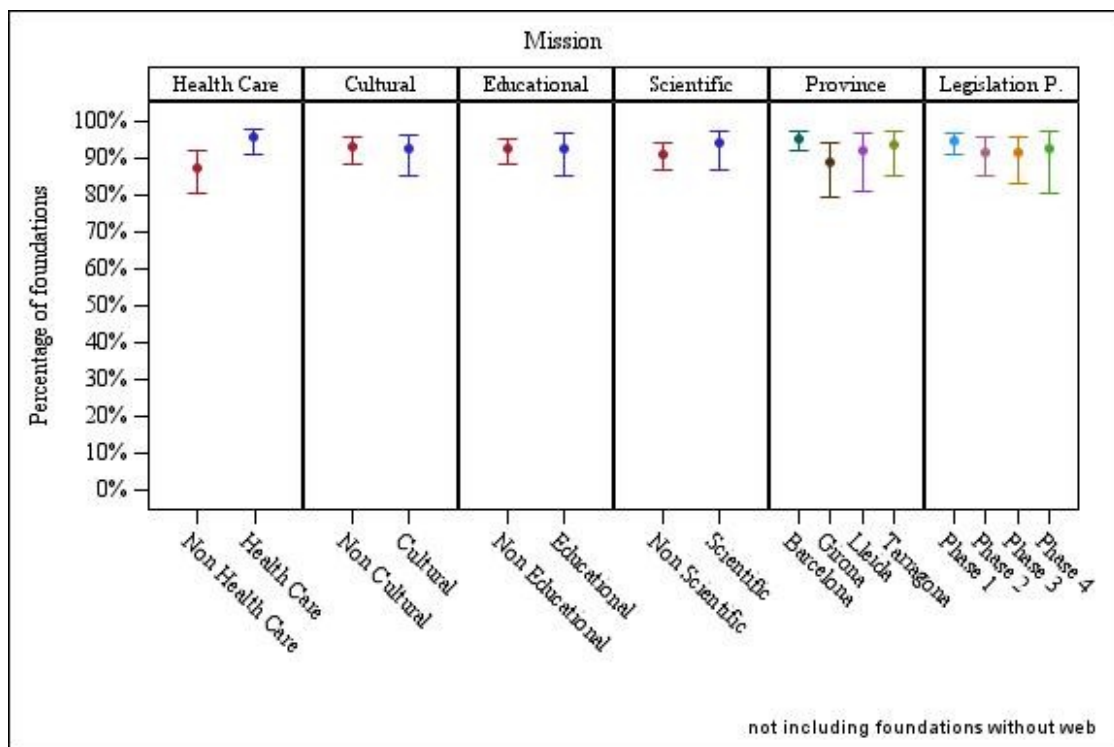
### ***11.3.2. Institucional Information***

#### ***11.3.2.1. Mission***

To conduct this regression all Catalan foundations with a website (n = 1382) have been taken into account.

A figure is presented with estimates of the percentage of foundations whose mission is published on their website according to each of the characteristics of the foundation, obtained from model II (Figure 11.12).

Figure 11.12. Estimates of the percentage of foundations with their mission published in their website according to the characteristics of the foundation.  
Model II,



It can be noted that the estimated percentage of foundations whose mission is published on their website is the highest in healthcare foundations. In general, this is an indicator present in approximately over 90% of the foundations that have a website.

Table 11.12 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.12. Estimates of the statistically significant differences with regard to mission published in the website for each characteristic of the foundation. Model II.

Mission		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 95.85%; [91%, 98%]	<b>Non Healthcare</b> 87.53%; [81%, 92%]	3.33	0.0009	3.29	[1.63, 6.63]
<b>Barcelona</b> 95.12%; [92%, 97%]	<b>Girona</b> 89.06%; [80%, 94%]	2.87	0.0219	2.39	[1.09, 5.24]

From Table 11.12 it is concluded that:

- Healthcare foundations are associated with the highest occurrence of mission transparency indicator (OR=3.29, IC<sub>95%</sub>=[1.63, 6.63], t =3.33 p\_value = 0.0009). The percentage of healthcare foundations whose mission was published on their website is 95.85% (IC<sub>95%</sub>=[91%, 98%]) while it is 87.53%, IC<sub>95%</sub>=[81%, 92%] for non-healthcare foundations.
- Foundations from the Barcelona province are also associated with the highest occurrence of mission indicator (OR=2.39, IC<sub>95%</sub>=[1.09, 5.24], t =2.87 p\_value = 0.0219). The percentage of foundations in the province of Barcelona that have published the mission in their website is 95.12%, IC<sub>95%</sub>=[92%, 97%], instead, this percentage is 89.06%, IC<sub>95%</sub>=[80%, 94%] for foundations in Girona province.

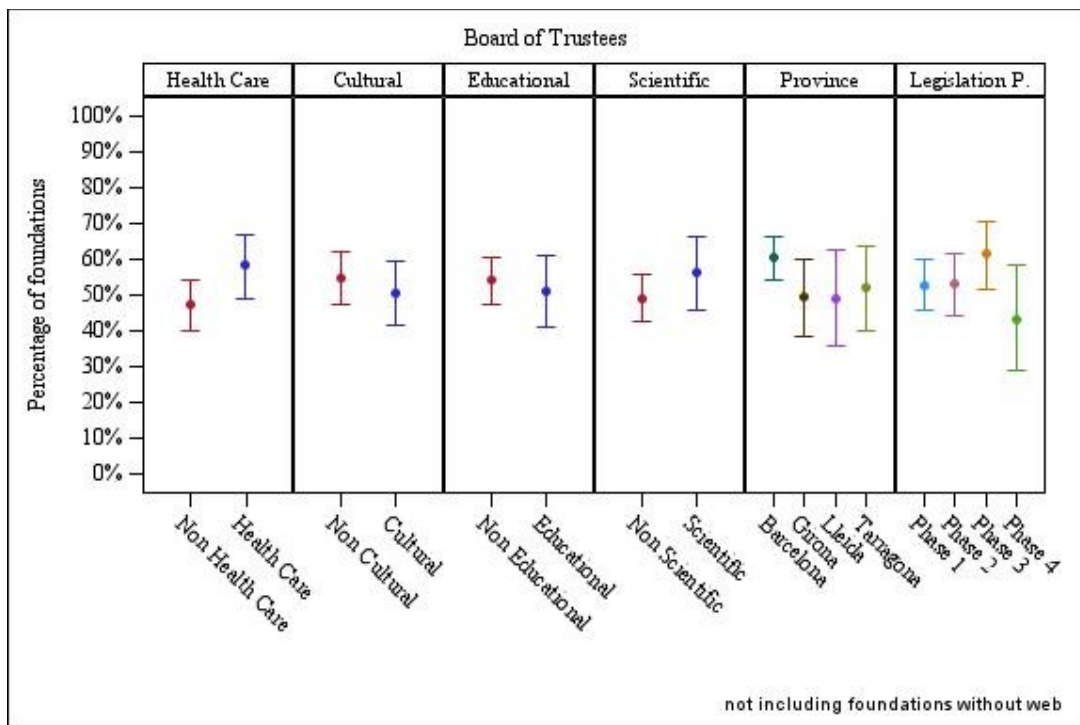
### ***11.3.2.2. Board of Trustees***

To conduct this regression all Catalan foundations with a website (n = 1382) have been taken account.

A figure is presented with estimates of the percentage of foundations whose board of trustees is published on their website according to each of the

characteristics of the foundation, obtained from model II (Figure 11.13).

Figure 11.13. Estimates of the percentage of foundations with their board of trustees published in their website according to the characteristics of the foundation. Model II.



It can be noted that the estimated percentage of foundations whose board of trustees is published on their website is the highest in healthcare foundations.

Table 11.13 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.13. Estimates of the statistically significant differences with regard to board of trustees published in the website for each characteristic of the foundation. Model II.

Board of Trustees		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 58.18%; [49%, 67%]	<b>Non Healthcare</b> 47.14%; [40%, 54%]	2.89	0.0040	1.56	[1.15, 2.11]

From Table 11.13 it is concluded that:

- Healthcare foundations are associated with the highest occurrence of board of trustees transparency indicator (OR=1.56, IC<sub>95%</sub>=[1.15, 2.11], t =2.89 p\_value = 0.0040). The percentage of healthcare foundations that have published the board of trustees on their website is 58.18% (IC<sub>95%</sub>=[49%, 67%]), in contrast with 47.14%, IC<sub>95%</sub>=[40%, 54%] for non-healthcare foundations.

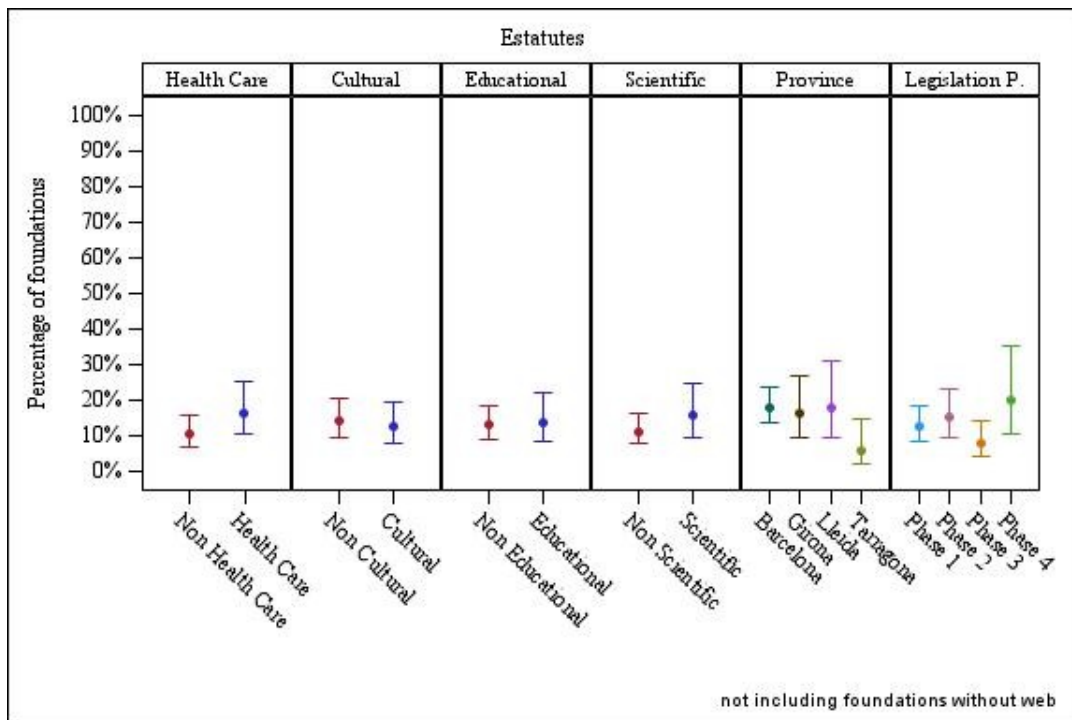
### 11.3.2.3. Estatutes

To conduct this regression Catalan foundations with a website (n = 1382) were taken into account.

A figure is presented with estimates of the percentage of foundations whose board of trustees is published on their website according to each of the characteristics of the foundation, obtained from model II (Figure 11.14).



Figure 11.14. Estimates of the percentage of foundations with their estatutes published in their website according to the characteristics of the foundation.  
Model II.



It can be noted that the estimated percentage of foundations whose estatutes are published on their website is the highest in healthcare foundations, and is lower in the province of Tarragona and in phase 3 legislation period. Table 11.14 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.14. Estimates of the statistically significant differences with regard to estatutes published in the website for each characteristic of the foundation. Model II.

Estatutes		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 16.43%; [10%, 25%]	<b>Non Healthcare</b> 10.73%; [7%, 16%]	2.39	0.0169	1.64	[1.09, 2.45]

From Table 11.14 we conclude that:

- Healthcare foundations are associated with the highest occurrence of estatutes transparency indicator (OR=1.64, IC<sub>95%</sub>=[1.09, 2.45], t =2.39 p\_value = 0.0169). The percentage of healthcare foundations that have their estatutes published on their website is 16.43%, IC<sub>95%</sub>=[11%, 26%], as opposed to 10.73%, IC<sub>95%</sub>=[7%, 16%] for non-healthcare foundations.

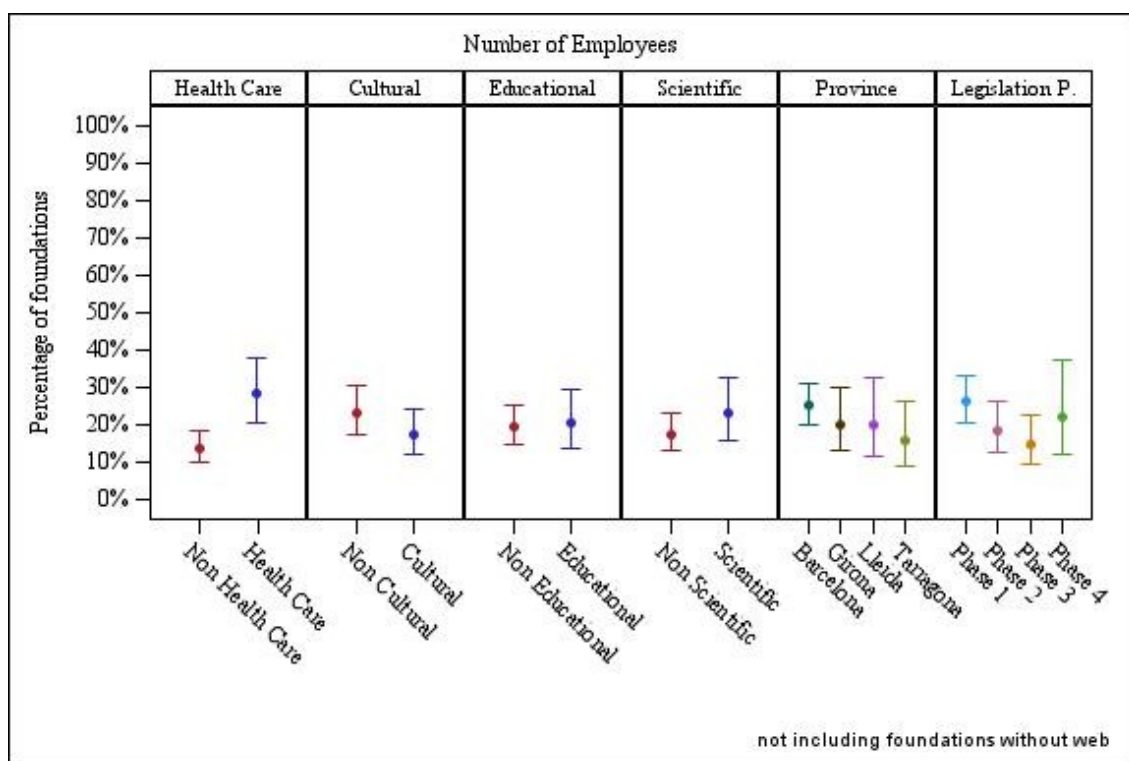
### ***11.3.3. Human Resources***

#### ***11.3.3.1. Number of Employees***

To conduct this regression Catalan foundations with a website (n = 1382) were taken into account.

A figure is presented with estimates of the percentage of foundations whose number of employees is published on their website according to each of the characteristics of the foundation, obtained from model II (Figure 11.15).

Figure 11.15. Estimates of the percentage of foundations with their number of employees published in their website according to the characteristics of the foundation. Model II.



It can be noted that the estimated percentage of foundations whose number of employees is published on their website is higher in healthcare foundations, and in foundations from phase 1 legislation period.

Table 11.15 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.15. Estimates of the statistically significant differences with regard to number employee published in the website for each characteristic of the foundation. Model II.

Number Employee		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 28.54%; [21%, 38%]	<b>Non Healthcare</b> 13.67%; [10%, 19%]	5.32	<.0001	2.52	[1.79, 3.55]
<b>Cultural</b> 17.36%; [12%, 24%]	<b>Non Cultural</b> 23.15%; [17%, 30%]	-2.12	0.0344	0.70	[0.50, 0.97]
<b>Phase 1</b> 26.43%; [20%, 33%]	<b>Phase 3</b> 14.71%; [9%, 23%]	3.09	0.0111	2.08	[1.13, 3.84]

From Table 11.15 it is concluded that:

- Healthcare foundations are associated with the highest occurrence of number of employees transparency indicator (OR=2.52, IC<sub>95%</sub>=[1.79, 3.55], t =5.32 p\_value < 0.0001). The percentage of healthcare foundations that have their number of employees published on their website is 28.54% (IC<sub>95%</sub>=[21%, 38%]) against 13.67%, IC<sub>95%</sub>=[10%, 19%] for non-healthcare foundations.
- Cultural foundations are associated with the lowest occurrence of the number of employees transparency indicator (OR=0.7, IC<sub>95%</sub>=[0.5, 0.97], t =-2.12 p\_value = 0.0344). The percentage of cultural foundations that have the number of employees published on their website is 17.36%, IC<sub>95%</sub>=[12%, 24%] compared to 23.15%, IC<sub>95%</sub>=[17%, 30%] for non-cultural foundations.
- Foundations from phase 1 legislation period are associated with the highest occurrence of number of employees transparency indicator (OR=2.08, IC<sub>95%</sub>=[1.13, 3.84], t=3.09 p\_value = 0.0111). The percentage of phase 1 foundations with their number of employees published is 26.43%, IC<sub>95%</sub>=[20%, 33%], compared to 23.15%,

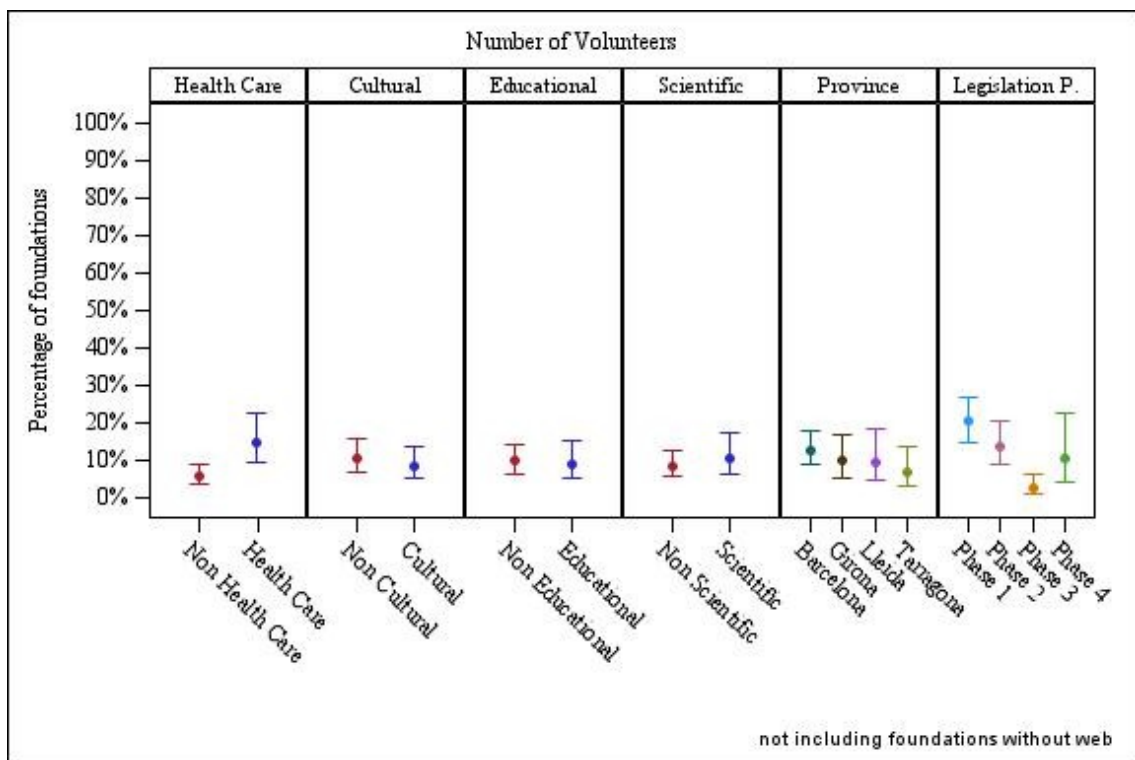
$IC_{95\%}=[17\%, 30\%]$  for foundations registered during phase 3.

### 11.3.3.2. Number of Volunteers

To conduct this regression all Catalan foundations with a website (n = 1382) have been taken into account.

A figure is presented with estimates of the percentage of foundations whose number of volunteers is published on their website according to each of the characteristics of the foundation, obtained from model II (Figure 11.16).

Figure 11.16. Estimates of the percentage of foundations with their number of volunteers published in their website according to the characteristics of the foundation. Model II.



It can be noted that the estimated percentage of foundations whose number

of volunteers is published on their website is the highest in the healthcare foundations, and in the foundations registered in phase 1, phase 2 and phase 4 legislation periods.

Table 11.16 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.16. Estimates of the statistically significant differences with regard to number of volunteers published in the website for each characteristic of the foundation. Model II.

Number Volunteers		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 14.84%; [9%, 23%]	<b>Non Healthcare</b> 5.89%; [4%, 9%]	5.29	<.0001	2.78	[1.90, 4.07]
<b>Phase 1</b> 20.40%; [15%, 27%]	<b>Phase 3</b> 2.48%; [1%, 6%]	4.97	<.0001	10.10	[3.05, 33.43]
<b>Phase 2</b> 13.69%; [9%, 21%]	<b>Phase 3</b> 2.48%; [1%, 6%]	3.71	0.0012	6.25	[1.75, 22.25]

From Table 11.16 it is concluded that:

- Healthcare foundations have the highest occurrence of having number of volunteers transparency indicator (OR=2.78, IC<sub>95%</sub>=[1.9, 4.07], t =5.29 p\_value < 0.0001). The percentage of healthcare foundations that have their number of volunteers published on their website is 14.84% (IC<sub>95%</sub>=[9%, 23%]) as opposed to 5.89%, IC<sub>95%</sub>=[4%, 9%] for non-healthcare foundations.
- Having the number of volunteers published on the website of the foundation also depends on the legislation period in which the foundations entered the Foundations Register. Foundations from legislation period phases 1, 2 and 4 get an estimated percentage of foundations with the number of volunteers published on their website of more than 13% (20.4% IC<sub>95%</sub>=[15%, 27%] and 13.69% IC<sub>95%</sub>=[9%, 21%], respectively). Foundations registered in legislation

period phase 3 have an estimated percentage of foundations with the number of volunteers published on their website of 2.48%,  $IC_{95\%}=[1\%, 6\%]$ . Statistically significant differences with phase 4 have been found.

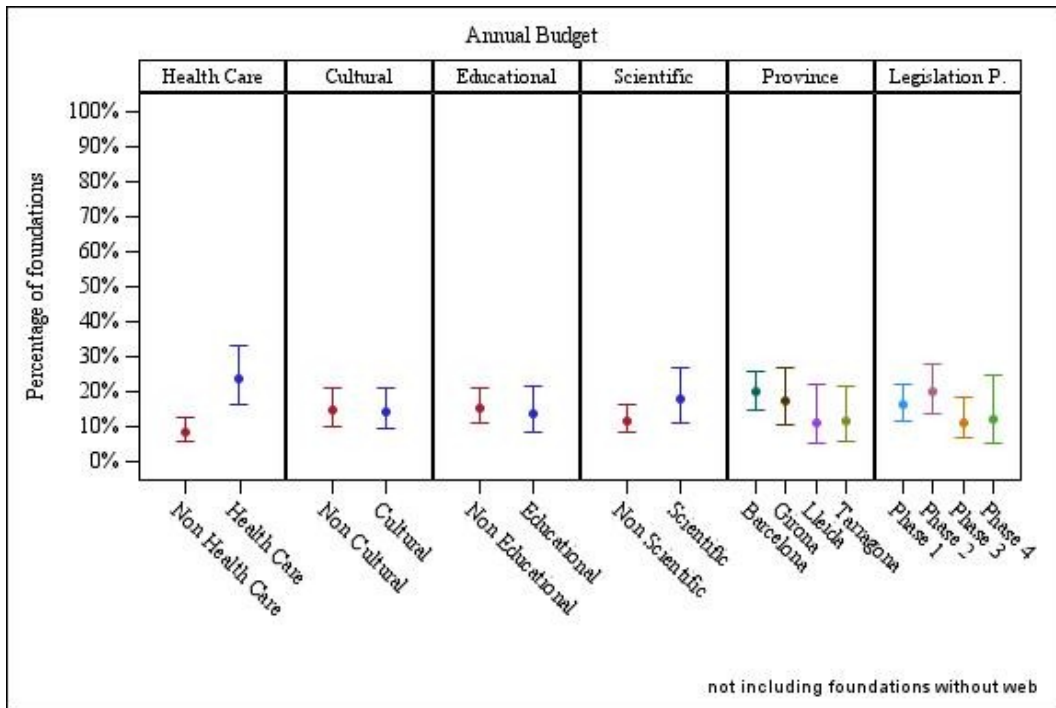
### ***11.3.4. Economic and Financial Information***

#### ***11.3.4.1. Annual Budget***

To conduct this regression all Catalan foundations with a website (n = 1382) have been taken into account.

A figure is presented with estimates of the percentage of foundations whose annual budget is published on their website according to each of the characteristics of the foundation, obtained from model II (Figure 11.17).

Figure 11.17. Estimates of the percentage of foundations with their annual budget published in their website according to the characteristics of the foundation. Model II.



It can be noted that the estimated percentage of foundations whose annual budget is published on their website is the highest in healthcare and scientific foundations.

Table 11.7 presents the only statistically significant differences for the characteristics considered (independent variables).



Table 11.17. Estimates of the statistically significant differences with regard to annual budget published in the website for each characteristic of the foundation. Model II.

Annual Budget		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 23.69%; [16%, 33%]	<b>Non Healthcare</b> 8.46%; [6%, 12%]	6.41	<.0001	3.36	[2.32, 4.87]
<b>Scientific</b> 17.73%; [11%, 27%]	<b>Non Scientific</b> 11.74%; [8%, 17%]	2.27	0.0232	1.62	[1.07, 2.46]

From Table 11.17 it is concluded that:

- Healthcare foundations are associated with the highest occurrence of annual budget publication transparency indicator (OR=3.36, IC<sub>95%</sub>=[2.32, 4.87], t =6.41 p\_value < 0.0001). The percentage of healthcare foundations whose annual budget is published on their website is 23.69% (IC<sub>95%</sub>=[16%, 33%]) opposed to 8.46%, IC<sub>95%</sub>=[6%, 12%] for non-healthcare foundations.
- Scientific foundations are also associated with the highest occurrence of annual budget publication transparency indicator (OR=1.62, IC<sub>95%</sub>=[1.07, 2.46], t =2.27 p\_value = 0.0232). The percentage of scientific foundations that have published their annual budget on their website is 17.73% (IC<sub>95%</sub>=[11%, 27%]) as opposed to 11.74% (IC<sub>95%</sub>=[8%, 17%]) for non-scientific foundations.

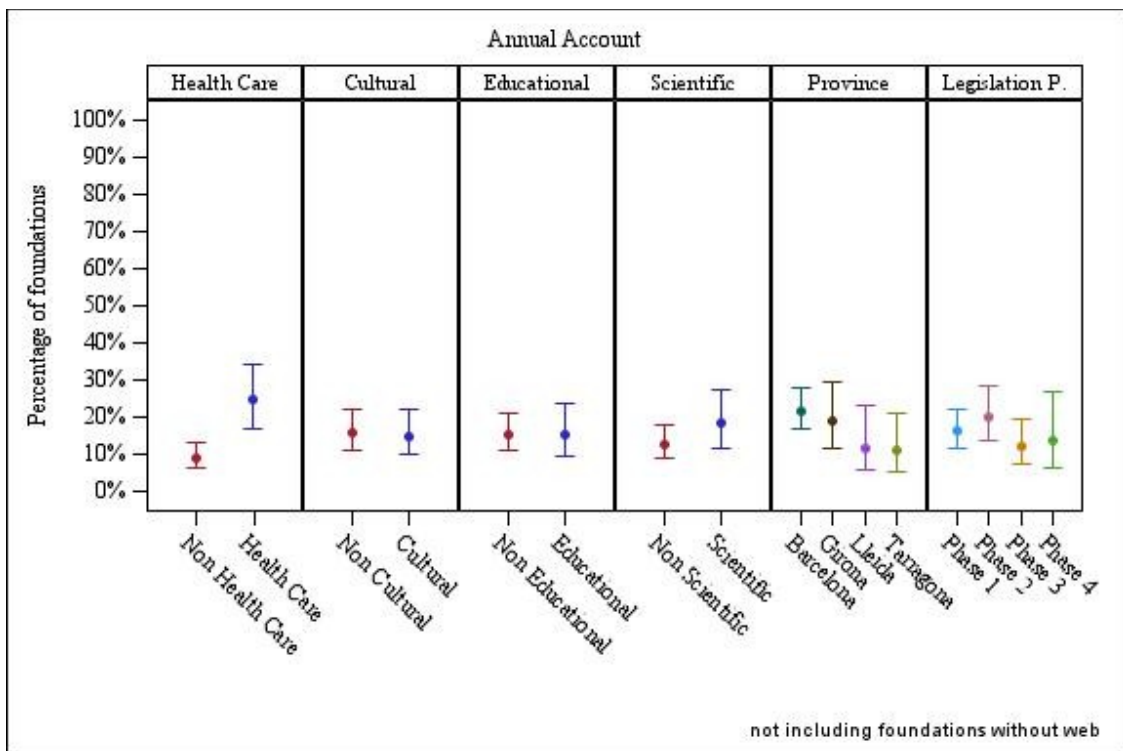
#### ***11.3.4.2. Annual Accounts***

To conduct this regression all Catalan foundations with a website (n = 1382) have been taken into account.

A figure is presented with estimates of the percentage of foundations whose annual accounts are published on their website according to each of the

characteristics of the foundation, obtained from model II (Figure 11.18).

Figure 11.18. Estimates of the percentage of foundations with their annual accounts published in their website according to the characteristics of the foundation. Model II.



It can be noted that the estimated percentage of foundations whose annual accounts are published on their website is the highest in the healthcare and scientific foundations.

Table 11.18 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.18. Estimates of the statistically significant differences with regard to annual accounts published in the website for each characteristic of the foundation. Model II.

Annual Accounts		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 24.65%; [17%, 34%]	<b>Non Healthcare</b> 9.08%; [6%, 13%]	6.38	<.0001	3.28	[2.27, 4.72]
<b>Scientific</b> 18.19%; [12%, 27%]	<b>Non Scientific</b> 12.80%; [9%, 18%]	1.96	0.0497	1.51	[1.00, 2.29]

From Table 11.18 it is concluded that:

- Healthcare foundations are associated with the highest occurrence of annual accounts publication transparency indicator (OR=3.28, IC<sub>95%</sub>=[2.27, 4.72], t =6.38 p\_value < 0.0001). The percentage of healthcare foundations that have published the annual accounts on their website is 24.65%, IC<sub>95%</sub>=[17%, 34%] in contrast to 9.08%, IC<sub>95%</sub>=[6%, 13%] for non-healthcare foundations.
- Scientific foundations are associated with the highest occurrence of annual accounts publication transparency indicator (OR=1.51, IC<sub>95%</sub>=[1, 2.29], t =1.96 p\_value = 0.0497). The percentage of scientific foundations that publish the annual accounts on their website is 18.19%, IC<sub>95%</sub>=[12%, 27%] in contrast to 12.80%, IC<sub>95%</sub>=[9%, 18%] for non-scientific foundations.

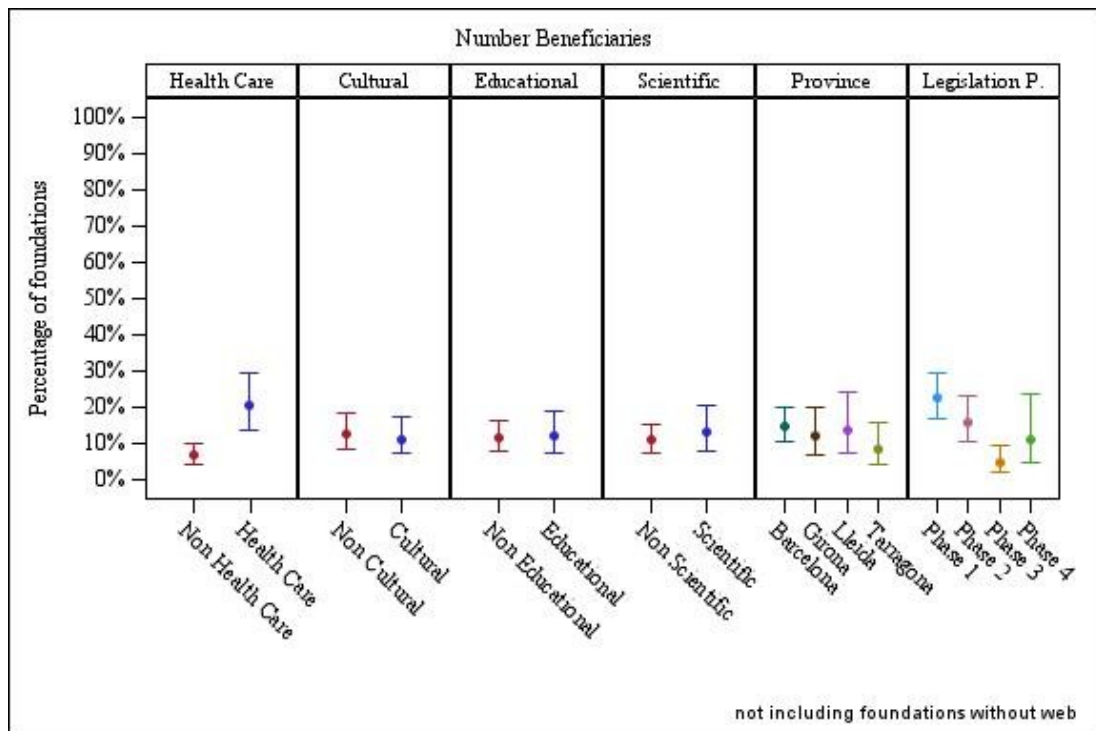
### 11.3.5. Social Impact

#### 11.3.5.1. Number of Beneficiaries

To conduct this regression all Catalan foundations with a website (n = 1382) have been taken into account.

A figure is presented with estimates of the percentage of foundations whose number of beneficiaries is published on their website according to each of the characteristics of the foundation, obtained from model II (Figure 11.19).

Figure 11.19. Estimates of the percentage of foundations with their number of beneficiaries published in their website according to the characteristics of the foundation. Model II.



It can be noted that the estimated percentage of foundations whose number of beneficiaries is published on their website is the highest in healthcare foundations, and in the foundations registered legislation periods phases 1, 2, and 4.

Table 11.19 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.19. Estimates of the statistically significant differences with regard to number beneficiaries published in the website for each characteristic of the foundation. Model II.

Number Beneficiaries		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 20.37%; [14%, 29%]	<b>Non Helthcare</b> 6.67%; [4%, 10%]	6.70	<.0001	3.58	[2.47, 5.20]
<b>Phase 1</b> 22.69%; [17%, 30%]	<b>Phase 3</b> 4.78%; [2%, 10%]	4.93	<.0001	5.85	[2.33, 14.71]
<b>Phase 2</b> 15.69%; [10%, 23%]	<b>Phase 3</b> 4.78%; [2%, 10%]	3.33	0.0049	3.71	[1.35, 10.21]

From Table 11.9 it is concluded that:

- Healthcare foundations are associated with the highest occurrence of number of beneficiaries transparency indicator (OR=3.58, IC<sub>95%</sub>=[2.47, 5.2], t=6.7 p\_value < 0.0001). The percentage of healthcare foundations that have their number of beneficiaries published on the website is 20.37%, IC<sub>95%</sub>=[14%, 29%], as opposed to 6.67%, IC<sub>95%</sub>=[4%, 10%] for non-healthcare foundations.
- Having the number of beneficiaries published in the website of the foundation also depends on the legislative period in which it entered the Foundations Register. On the one hand, the percentage of foundations that have the number of beneficiaries published on their website, for those from phases 1 and 2, is the highest than 15%

(22.69% IC<sub>95%</sub>=[17%,30%] and 15.69% IC<sub>95%</sub>=[10%,23%], respectively). On the other hand, for foundations from phase 3, the percentage of foundations that have their number of beneficiaries published on their website is 4.78%, IC<sub>95%</sub>=[2%,10%]. No statistically significant differences have been found with phase 4.

#### ***11.4. Modelling of Complete Transparency Items Count, according to Scope of Activity, Province and Legislation Period: Model II.***

This section presents the results of modelling the count of completed transparency items (dependent variable) of foundations according to the independent variables: each of the four scopes of activity, the provinces of Catalonia and the legislation period in which the foundations entered the Foundations Register of Catalonia.

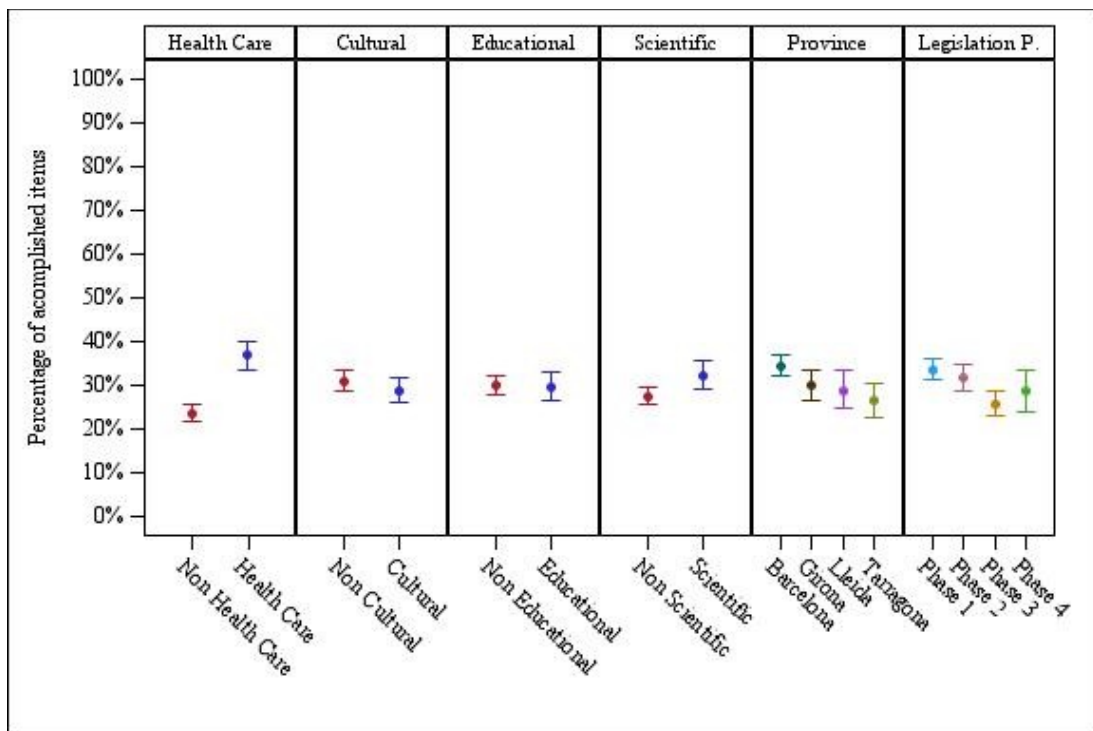
A binomial regression for each transparency indicator is presented.

$$Y = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 * Health\ Care + \beta_2 * Cultural + \beta_3 * Educational + \epsilon \\ + \beta_4 * Scientific + \beta_{5,3} * Province + \beta_{6,3} * Legislation\ Period$$

A  $p$  corresponds to the expected value of completed items percentage out of eight possible ones. This regression only takes into account the foundations of Catalonia with a website ( $n = 1382$ ).

A figure is presented with the estimations of the percentage of complete items for the foundations that have a website according to the characteristics of the foundation obtained from model II (Figure 11.20).

Figure 11.20. Estimates of the percentage of foundations with their accomplished items published in their website according to the characteristics of the foundation. Model II.



It can be noted that the percentage of completed items among foundations with a website is the highest in healthcare and scientific foundations, and in the foundations registered in Barcelona province. The highest percentage of completed items is also observed for foundations registered from legislation periods phases 1 and 2.

Table 11.20 presents the only statistically significant differences for the characteristics considered (independent variables).

Table 11.20. Estimates of the statistically significant differences with regard to each characteristic of the foundation. The difference is presented in terms of Odds Ratio. Model II.

Percentage of completed items		Contrast		Odds Ratio	
		t	p_value	Estimation	IC
<b>Healthcare</b> 36.80%; [34%, 40%]	<b>Non Assistencial</b> 23.68%; [22%, 26%]	11.31	<.0001	1.88	[1.68, 2.09]
<b>Scientific</b> 32.18%; [29%, 36%]	<b>Non Scientific</b> 27.58%; [26%, 30%]	3.46	0.0006	1.25	[1.10, 1.41]
<b>Barcelona</b> 34.54%; [32%, 37%]	<b>Girona</b> 29.95%; [27%, 34%]	2.76	0.0295	1.23	[1.01, 1.50]
	<b>Lleida</b> 28.80%; [25%, 33%]	2.68	0.0375	1.30	[1.01, 1.68]
	<b>Tarragona</b> 26.34%; [23%, 30%]	4.25	0.0001	1.48	[1.17, 1.87]
<b>Phase 1</b> 33.53%; [31%, 36%]	<b>Phase 3</b> 25.80%; [23%, 29%]	5.35	<.0001	1.45	[1.21, 1.73]
<b>Phase 2</b> 31.65%; [29%, 35%]	<b>Phase 3</b> 25.80%; [23%, 29%]	3.51	0.0026	1.33	[1.08, 1.64]

From Table 11.20 it is concluded that:

- Healthcare foundations are associated with the greatest number of completed items (OR=1.88, IC<sub>95%</sub>=[1.68, 2.09], t =11.31 p\_value<0.0001). The percentage of completed items for healthcare foundations is 36.80%≈2.94/8 (an estimated 2.94 out of 8 potential items), IC<sub>95%</sub>=[34%, 40%] as opposed to 23.68%≈1.89/8 (an estimated 1.89 completed out of 8 potential items), IC<sub>95%</sub>=[22%, 26%] for non-healthcare foundations.
- Scientific foundations are also associated with the highest percentage of completed items (OR=1.25, IC<sub>95%</sub>=[1.10, 1.41], t =3.46 p\_value =



0.0006). The percentage of completed items for scientific foundations is  $32.18\% \approx 2.57/8$  (an estimated 2.57 out of 8 potential items)  $IC_{95\%}=[29\%, 36\%]$ , in contrast, the percentage for non-scientific foundations is  $27.58\% \approx 2.21/8$  (an estimated 2.21 out of 8 potential items) ( $IC_{95\%}=[26\%, 30\%]$ ).

- The percentage of completed items also depends on foundation's province. In the foundations from Barcelona province, an estimate percentage of completed items of  $34.54\% \approx 2.76/8$  (an estimated 2.76 out of 8 potential items)  $IC_{95\%}=[32\%, 37\%]$ . Moreover, the foundations from the Girona, Lleida and Tarragona provinces achieve an estimate of the percentage of completed items of less than 30%.
- The percentage of completed items also depends on the legislation period in which the foundation entered the Foundations Register. Foundations registered in legislation periods phases 1 and 2 reach an estimated percentage of completed items higher than 30% ( $33.53\%$   $IC_{95\%}=[31\%, 36\%]$  and  $31.65\%$   $IC_{95\%}=[29\%, 35\%]$ , respectively). On the contrary, foundations registered in legislation periods phase 3 get an estimated percentage of completed items of  $25.8\% \approx 2.06/8$  (an estimated 2.06 out of 8 potential items),  $IC_{95\%}=[23\%, 29\%]$ . No statistically significant differences have been found in relation to phase 4.

### ***11.5. Results from Modelling Transparency Indicators according to Grouped Scope of Activity: Model III and Model IV.***

As mentioned at the beginning of this chapter, a variation of model I and model II (which are model III and model IV respectively) has been done. The difference is in that the different scopes of activity have been grouped, resulting in *groups of scope of activity (grouped scope)*, so that each

foundation only participates in one of the ten groups defined: (i) healthcare, (ii) healthcare and cultural, (iii) healthcare and educational, (iv) healthcare and scientific, (v) cultural, (vi) cultural and educational (vii) cultural and scientific (viii) educational (ix) educational and scientific (x) scientific. This allows to distinguish between foundations that are dedicated to *one scope* of activity from those that are dedicated to *two*. Foundations that operate in three or more areas have been excluded.

Annex I presents the full results for this modelling, following the same structure that the results presented above, obtained from models I and II. In this section the only the possible contributions that are discussed are those that models III and IV add to the results of models I and II respectively.

Modell III has modelled the presence of the nine foundations' transparency indicators (dependent variable) according to the independent variables: groups of scopes of activity or grouped scopes (combination of maximum two scopes of activity), the province of Catalonia and the decade of registration in the Foundations Register of Catalonia.

A logistic regression for each transparency indicator is presented establishing a logistic regression for each transparency indicator.

$$Y = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_{1;9} * \text{Type of foundation} + \beta_{2;3} * \text{Province} + \beta_{3;3} * \text{Decade}$$

where  $p$  is the probability of occurrence of each transparency indicator.

The results of this modelling are in line with the results of model I, healthcare and scientific foundations, obtaining greater compliance with transparency indicators, as well as the combinations of these with other scopes of activity.

Annex I (sections 1.1 and 1.2) presents the results of this modelling making emphasis on the comments of the results related to the different scopes of activity, and on the differences regarding compliance percentages of each transparency item for each pair of scope of activity groupings (in terms of

Odds Ratio).

Model IV has modelled the presence of the nine foundations' transparency indicators (dependent variables) according to the independent variables: groups of scopes of activity or grouped scopes (combination of maximum two scopes of activity), the provinces of Catalonia and the legislation period, establishing a logistic regression for each transparency indicator.

$$Y = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_{1;9} * \text{Type of foundation} + \beta_{5;3} * \text{Province} + \beta_{6;3} * \text{Legislation period}$$

where  $p$  is the probability of occurrence of each transparency indicator.

The results of these modelling are in line with the results of model II, healthcare and scientific foundations obtaining greater compliance with transparency indicators, as well as the combinations of these with other scopes of activity.

Annex I (sections 1.3 and 1.4) presents the results of this modelling making emphasis on the comments the results related to the different scopes of activity, and on the differences regarding compliance percentages of each transparency item for each pair of scope of activity groupings (in terms of Odds Ratio).

## Preliminary Findings Part III

First, it should be mentioned that the empirical study's main limitation was the inability to obtain a database of all foundations operating in Spain, since regional and national foundation registers coexist. For this reason, the study was limited to Catalonia, the autonomous region with more registered foundations, namely a total of 2,554 in April 2015, a database with significant weight at Spanish level.

The initial source of information for the study of the foundational sector transparency was the data provided by the Catalan Foundations Register of the Generalitat of Catalonia (date of establishment, postal address, and general and specific scope of activity for each foundation). This departure database was developed by a very detailed and thorough study of the information published on the website of the Catalan foundations. Interestingly, the first finding was that only 54% of them (1,382 out of 2,554) have a website.

Catalan foundations are classified in four main scopes of activity. The most common is cultural, followed by healthcare. 85.42% of foundations fall under these two activities, while the remaining 14.58% fall under educational and scientific scope of activity.

As for their geographical distribution, foundations are concentrated in the metropolitan areas of cities with a high population density. There is a direct relationship between the number of inhabitants in a geographic area and the number of foundations it has. The fact that foundations are expressions of civil society could be the explanation for this relationship.

The creation of foundations is subject to laws that regulate the foundational sector. Over time (1980-2015) it is observed that the establishment of certain laws has favoured the creation of new foundations. During the

period between 2000 and 2008, the number of foundations being registered has exceeded 100 foundations per year, while, from 2009 until May 2015, was approximately of 50 foundations per year. The influence that the new regulation has on newly created foundations and in those that are not new, has not yet been studied in detail. This is so, because probably some of these foundations are not applying all the regulations and, on the other hand, this may be due to a combination of diverse effects that lead to undesired opposed impacts.

The foundational sector is conditioned by the evolution of the economy. The goal of foundations is to take action where the public or private sectors have failed. In this empirical study, we include non for profit organizations protected by corporations in the financial and insurance sectors, among other economic sectors. The existence of a direct relationship between the business world and the foundation world has been demonstrated by the high positive correlation between the rate of business creation and the number of foundations.

Most foundations have three or four transparency items published on their websites and as more transparency elements are required, the number of foundations is reduced. On the one hand, the vast majority of foundations publish institutional information: their mission, which is the soul of their activity, followed by the composition of the board of trustees, basically formed by a group of three to nine members, which are the visible head of these organizations and that are responsible for ensuring that their preserves their mission. But clearly, where foundations fail is in that their websites do not show their statutes (only 14% do, 197 out of 1,382). This information could be easily added at no additional cost and this would increase transparency by making the main organization's internal rules visible. On the other hand, we see low levels of public information in almost all studied areas. As for human resources (employees and volunteers) the level does not exceed 25% (24.75% for employees and 19.39% for volunteers). In the

economic area, the percentage is below 20% (18.52% for budget and 19.18% for annual report) and regarding social impact, the given information on the number of beneficiaries is just 20.41%.

From the descriptive analysis we conclude that foundations have a long way to go if they want to improve their level of transparency through publishing information on their websites. Attaining this goal will increase the level of confidence of stakeholders.

The most important transparency errors, using a Pareto diagram, show that 17,942 errors accumulate mainly in two areas. From this, it can be concluded that the foundational sector could improve their transparency levels by improving phase 4 in human resources (employees and volunteers) with 25% cumulative errors (unpublished information) and phase 5 in economic and financial information (budget and accounts report) that accumulates 25.5% of errors.

Importantly, in the healthcare sector, most hospitals have been constituted under the legal form of a foundation and manage budgets of more than 30 million euros. These resources come from the public sector and their management depends on public administration. Moreover, it is confirmed that these healthcare foundations, have a high degree of transparency by means of the publication, on their website, of all the information on the foundation.

On the other extreme are local foundations, which have small budgets but that support the territory significantly. The website of these foundations have very little published information in terms of transparency, but instead they have a high level of communication within their area of operation. Some of them have Facebook publications, which are very powerful social networks, but do not have a well-structured website.

The bivariate analysis (Chapter 9) indicates that the type of activity influence the level of transparency of foundations. Healthcare foundations are more transparent (publish more information) than the rest. However,

cultural foundations are less transparent.

Regarding the transparency level of having a website, a statistically significant difference exists between scientific foundations and those that are not. Regarding institutional area transparency (mission, board of trustees, statutes), there is a significant difference between healthcare and cultural foundations and the ones that work in different areas than those. This difference also occurs in the human resources (employees and volunteers), social impact (beneficiaries) and economy (annual report) areas.

In the economic section of budget, the difference is between healthcare, cultural and educational foundations, compared with those that are not.

The geographic criteria of the four Catalan provinces only have influence over the level of transparency in two variables: the mission and the board of trustees, published more frequently in Barcelona and less frequently in Girona.

From logistical modelling (Chapter 11) can be concluded that the main explanatory variable is whether the foundation scope of activity is healthcare or not. In all the models, statistically significant differences have been detected according to the scope of activity. Healthcare foundations, always obtains more likelihood of having all items than those of other scopes of activity.

Other explanatory variables have been:

- Cultural: in foundation website and number of employees models. In this case, the probability of having each of these items is a little higher in non-cultural foundations.
- Scientific: in foundation website, statutes, annual budget and annual accounts models. The probability of having each of these items is a little higher in scientific foundations.

- Province: in foundation website, mission, board of trustees and annual accounts models. The probability of having each of these items is a little higher in foundations from the province of Barcelona, although the foundations from Girona obtain a similar probability of publishing the annual accounts.
- Registration decade: in foundation website models, number of employees, number of volunteers and number of beneficiaries models, it was obtained that the probability of having each of these items is higher in older foundations than in those that are more recent. In board of trustees models, it was obtained that the probability of having each of these items is higher in foundations registered in the decades '1980-1989', '1990-1999' and '2000-2015'. In annual budget and annual accounts models, the probability of having each of these items is higher in foundations registered in the decade '1990-1999'.
- Legislation periods: in foundation website models, it was obtained that the probability of having this items is higher in foundations registered in phases 2, 3 and 4. In number of employees, number of volunteers and number of beneficiaries models, it was obtained that the probability of having each of these items is higher in foundations registered in phase 3.

Finally, a model was conducted on the complete items count (out of 8 possible items) for foundations with a website. The variables in which significant differences were found are:

- Healthcare. The probability of having completed items is higher in healthcare than in non-healthcare foundations.
- Scientific activity. The probability of having completed items is higher in scientific than in non-scientific foundations.
- Cultural activity. The probability of having completed items is higher



in non-cultural than in cultural foundations.

- Province. The probability of having completed items is higher in foundations from Barcelona than in those from other provinces.
- Registration decade. The probability of having completed items is higher in older foundations.
- Legislation period. The probability of having completed items is lower in foundations registered in phase 3.



## ***PART IV: GENERAL***

### ***CONCLUSIONS***

**Chapter 12** constitutes the last part of this thesis and it presents the limitations of the research carried out, the final conclusions, the contribution to current subject knowledge, the importance and applicability of the results and, finally, opportunities for future research.



# Chapter 12: Conclusions and Recommendations for Further Research

## *12.1. Limitations of the Research*

The main limitation to the empirical part of this research has been the lack of a single or common register at European or Spanish level. An analytical study of the register situation in Europe and Spain was carried out and is included in Part II. The results indicated that currently a great diversity of registers co-exist in European countries and that at Spanish level a dual system is in place: geographic criteria: autonomic registry and activity criteria: ministerial registry at state level. Consequently, the initial plan to study the transparency of foundations at continental (Europe) or state (Spain) level was discarded due to absence of a database at these levels. Because of these constraints, the boundaries of the empirical study were established at Catalan level, which is representative of the Spanish foundational sector because Catalonia and Madrid are the two geographic areas with higher concentration of foundations.

A second restriction could be mentioned, even if it comes as one of the earliest results. This limitation has to do with the availability of a website (previously defined as transparency level 2 in our transparency model, see figure 1.1.). From the total of 2,554 registered Catalan foundations, 45.89% of them could not be analysed because they did not have an active website. The empirical analysis was limited to 1,382 foundations, 54.11% of the total (see table 8.2).

## ***12.2. Final Conclusions***

The Social Economy sector is especially relevant because it operates in areas not covered either by the markets or the state, and because this sector's entities have a social aim and they are non for profit, even if they carry out very different activities.

Social Economy organisations, in general, and foundations in particular, have experienced a substantial growth in the last two decades. On the one hand, they have become more visible and influential, and on the other hand, the increased stakeholders' expectations towards these organisations have amplified the demands on accountability and transparency of the entities operating in this sector. Donors in particular claim guarantee that their contributions are allocated in the proposed aim.

However, a common problem to this sector's organizations is the deficiency in public accountability and transparency. This problem seriously harms the level of social trust in this sector's entities. In fact, it has been noted that the level of trust has decreased in Europe and more specifically in developing countries, due to irregular and corrupt practices. Evidence of this problem was the fact that the GRI published a sectoral supplement of sustainability reports for NPEs in the year 2010. The objective of this specific supplement was to improve the accountability and transparency in this type of entities. This supplement's main feature was that it counted an additional section dedicated to efficiency indicators of NPE programmes.

It is believed that there is a need for the NPE sector to advance in the adoption of techniques and mechanisms of managing accountability and transparency in the same way as business sectors do. For the NPE sector transparency is crucial for three reasons: (i) it is a non for profit sector, (ii) it serves the society and (iii) it exists thanks to public and private funds. To maintain social trust in NPEs and in their legitimacy to operate, these organizations must go beyond the minimum and mandatory accountability

required by law. Participation and communication with the stakeholders are paramount components of their transparency and accountability.

The main limitations and obstacles associated to accountability and transparency in the SE sector are: the scarce culture of transparency, the organisation's size (smaller organizations have to face an important lack of resources and structure); and the economic cost of production and dissemination of public information.

Within the different types of NPEs it is relevant to study the transparency of foundations in particular based on account of these four main facts: (i) the number of foundations increased significantly in the last decade, over half of its total is under 10 years old, (ii) the majority of them are publicly funded, (iii) in Spain foundations are concentrated in two geographic areas: Catalonia and Madrid and (iv) according to Martin's (2011) results and conclusions, Spanish foundations must improve their communication with stakeholders and must make a tangible effort to be more transparent, especially in two aspects: economic information, that is availability of annual accounts and information about the members of their governance bodies and steering committee.

From Part II, Foundations and Transparency, it can be concluded that the first step towards transparency in the foundational sector is the request for an electronic and public available registration system. As previously mentioned as the main limitation for the empirical research, there are a great variety of types of registers co-existing in the 28 European countries studied. They have in common that in 92.8% of them foundations must register in order to obtain their legal personality, in 80,6% of the EU countries there is an open access to the register data, while only 13% are not publicly available and in 6,4 % of the cases availability is upon demand.

In Spain, the main problem for transparency, and restriction for research, is the lack of a centralized register at national level. More than fifty Foundation Commissions, spread in different ministries and autonomous public administrations, have to be consulted, and each autonomous

administration has its own specific laws to regulate registration of foundations.

The second main problem of the present Spanish register system is the lack of requirement to drop out when a foundation becomes inactive. Consequently, it is not possible to know the total of registered foundations that are currently active.

Thirdly, the existing register system does not differentiate between commercial and non-commercial or between public and private foundations. This could change if the Draft of Foundation Law, 29<sup>th</sup> August 2014, comes into law since it includes a specific law for public foundations.

Regarding legislation on foundations at European level it is worth mentioning the initiative, from 2012 to 2015, which promoted a regulation for those European Foundations operating in more than one European country: the *European Foundation Statute*. Finally, this proposal was removed by the European Commission on 07/03/2015.

At Spanish level, the Draft of Foundations Law of 25<sup>th</sup> August 2014, if approved could change the situation. That means that there would be a unique Foundation Commission regardless of the kind of activity, instead of several different ministries depending on the nature of the activity carried out; the second main problem, the lack of requirement to drop out when a foundation becomes inactive, could also be solved because foundations that do not operate would be required to pull of the registry and it would then be possible to know the exact number of active foundations. The Draft also includes mechanisms to enhance good governance and transparency. One of these mechanisms is the requirement for all foundations to have a website with information about their governance body's activity and accountability. This would increase the stakeholders' level of information and, in turn it would increase social trust. Besides that, the draft also contains the prevision to include a sanctioning system for non-compliance with the duties as a foundation. This should contribute to a better management and control systems of foundations.



The study of the foundational sector highlighted four main characteristics: (i) it is dominated by two activities. Culture and healthcare account for 85.42 % of the total foundations, followed by education and science, which constitute the remaining 14.58 %; (ii) the relationship between the number of inhabitants and the number of foundations in a geographic area shows the concentration of foundations in the metropolitan area of most populated cities. This relation could be motivated because foundations are the expression of civil society; (iii) there is a relationship (Pearson's correlation coefficients) between a couple of macroeconomic indicators and the number of foundations: when the number of private companies increases, the number of foundations increases too. Conversely, when unemployment rises and citizens' purchasing power diminishes, the number of new foundations decreases; (iv) over the studied period of 35 years (1980-2015) there is a sign that the entry into force of new regulation could affect the establishment of new foundations. In fact, in the period 2000-08 more than 100 new foundations per year were registered. However, in the period 2009-15 the number of new foundations dropped to 50 foundations a year. The influence that new regulation has on the creation of new foundations and on the already created ones needs to be studied in depth, on the one hand because some foundations do not comply with the current or new regulation, probably due to a lack of enforcement of laws. On the other hand, probably due to the combination of several factors that may have the opposite effect.

From the descriptive analysis (Chapter 8) it can be concluded that the foundational sector has a long way to go in order to improve their degree of transparency. Firstly, by reducing the volume of 45.89% registered foundations that still do not have an active website, which in the present study is the second level of transparency (stage 2) but in fact is the starting point for the publication of information; and secondly, by increasing the number of published transparency indicators. The combination of these two advances will benefit foundations in general by increasing the degree of their stakeholders' confidence.

On one side, the great majority of foundations reach stage 3 of transparency publishing 2/3 of the institutional information: its mission, which is the soul of their activity, followed by the composition of the governance body (board of trustees), mainly including three to nine members, who are the visible heads of these entities and who ensure that the mission of the foundation is preserved, but they clearly fail (only 14%, 197 from 1,382) in not including their estatutes in the website. The estatutes are information that could be easily incorporated, without economic cost, in their websites, increasing the transparency level by publishing the entity's main internal rules.

On the other side, all the remaining studied areas show low transparency levels, not exceeding 25%. For stage 4, human resources (employees and voluntaries) the level is not higher than 25% (24,75% for employees and 19,39% for volunteers), for stage 5, economic and financial area, the percentage is lower than 20% (18,52% for budget and 19,18% for annual report) and for stage 6, social impact (number of beneficiaries) it is only 20,41%.

With the information provided by the Pareto's diagram analysis over 17,942 errors, mainly accumulated in two areas, it can be concluded that the foundational sector could without difficulty improve its transparency level by increasing their online information on human resources (employees and volunteers), stage 4 with an accumulated 25.09% of errors (non-published information) and on economic and financial information (budgeted and financial report), stage 5 that accumulates 25.5 % of errors.

The first conclusion from the bi-variant analysis (Chapter 9) is that the kind of activity influences the transparency level of foundations. Foundations working in healthcare activity are more transparent (publish more information) compared with the rest of activities. In contrast, foundations working in cultural field are the least transparent.

To begin with the second level of transparency (stage 2) the transparency

indicator *having a website*, there is a significant statistical difference between foundations on scientific activities and foundations related to non-scientific activities.

On one side, there is a significant statistical difference between foundations on healthcare and on cultural activities in comparison to those working in non-care and non-cultural activities in several areas: in stage 3, transparency on institutional information (mission, board of trustees, estatutes), in stage 4, human resources information (employees and voluntaries), in stage 5 economic and financial information but only regarding the annual report and in stage 6 social impact (beneficiaries). Specifically for budget, economic and financial information, the significant statistical difference is between foundations on healthcare, on cultural and also on educational activities in comparison with non-care, non-cultural and non-educational activities.

As regards the geographical criteria of the four Catalan provinces, this has a minor influence on the transparency level of foundations in two variables: mission and board of trustees are more frequently published in Barcelona and less frequently in Girona.

The decade of foundation's registration (temporal criteria) influences the transparency level in the basic variable: website (stage 2). 60% of the foundations registered from year 2000 have a website while only 50% of those registered in the previous decades (1980-1989 and 1990-1999).

Additionally, the first decades influence different transparency indicators in different stages: mission 97% (stage 3 institutional information); number of employees 30% and volunteers 28% (stage 4 human resources information). Otherwise, in the decade 2000-09 the published information on the board of trustees (stage 3 institutional information) is less frequent.

As for the influence of legislation on transparency indicators, phase 2 (2004-08) and 3 (2009-13) influence positively the basic variable: website (stage 2). Conversely, phase 1 (1980-2003) influences different transparency indicators in different stages: number of employees and

volunteers (stage 4 human resources' information) and number of beneficiaries (stage 6 social impact).

Cluster analysis (Chapter 10) identified 5 relevant groups that fit in the following transparency levels (see figure 1.1.):

- **High level**, reaching stage 6: cluster 3.
- **Medium level**, fulfilling 5 of 6 stages: cluster 5, could easily be improved by publishing the financial information (budget and annual accounts).
- **Low level**, reporting only some items of institutional information (mission, board of trustees, but not estatutes) cluster 1 and cluster 2.
- **Not transparent**, foundations having a website but not publishing any of the 8 transparency indicators, cluster 4.

The characteristics of each significant group are:

- Cluster 3 has the highest transparency level reaching the top level (stage 6). This group includes 185 foundations, most of which operate in the healthcare sector, with foundations registered in the decade from 1990 to 1999 and within phase 1 (1980-2003) of legislation period. They report 7 or 8 transparency indicators, filling each one of the defined transparency levels: institutional information; human resources information; economic and financial information and social impact.
- Cluster 5 is the second most transparent group with a level that can be named medium, fulfilling five of the total of six stages. It is integrated by 149 foundations, most of which operate in the healthcare sector, registered in the decade of the eighties (1980-1989) and with phase 1 (1980-2003) of legislation period. They report 2/3 in stage 3: institutional information (mission, board of trustees, but not estatutes); completely stage 4 human resources (number of workers, number of volunteers); they do not report any

item in stage 5 economic and financial information (annual budget and annual accounts) and report on stage 6 social impact information (number of beneficiaries).

- Cluster 1 with 499 (36.11%) foundations, mainly from the province of Barcelona, registered from 2010 to 2015, and in phase 3 (2009-13) of legislation period. This group have a low level of transparency, only publishing information on their mission and board of trustees (institutional information). This group needs to improve in all the other transparency indicators. These foundations cover stages 1 (registration) and 2 (website) while stage 3 is only covered by 2 of 3 items (66%).

Cluster 2 formed by 452 foundations, mainly cultural, mostly not in the province of Barcelona, registered from 2000 to 2009, and with a legislation period not belonging to phase 3 (2009-13), have also low level of transparency publishing only their mission (institutional information). In other words, this group of foundations needs to improve in all the transparency indicators, except for the mission. Like cluster 1 foundations belonging to cluster 2 also cover stages 1 and 2, but stage 3 is covered by even a lower level with only 1 of 3 items (33%).

- Finally, cluster 4 is a not transparent group of 97 foundations, mostly from Girona province, principally cultural, registered in the decade 2000-09 and with a legislation period that does not belong to phase 1 (1980-2003). They do not publish any of the 8 transparency indicators and only cover stages 1 (registered) and 2 (website).

The key finding from the logistics modelling, model I and II (Chapter 11), is that the main transparency driver is the independent variable healthcare activity. Statistically significant differences were found for the healthcare activity, obtaining always more probability to have each transparency indicator in foundations carrying out this scope of activity rather than in foundations conducting other activities.

Other relevant independent variables regarding activity are:

- Scientific activity in the modelling for website, estatutes, budged and financial accounts. The probability to have each of these transparency indicators is higher for foundations in the scientific activity. Lastly, from the modelling of website and number of employees, the probability to have each of these two transparency indicators is higher for foundations not included in the cultural activity.
- For the geographical transparency indicator, Barcelona province has the higher probability in the models for website, mission, board of trustees and financial accounts, even though the Girona province has a similar likelihood but only for financial accounts.
- Regarding the temporal transparency indicator, decade of registration, there is not a single pattern positively influencing most of the dependent variables. On one side, for website's models, the probability of having this indicator is higher for foundations registered from the year 2000 (decades 2000-09 and 2010-15). On the contrary, for models on number of employees, volunteers and beneficiaries the probability of having these indicators is higher for the first decades foundations than those from year 2000. On the other side, for the board of trustees models, the probability of having this indicator is higher for foundations registered in different decades: 1980-89, 1990-99 and 2000-15. Finally, for the budged and financial accounts models, the probability of having these indicators is higher for foundations registered in the decade 1990-99.
- Concerning legislation period, in the modelling for website the probability of having this transparency indicator is higher for foundations registered in different phases: 2, 3 and 4 (from year 2004 to 2015). In the models for mission, number of employees,

volunteers and beneficiaries the probability to have each of these indicators is lower for foundations belonging to phase 3 (2009-13).

Finally, the conclusions from the model of counting complete items, from the 8 possible transparency indicators, applied to the 1,382 foundations with a website, on the one hand are that the probability to have complete items is higher in foundations of health care and scientific activities than in others. And on the other hand, the probability to have complete items is lower in cultural activities than in any other.

The probability to have complete items is higher in foundations located in Barcelona province, and also in foundations registered in the nineties while the probability to have complete items is lower in foundations registered in legislation phase 3 (2009-13).

### ***12.3. Contribution to Current Subject Knowledge***

The objective of this research has been to determine the degree of transparency of foundations in Catalonia. Several contributions made to the current knowledge on the topic can be mentioned.

The first contribution is the study of the situation of register in Europe and Spain (Chapters 4 and 5 in Part II). As far as it is known by the researcher, there is not a similar research of such a wide-ranging and detailed information providing an overall view of the diversity of registers in Europe. For each European country the study covers: (i) the person or entity responsible for the registry, (ii) the public availability of registration: open, open upon demand or not publicly available, and (iii) the existence of just one register or the co-existence of more than one.

Secondly, the size of the empirical research including 2,554 Catalan foundations provides a new vision of this important part of non-profit sector thereby significantly exceeding the studies of the Catalan Association of

Foundations (*Coordinadora Catalana de Fundacions*) that collect information of about 500 entities. Some of the new data provided are: (i) the relation between the number of new foundations and different periods of regulation in 35 years (1980-2015), (ii) territorial distribution including the relation between number of inhabitants and number of foundations, (iii) the tentative relation between number of new foundations and macroeconomic variables such as creation of new companies and unemployment.

The analysis of transparency through different statistical tools (Part III) offers a complete vision of the complexity and diversity that characterizes the foundational sector. This includes 1,382 foundations with an active website from the total of 2,554 registered entities.

#### ***12.4. Importance and Applicability of the Results***

An important change in the relationships between entities and society is taking place, not only with regards to access to information, but also with reference to ethics and transparency. As society increasingly demands transparency, visualization of the way institutions work becomes a requirement for all kinds of entities (public, private and non-profit).

One of the first effects of this research should be to encourage decision makers, foundations managers or sector associations to overcome the basic limitations for transparency, such as the lack of a website. There is room to study the reasons why from the total of 2,554 registered Catalan foundations, a big portion of 45.89% of them does not have an active website.

The results of this study contribute to the knowledge of the current situation in the level of transparency in an important part of the non-profit sector, which plays a significant role in society. It can encourage the foundational sector to improve their transparency level contributing to increase society's confidence in foundations' social impact. One example is, as mentioned previously, the information provided by the Pareto's diagram analysis. This



information shows that the foundations' sector could easily increase its transparency level just by improving two specific kinds of information in their website: i) on human resources (employees and volunteers), stage 4 and ii) on economic and financial information (budget and financial report), stage 5.

### ***12.5. Opportunities for Continued Research and the Opening up of New Research Areas***

The results show that only a small group of foundations (cluster 3), 13,38% (185 from 1,382), report 7 or 8 transparency indicators, filling each one of the defined transparency levels (figure 1.1): institutional information, human resources, economic and financial information and social impact. These findings can be the starting point of a long path to the improvement of transparency, which is necessary to contribute to restore and increase the level of social confidence in non profit entities.

One of the opportunities for future research is to repeat the same study to see the evolution of the level of transparency focused on the compliance with the Transparency Law 19/2014 to know the level of application of this specific regulation on transparency. This could be complemented with a survey on a target group of entities and with interviews to different typologies of foundations (by activity and other characteristics) in order to collect the information on the main reasons and obstacles for the not application of the Transparency Law.

At Spanish level, the target of research could move from foundations (NPEs) and head towards the public and the private profit sector. The tools for analysing statistical modelling can be used for future assessments of the level of transparency of entities from other sectors. This extrapolation would provide a picture of the national economic agents of Spain and the level of transparency of all kind of organizations that are part of the Spanish

economy.

Ultimately, if in the future a common electronic register for foundations should become a reality at Spanish and/or European level. This would open the door to an ambitious research at national (Spain) or continental (European) level of the foundational sector.

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