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NEW TENDENCIES IN SPANISH NON PROFIT ORGANISATIONS

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Discussion paper

INTRODUCTION

“Social action NPOs” do not constitute a single legal category. Nor is there any consensus in scientific circles on a common terminology with which to refer to them, although certain proposals are beginning to find wider acceptance.

In a restrictive sense, NPOs are defined as private bodies that do not distribute surpluses among the persons that control them but invest them in their activity. Legally, in Spain, they take the form of associations, foundations and certain unique bodies such as Cáritas, ONCE and the Red Cross. From a broader point of view, NPOs are perceived as not for profit organisations, in other words, ones that seek to be socially useful. In this case they also include cooperatives, particularly social initiative ones, and certain capitalist companies.

Again, taken in a restrictive sense the sphere of social action only covers what are known as “social services”, which in Spain generally come under the jurisdiction of the “Social Welfare” or “Social Affairs” departments of the various levels of government. From a wider point of view, social action comprises the activities in which NPOs, in a restrictive sense, mostly deploy their efforts (the Anglo-Saxon criterion for the ICNPO, the international classification of NPOs, responds to this perspective).

Irrespective of the wide or restricted sense in which NPOs are considered, they bring macro- and micro-economic general interest benefits to the economies in which they are found. From an economic point of view, they perform the three functions that are traditionally assigned to the State: Distributive, Redistributive and Regulatory, as a result of their advantages of efficiency, efficacy and speed in implementing responses, of their capacity to mobilise voluntary resources and of their contribution to the work integration of disadvantaged groups and to emerging job creation (neighbourhood services). From a political point of view, they are capable of creating and developing social and institutional capital and assets, fostering social participation and being bearers of culture and the values of progress, tolerance and dialogue and vehicles of social and economic cohesion.

Nevertheless, these general interest contributions can be diminished by problems intrinsic to the sector itself, specifically its financial and economic structural weakness, variable capacity for social mobilisation and the particularist bias of its activities.

The nature and spread of social action NPOs are intimately linked to the substantive problems and the need for social welfare services expressed by a society during a particular period in history, as well as to the rôle the State plays in implementing solutions.

SPANISH WELFARE STATE AND NPO

The Spanish welfare state is a newcomer in the sphere of social services. It has only been built in the past twenty years and is based on the Latin model. In this model, the NPO institutional sector is characterised by being heavily dependent on public funding, by deficient coordination and harmonisation between NPO and public social policy sector, fostered by inter-institutional distance, and by weak regulation of the NPO sector and its social policy rôle despite the growing assignment to it of responsibilities in the supply of social welfare services.

Two periods have marked the recent evolution of the social action NPO sphere in Spain. The first period, from the arrival of democracy to the end of the eighties, was characterised from an economic point of view by an accelerating growth in needs (both old and new). The public sector provided answers to these in a pioneering way, in a context of geographical decentralisation of jurisdictions, building up a veritable mosaic of regional *Welfare States* as regards regulation (social services legislation), resources assigned and attitudes towards social action NPOs. The starting point during this period was the creation of approximately 1000 associations annually from 1968 to 1979. A creation rate of 500% was reached during 1977-1983 and repeated in the early nineties. This stabilised in the mid-nineties to around 13,000 associations per year. The inadequate public social services network and the existence of a large pool of social action NPOs contributed to the Autonomous Community regulations' suggesting the need for public bodies and social initiative to collaborate, although real institutionalisation, particularly by means of regulation, has been scarce.

From the end of the eighties, in a context of budget restrictions, the authorities' attitude towards social services changed significantly, encouraging flexibility (since financial uncertainty limits the possibility of committing future revenues) and externalisation (for reasons of management costs and labour unrest). In this environment the various authorities continued to increase the financial resources devoted to the social services sector, although the public network barely grew and the social action NPOs were the mainstay in the execution of this new provision. The general government's capacity to condition and define the development and nature of the social action NPOs was extraordinary, as their main client and regulator (State and Autonomic Foundations Acts, legislation on volunteers, certain regional Associations Acts, a new tax framework for not-for-profit organisations, stabilisation of resources from the 0,52% of income tax, institutionalisation of consultative organs – councils for NGOs, foundations, the Social Economy -, social clause in the State Contracting Act and extension of the contract formula rather than grants). However, this regulatory activity was insufficient from the point of view of the social action NPOs' capacity to perform their functions.

SPANISH NON PROFIT ORGANIZATIONS TODAY

According to the Ministry of the Interior's National Register of Associations, Spain currently (1999) has 212,843 registered associations throughout the country. They are concentrated in Andalusia, Catalonia, Madrid and the Valencian Community. By economic activities, the headings of "Cultural and ideological" and "Sports, recreation and youth" are the most numerous (and poorly federated), followed at some distance by "Educational" and "Neighbourhood", while the opposite pole is occupied by "Handicapped", "Family, consumer and senior citizens" and "Philanthropic" associations.

The INE or National Statistics Institute's DIRCE (Central Company Directory) data for the same year, on the other hand, show only 77,263 "Associations and other types of entity" with an officially declared economic activity (in possession of tax and social security numbers). Moreover, this figure includes not only the associations, foundations, fishermen's brotherhoods, sports clubs and other non-profit organisations but also companies in "Temporary consortia", Mutual Provident Societies and other Mutuels and Savings Banks.

215,307 full time equivalent wage earning employees work in the social action NPO sector, taken restrictively, distributed among 11,268 organisations. In a wide sense, including social initiative cooperatives, NPOs employ nearly a third of a million paid workers.

In terms of economic and financial macro-figures, depending on the definition of this field, social action NPOs contribute between 0.49% and 1.1% to the Domestic Value Added.

At the end of 1999, 3122 NPOs were accredited as declared of public utility, in other words, 1.45% of the total registered associations. These organisations benefit from the Foundations Act (Act 30/1994 of 24 November 1994) which provides tax benefits and extraordinary privileges.

The 825 social initiative cooperatives in Spain are concentrated in Catalonia, Andalusia and Valencia (making up 58% of the total) and employ 45,000 workers. Most of these (77%) are women and 27% are worker members.

From a company point of view, the social action NPOs are mostly small enterprises as according to the DIRCE 50% of the associations have no paid workers and almost a third of them only employ 1 or 2 workers. If we confine ourselves to the field of "Associations with economic activity" (around 21,506 organisations), 72.6% are micro-companies with 3 to 9 workers, 24.9% are associative micro-companies with 10 to 99 workers, 447 are associative medium-sized companies with 100 to 499 workers and the 95 remaining associations are large, with 500 or more workers. According to more recent studies, 50% of the associations present budgets of under 9 million pesetas and the average lies in the vicinity of this figure. As regards the foundations, their

average rises to 68 million pesetas. However, 75% of both types of organisation have budgets of under 61 million pesetas. Cooperatives are larger, with average 1999 sales at around 176 million pesetas, although the annual sales of 52% fall below the 50 million pesetas level.

TENDENCIES AND FUTURE

Certain segments of social action NPOs are undergoing two processes of professionalisation and business and economic management improvement. One of these is a result of building network structures (federations, groups of companies) and the other, of developing internal organisational processes that are converting them from volunteer organisations into social companies.

Strong employment growth in the social action NPO sector still has to tackle the unstable nature of this employment, which is observed both in associations and foundations and in social initiative cooperatives.

Unpaid human resources (volunteers) are a notable feature of the NPOs (not of cooperatives), particularly the smallest of these. Around half a million Spaniards carry out volunteer work in the social services.

The social action NPOs' basic source of funding is the public sector. Private donations are of very little importance. 75% of social initiative cooperative total sales are to general government and 82.5% of the associations and foundations have a service-management agreement with some public body.

Expectations for the future development of the social action NPO sector mainly depend on their overcoming major weaknesses. Of these, the way in which the public sector and social action NPOs inter-relate must be emphasised, as this is the main defining feature of the nature and proliferation of the latter. Their present condition as clients-cum-executive arm of the Spanish general government's social policy leaves them in a genuinely dependent position with regard to the latter. The nature of their financial and regulatory dependence affects employment, quality of service and the opportunities for the generic features of the sector to develop.

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