

Research Priorities: Research Agenda: Part II

A key objective of the EFC European Union Research Task Force is to promote better knowledge and visibility of foundations and their activities in Europe. The Task Force has drawn up a “Research Agenda”, which aims to serve as a road map to identify a series of research topics that should be addressed and key data to collect on the foundation community.

Part two of the Research Agenda aims to document Foundations’ Frameworks & Impact by developing some Information Notes. The objective is to provide some generic answers on a selected number of priority areas of information for which qualitative data (rather than hard data) would be compiled, identifying trends and patterns, where possible.

Four information notes are currently available on the EFC website about foundations’ investment and income, cooperation among foundations, foundations cooperation with corporations, and with public authorities – see ‘foundations’ practices and operating frameworks’:

<http://www.efc.be/projects/eu/research/default.htm>

The issue of foundations’ founders was raised amongst Research Task Force members at the meeting of March 2005, as an area on which further information should be gathered. It was agreed that the compilation of such information would start with the identification of resources available in the field (studies, projects etc.) and selected publications.

Who sets up Foundations?

This draft information note aims to compile available data on foundations’ founders, looking at examples provided from a European perspective and selected documentary resources.

1. Foundation’s founders

- *Individual founders ranked at the top of the list,*

The EFC Research Task Force 2003 survey of foundations in EU countries indicated that independent foundations are by far the most common type, ranging from over 50 % in Sweden to over 90% in Germany, Italy and the UK. These are usually set up by individuals, families, and private institutions e.g. associations.

The large majority of foundations are established by an individual from his/her personal wealth, or by a joint initiative of several individuals - 73% of foundations in Belgium, and 46% in France in 2001 respectively. Individuals have accounted for 65% of foundations’ founders in Germany since the 1950’s¹.

Few data is available on gender issues at a European level. Findings from national surveys have shown that men often form the majority of foundations founders. This is the case for France (56%). One would think that foundations’ individual founders tend to be middle-aged senior executives. Women philanthropists and new wealth donors may gradual change what is often considered as a common pattern. They include information, communications & high tech people. They are said to have a different approach to giving, seek a high engagement in their philanthropist endeavours and tangible impact. A number of new donors want to give while they are alive and where they setup a foundation; it may be designed to “spend out” the endowment over a specific number of years.

- *Private institutions and families as key initiators*

Private institutions are *important initiators of foundations*. In Sweden the so-called *civil society foundations*, which were set up by non-profit and voluntary organisations, cover 16,5 % of the foundation sector; associations set up 16% of the total number of foundations in France.

¹ Stiftungen & Stifter in Dekaden 1951 bis 2004, Verzeichnis Deutscher Stiftungen 2005- Bundesverband für Deutscher Stiftungen e.V.

Family foundations are also very common in the field, in particular in the UK where they represent 42% of the top 500 Grantmaking Trusts in 2004², and 11% of the field in France in 2001.

- *Public authorities and the business sector come next*

Governmentally linked foundations can be found in most countries. They range from under 4% in Italy and Germany, 6% in France over 10% in Finland, and 16 to 19% in Sweden and Belgium. Local, regional, national or supranational governmental bodies provide initial capital or make grants to the foundation on a periodic, usually annual, basis. Once created, these foundations may obtain additional funds from non-governmental sources, but they rely primarily on governmental funding. The number of public-origin foundations has grown over the past years in specific fields including research activities. This is the case with the creation of wage-earner fund foundations in Sweden in the early 1990's and university foundations³.

In certain cases, these public-origin foundations were created by inter-governmental agreements, such as the Anglo-German Foundation and the Fondation Entente Franco-Allemande. A supranational example is the European Foundation for the Improvement of Living and Working Conditions, in Dublin

Corporate foundations would form the fifth most important category. They can be found in most European countries. They cover over 7% of the sector in France and Sweden⁴, almost 6% in Finland, some 3% in Italy, and 4,6% of the top 500 Grantmaking Trust in the UK.

They can consist of foundations, which are set up by companies and receive annual contributions for the company to operate (this is the case of most corporate foundations in France). The foundation depends on the annual gifts from the company for funds that it will, in turn, distribute.

A distinct feature of the European scenery is the second type of corporate-related foundations, know as "foundations with corporate interests" which owns the company, or holds the majority of shares of the company stock. Following the decision, or in other case the will of the company founder/family, the foundation becomes the sole or major owner of the company with or without voting rights. Such foundations are well known in Northern Europe but can be found across all the EU including in Denmark (Carlsberg Fondet, Lundbeck Foundation, Novo Nordisk Foundation), in Spain (Fundación MAPFRE) or in the Netherlands for instance the Stichting Ingka Foundation, a Dutch-registered foundation that became the new owner of the IKEA Group after its formation in 1982.

- *Community "multi-founders" foundations*

Finally a growing number of "multi-founders" foundations can be identified across the EU with the development of community foundations, which support activities within a specific geographic area (city, region). They were 183 in 2004⁵.

Foundations created by law are also an important characteristic of foundations development in Europe. Hence in Italy, the Amato Law of 1990 set up some 90 "foundations of banking origin". They represent less than 3% of the total number of foundations, but their assets amount to some billion 37 € out of billion 43.5 € for the whole sector in Italy.⁶

Other founding bodies include confessional groups and the church, which are at the origin of the creation of a sizeable share of foundations in some EU countries, e.g. 8,5% of the sector in Sweden.

2. Why setting up a foundation?

Few surveys have explicitly examined the motivations of foundations founders. They usually illustrate a series of different motivations according to the types of founders.

An interest for a particular project, a strong attachment to a cause, the belief of the founder or the convictions of the person who inspired the project can constitute for many physical persons the key reasons to set up a foundation.

² Charity Trends 2005, Charities Aid Foundation

³ "The Swedish Foundation Sector, Its Size, Scope and Structure in the Early 21st Century" January 2004 by Filip Wijkström & Stefan Einarsson of the Stockholm School of Economics.

⁴ Includes autonomous and "attached" administration foundations

⁵ See Community Philanthropy Watch: <http://www.efc.be/projects/philanthropy/research.htm>

⁶ See report by Alessandro Monteverdi, Centro di Documentazione sulle Fondazioni – Fondazione Giovanni Agnelli, <http://www.efc.be/ftp/public/EU/EURweb/data/Italy.pdf>

For private institutions the driving force may often consist of having a powerful management tool, which ensures the sustainability of the action of the organisation. In some case the association, particularly those associating people to serve a public purpose objective, can be the first step of development of the organisation, which may decide to dissolve with the starting of the foundation.⁷

Corporations will set up foundations for a range of reason, namely streamlining corporate giving in order to make it more coherent, making company giving an internal tool of communication, reducing the growing number of funding requests to the company. It looks like tax advantage is quoted only exceptionally by founding companies as a key motivation.

Creators of foundations-owning corporations have a dual motivation “consisting of preserving, strengthening and assuring the managerial continuity of their corporations while at the same time serving the public interest by creating foundations to which to transfer their ownerships”⁸

As regards public authorities they would often see their involvement in creating or cooperating to the setting of a foundation, as a flexible means and tool to support or increase resources for specific public policies (e.g. research). It is also seen as an effective structure to leverage public and private support for economic and social development of specific geographical areas (towns, neighbourhood, regions etc.)

⁷ see Survey of French foundations: first results – Fondation de France 2004

http://www.fondationdefrance.net/jsp/site/Portal.jsp?article_id=113&portlet_id=1468

⁸ Joel Fleishman, Foundation ownership and control of corporation in Germany and the US, p 372. in Foundations in Europe, ed Bertelsmann Foudnation /Directory of Social Change/CAF 2001

3. Selected bibliography

Enquête nationale auprès des fondations / Odile de Laurens (Ed.). - Paris : Fondation de France, 2005. - 48 p.

ISBN: 2914404190

This report presents a survey carried out by 'l'Observatoire de la générosité et du mécénat' in cooperation with 'le Bureau des groupements et associations du ministère de l'Intérieur' and with the support of Viviane Tchernonog, researcher at the CNRS (French National Centre for Scientific Research). It presents data on the foundation sector in France, providing a picture of its size, scope and structure. A short bibliography and a comparison of the French data with statistics from nine other European countries are included.

www.fdf.org/download/2005_etude_fondations.pdf

Geven in Nederland 2005 : giften, legaten, sponsoring en vrijwilligerswerk / edited by Th. N.M. Schuyt. - 5th ed. - Houten : Bohn Stafleu Van Loghum, 2005. - 304 p.

ISBN: 9031341282

The fifth edition containing findings from a survey, conducted in the Netherlands, on giving and volunteering. Provides information on topics concerned with giving such as: emerging trends, motivations, and attitudes towards charitable organisations. Presents information and statistics through graphs and textual explanation.

<http://filantropie.scw.vu.nl/gin/>

Stiften in Deutschland : die ergebnisse der stifterstudie. - Gütersloh : Verlag Bertelsmann Stiftung, 2005. - 184 p.

ISBN: 3892047847

This study, on private giving in Germany, surveyed donors who had established foundations since 1990. It provides insights into who today's philanthropists are and why they get involved.

http://en.bertelsmann-stiftung.de/foundation_kp_pp_pd.html

Motivations et valeurs associées au don. - Paris : Fondation de France, 2005. - 28 p.

ISBN: 2914404182

This report presents a survey carried out by 'l'Institut SORGEM' in 2001 for 'l'Observatoire de la générosité et du mécénat'. It presents an analysis of the communications issues surrounding the gift, the typology of the donors and the brakes on the giving, as well as the view that the donors have of the associations and foundations.

www.fdf.org/download/motivation_dons.pdf For more information:

www.fdf.org/jsp/site/Portal.jsp?page_id=248

"Women, power and philanthropy : ten to watch" In : *Philanthropy in Europe.* - No 22 (September, 2005). - Pages 6-7.

Abstract: Philanthropy in Europe profiles ten European women of the fifteen who appeared in the Forbes listing produced in July 2005 (annual ranking of the world's 100 most powerful women) and analyses how much of this power gets transferred to the world of philanthropy.

<http://www.philanthropyineurope.com/>

Notable American philanthropists : biographies of giving and volunteering / Robert T. Grimm Jr. - Westport, CT (USA) : Greenwood Press, 2002. - 388 p.

ISBN: 1573563404

This book has 78 profiles of notable philanthropists and families who were active in the United States between the 1600s to the end of the 20th century. Includes a timeline, bibliography and selected original writings.

<http://fdncenter.org/pnd/offtheshelf/ots.jhtml?id=50800014>

Why rich people give / Theresa Lloyd. - London : Association of Charitable Foundations, 2002. - 366 p. ISBN: 1897916116

This report is the result of the first major research into the attitudes to money of wealthy people in the United Kingdom. It offers analysis of the motivations of the wealthy to give time, money and expertise to the third sector; compares the UK to the United States in this regard; includes recommendations and findings useful to those wishing to strengthen the culture of giving among rich people.

www.acf.org.uk/eletter/oct_04/23.html

Major gift philanthropy - individual giving to the Arts / Adrian Sargeant, Stephen Lee, Elaine Jay. - Oxfordshire : Centre for Voluntary Sector Management, Henley Management College, 2002. - 64 p.

This is a study of the available academic and practitioner literature on individual giving to arts organisations in the UK. Besides reviewing the relevant literature, the report outlines data from research conducted through interviews with individual arts funders. Included are also action points for arts fundraisers, as well as resources on arts giving.

www.aandb.org.uk/Asp/uploadedFiles//file/Philanthropy.pdf

Reinhard Mohn : entrepreneur - philanthropist - citizen / Thomas Middelhoff, Gerd Schulte-Hillen, Günter Thielen (Ed.). - Gütersloh : Bertelsmann Stiftung, 2001. - 245 p.

This collection of essays describe issues that preoccupied Bertelsmann AG founder Reinhard Mohn during his life. It also describes his contributions to society in the realms foreign relations, media, entrepreneurship, and corporate governance.

www.reinhard-mohn.de / www.bertelsmann-stiftung.de/cps/rde/xchg/SID-0A000F0A-174167B7/bst/hs.xsl/2092.htm

Roy Everard Ross : engineer, investor, quarryman, philanthropist / Jane Sandilands. - South Melbourne : The R.E. Ross Trust, [200-?]. - 68 p.
ISBN: 0975060503

This book was produced by the RE Ross trust celebrating the life of its founding funder. It not only describes his life but also the history and funding areas of the foundation.

www.rosstrust.org.au/pdf/history_section1.pdf

Making a difference : new wealth, women & philanthropy : partnerships for supporting women & girls. - San Francisco : Women's Funding Network ; Washington, DC : Women & Philanthropy, [200-?]. - 30 p.

This report, based on the New Wealth, Women & Philanthropy Project (NWWP), reveals the specific factors that motivate new wealth women to become involved, donate to and partner with a foundation. It provides insight into how new wealth donors view philanthropy and women's issues and what drives them to get involved. It also recommends specific language to use when creating a targeted message to these donors and describes a process for developing a creative brief that will enhance the effectiveness of a foundation's marketing efforts.

www.wfnet.org/documents/publications/making_a_difference.pdf

An agile servant: community leadership by community foundations / Richard Magat (Ed.). - New York : The Council on Foundations, 1989. - 361 p.
ISBN: 0879543302

A collection of 26 essays on the community foundation movement in the United States. Part One presents a history of the movement and examines donor motivations as well as leadership and collaboration issues. Part Two presents specific community foundation cases. It includes sections on community foundations serving as a forum for community needs and as catalysts on critical issues; sections on asset growth; neighbourhood development; and new population-specific funds.

www.cof.org/index.cfm?containerid=83&orglink=57

The charitable impulse : wealth and social conscience in communities and cultures outside the United States / James A. Joseph. - New York : The Foundation Center, 1989. - 210 p.
ISBN: 0879543000

A look at the intricate personalities and life experiences of figures, this book presents philanthropy in a global context. Provides a compelling collection of profiles that show how compassionate values are developed, nurtured and activated. Based on extensive research and personal interviews from around the world, the author reveals what motivates the charitable impulse and describes how a society can help perpetuate it.

The golden donors : a new anatomy of the great foundations / Waldemar A.Nielsen. - New York : Truman Talley Books, 1985. - 468 p.
ISBN: 0525243666

This book tells the stories of the 36 largest American private foundations, which have a vast influence on private philanthropy in the US. For each foundation, it gives an account of the donor's life and personality, the foundation's management, and the development of its programme.

Other source of information: the section 'Philanthropy' of the **BusinessWeek magazine** online: <http://www.businessweek.com/bwdaily/philanthropy/> (visited on 27/01/2006).