

2010

Yearbook of the Social Action Third Sector in Spain Executive Summary



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Yearbook of the Social Action Third Sector in Spain, Executive Summary

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Presentation

Today, the Spanish Third Sector (TS), which has experienced a great deal of growth and progress in recent decades, is a mature and consolidated reality, with magnitudes and importance that are similar to those of other countries around us.

Research on the subject has also started to proliferate at the same pace as its relevance has been growing. It is, however, difficult to gain any reliable knowledge about the Third Sector. On the one hand, there is still no consensus among the scientific community about the precise limits of the reality encompassed by the term. On the other hand, it is a changing and developing reality, and so it is hard to learn about its evolution and trends over time.

Given this situation, **the *Yearbook of the Social Action Third Sector in Spain* aims to offer an analysis of a periodic type and a longitudinal view of the field of Spanish Non-profit Organizations in Social Action.** The aim of the Luis Vives Foundation and Obra Social Caja Madrid when promoting this study is, therefore, none other than to provide information of interest that is up to date, truthful and independent regarding Social Action in our country.

This document presents a summary of the main data and conclusions drawn from the research carried out.

1

The importance of the Social Action Third Sector in Spanish Society. A still photo

Throughout the last two decades, the Spanish Social Action Third Sector (SATS) has taken a huge step forward, which has been linked with democratization, the revitalization of civil society and the evolution of the Welfare State. In our times it is a mature and consolidated sector that plays an important role in both social and economic terms.

As part of the Third Sector, the Social Action organizations are a specific expression of civil society and, therefore, **they channel the dynamics of the voluntary solidarity** of societies. In our country, over half the existing organizations (56.5%) have been promoted by civic initiative.

But besides this, the importance of the Social Action sector as a parallel space and one that is, at the same time, complementary to the public and business spheres, fulfils an important mission, from the viewpoint of its **action for the promotion of rights and equality**. In specific terms, it has six main functions in our societies:

- The promotion of individual and collective rights
- Help for accessing and exercising those rights
- The study and/or reporting of social needs and problems
- Raising awareness in society regarding those problems
- Addressing social needs directly
- The promotion of civic involvement

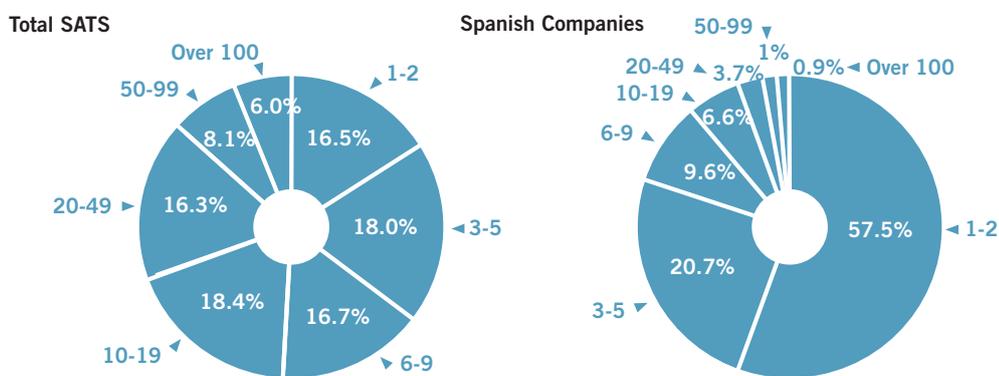
There are around 29,000 active Social Action organizations in Spain. The organizations that comprise this sector are mainly dedicated to the **fields of social action, integration and socio-sanitary care**. Some 50% of the action they undertake is in the form of direct intervention, with actions such as training and education or psycho-social care. If we bear in mind that **the average number of people who benefit directly from these actions is almost 2,500 per organization**, we soon realize the important function performed by the Social Action Third Sector organizations in our country as promoters of welfare and equality. Nearly one third of these beneficiaries are people with disabilities, but so are other groups such as children, the elderly or immigrants.

1 Exceptional organizations (Cáritas Española, the Spanish Red Cross and ONCE, the Spanish National Organization for the Blind) are organizations that show specific special characteristics for organization, financing and operation.

The **increasingly more important weight held by the Social Action Third Sector in the Spanish economy** must be added to its relevance as a social player. In fact, the Social Action Third Sector also plays an important role as an economic agent. For example, in 2008 the expenses of the SATS organizations represented between 1.42% and 1.69% of the GDP of our country, depending on whether exceptional organizations are taken into account or otherwise¹.

As regards **their contribution to the labour market**, around 530,000 people hold paid jobs in the SATS, which represents 2.7% of the labour market (2.4% if the exceptional organizations are not taken into consideration). We can also confirm that the structure of the sector is larger than in commercial business, if we consider the number of salaried workers per organization: almost 88% of all Spanish companies have fewer than ten employees, compared with the 51% in the Social Action Third Sector organizations.

Percentage distribution of SATS organizations and Spanish companies according to the brackets or slices of remunerated people they have



On the other hand, we would have to add the data regarding voluntary workers who collaborate with Social Action organizations, and who are estimated at about 873,000 people, to the figures regarding remunerated work. Since the support and disinterested participation of volunteers is the cornerstone of the operation of a large part of the organizations, and since voluntary work is one of the most genuine manifestations of solidarity, the important role played by the SATS in channelling the expression of civil society is made clear yet again.

The social function of the Social Action Third Sector organizations

- The promotion of individual and collective rights.
 - Help for accessing and exercising those rights.
 - The study and/or reporting of social needs and problems (leaving aside the sphere of rights).
 - Raising awareness in society regarding those problems.
 - Addressing social needs directly.
 - The promotion of civic involvement.
-
- There are nearly 29,000 Social Action organizations in Spain.
 - 56.5% have been promoted by civic initiative.
 - 50% of the action they take is in the form of direct intervention.

The economic dimension of the Social Action Third Sector organizations

- In 2008 the expenses of the SATS organizations represented between 1.42% and 1.69% of the GDP in our country.
- 530,000 people hold a paid job in the SATS, which represents 2.7% of the general labour market .
- 49% of the organizations have 10 or more employees.
- 873,000 people collaborate with the SATS organizations as volunteers.

2

Profile of the Spanish Social Action Third Sector organizations

Despite the heavy social and economic weight of the Social Action Third Sector as a whole it is, however, a sphere that is dominated by fragmentation where there are a **large number of small organizations, with low income, with few staff members and which, generally speaking, focus their activity in the sphere of a single province:**

- 92.8% are top-level organizations, that is, they are community organizations (associations and foundations, mainly) that do not group together with others.
- Almost half of all Social Action organizations bring in less than 150,000 euros per annum, and 25% barely reach 30,000.
- One third has less than five paid workers; 51% have less than ten salaried workers.
- 71% have a single head office.
- Only 20% of the organizations work on a nationwide or international scale. The rest operate at regional level (34.8%) above all, but are also active at a provincial or local level. 84.4% are present in a single province, and nine out of ten are present in one autonomous region only.

This relative fragility of the organizations is, to a large extent, related to their **youth in the sector** (44% of the organizations were set up from 1996 onwards), as there seems to be

a direct relationship between the age of the organization and its budget volume; the average age among the organizations that manage a budget of over one million euros per annum is 26 years.

In this panorama, where a large number of small organizations, with a small budget and few workers, predominate among the Social Action organizations, we also find that it is a sector marked by **limited organizational development**. Although most organizations have minimum organizational structures - three out of four have a management and administration department and 68% have a programme management area - the presence of other departments and areas such as Human Resources and Communication is still small (36.3% and 31.4%, respectively). Other issues, such as formal policies or protocols of non-discrimination, incentive remuneration, quality plans or systems, etc., are implemented on an even smaller scale.

It is therefore not surprising that, largely speaking, we are looking at organizations that are not self-sufficient, that depend heavily on financing from the Public Administrations and which, therefore, seek to strengthen and reinforce their activities through alliances in the sector.

- Over 60% of all SATS financing comes from the Public Administrations. Practically half of this financing comes from the regional governments, while the European Union provides just 5%.
- Nearly 80% of the organizations are attached to another organization.

Predominant type of organization: association², at a local or provincial level, with an annual budget of around 150,000 euros, less than 20 employees and located in Andalusia, Madrid, Catalonia or the Basque Country.

2 69.5% of the NPOs have the legal form of association.

Profile of the Spanish Social Action Third Sector organizations

- Over 90% are top-level organizations.
- 69.5% of the organizations have the legal form of association.
- 71% have one head office only.
- 90% work in one autonomous region only.
- One third has less than five salaried employees only.
- 80% are part of another organization.
- 50% of organizations bring in less than 150,000 euros per annum.
- A small number of organizations draw together a large part of the revenues, workers and action undertaken.

3

Human Resources in the SATS. Who works in the Social Action Organizations and under what conditions?

Around 529,000 people work on a paid basis in the Spanish Social Action Third Sector. Considering that there are some 29,000 active organizations, it is estimated that an average of 18 people per organization work in the sector. However, this average can lead us to have a distorted view of reality, as the dispersion between the situation of the different organizations is high. For example, 35% of them have between one and five paid workers. On the other hand, the exceptional organizations (Cáritas Española, the Spanish Red Cross and ONCE, the Spanish National Organization for the Blind) which have a very high number of workers, distort the estimate to a large extent.

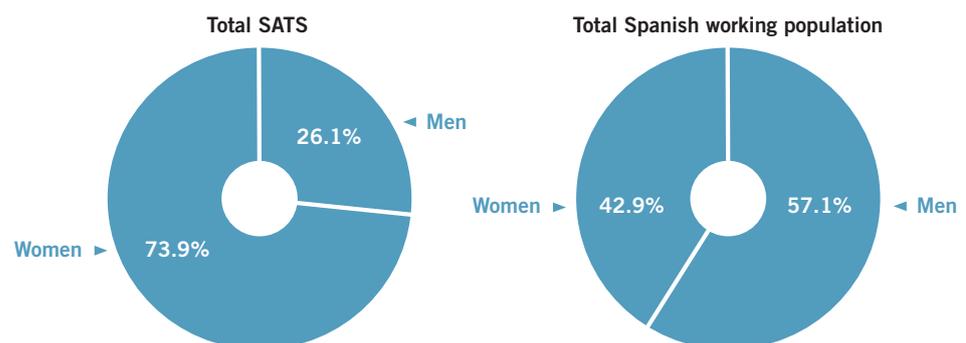
Regarding **the profile of the worker** in Social Action Third Sector organizations in Spain, it is a woman, who is young and has higher education. The high level of education of these people is remarkable: seven out of ten hold a university degree. However, the most outstanding feature of the structure of human resources in the sector is the presence of women, the ratio of paid women to paid men being 73.9% compared with 26.1%. Despite this, women are in the minority in the higher strata of the administration of these organizations, where nearly two thirds of the members of the organizational top management are men.

A third remarkable feature among SATS human resources is the presence of people with disabilities among the salaried workers; they represent 9% of the total compared with 2.1% of the total Spanish working population.

Social action organizations also receive a significant contribution from **voluntary workers**, who are a key part of the human resources in the sector: six out of ten co-workers in the organizations are volunteers. One quarter of the organizations support their activity entirely on this type of collaboration.

In relation to their governing bodies, one of their most distinctive features is being small in size, a size that tends to remain stable over time. In 95% of cases, the people who hold office in the governing bodies are unpaid.

Distribution by gender of the total of people who work in the SATS and the total Spanish working population



Human Resources in the Social Action Third Sector

- 74% are women.
- 70% hold a university degree.
- 56.9% of all contracts are full-time, compared with 87.5% of the total in the Spanish labour market.
- 54% of permanent contracts compared with 72.1% of the total in Spain.
- In 95% of cases, the people who hold office in the governing bodies are unpaid.
- Volunteers account for a large part of the human resources in the sector.

4

Economic resources and financing

Setting aside the exceptional organizations, in 2008 the average volume of income of the Social Action Third Sector organizations was around one million euros, and expenses amounted to around 942,000 euros. However, only 36% of the organizations received an income of more than 300,000 euros per annum, which shows that there is a small number of organizations that draw together an important part of the income in the sector. Foundations and second and third level organizations have noticeably higher volumes of income than those of other types of organization, such as associations.

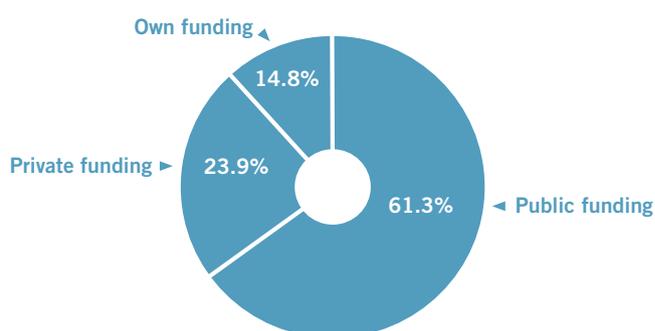
The **level of indebtedness** of the organizations is low: 76% carry a percentage of indebtedness that does not exceed 25% of the liabilities. However, their level of **dependence on external sources** of financing, particularly those of a public nature, is still quite high: barely 15% of financing comes from their own resources.

There seems to be a considerable variation in these percentages depending on the size of the organizations, bearing in mind their budget volume. For example, we find that both in the smaller-sized organizations and in the largest ones, the percentage of public financing drops sharply.

On the other hand, because the action by Social Action Third Sector organizations is mainly undertaken at regional or autonomous regional level, practically 80% of the

public funds received by the sector have their source in autonomous regional, provincial or local administrations.

Average percentage of income per channel



Regarding the **evolution of their income**, most of the organizations consider that the three types of sources of financing experienced an increase in the years immediately prior to 2008 (the year taken as the reference for the collection of data for this piece of research). Almost 80% of the organizations considered that the three types of financing had increased or had held steady. However, their forecasts as regards the future of them were not so favourable.

Economic resources in the Social Action Third Sector

- The average income of the organizations was 1,000,000 euros in 2008.
- The level of indebtedness does not usually exceed 25% of their liabilities.
- Only 15% of their funds come from their own resources.
- The public administrations (at 61.3%) are their main source of financing.

5

What plans for the future do the organizations have?

Early in 2009, which is when the field work was carried out, most of the SATS organizations were relatively optimistic about their future: considering 2010 as the horizon, almost half of them thought they would manage to remain stable. One third even thought they were capable of growing at that moment in time.

The main reason for this optimism lies in the fact that the organizations view themselves as flexible, dynamic agents capable of adapting to change: over 90% consider they have sufficient ability to adapt. Moreover, most of them also think that society has a good image of them and that there is a high level of trust in the work they do.

However, they also think that it would, to a certain extent, be difficult for them to change their aims (50% consider that they would encounter difficulties), particularly because of the changes that have occurred in the economic situation, as around 60% confirm that their financing has already suffered quite a lot or a great deal from the effects of the crisis.

Expectations for the future

- 62% of the SATS organizations think that society has quite a good image of the sector and views it with trust
- The SATS projects a flexible, dynamic image on itself, one that is capable of adapting to a great variety of changes

6

What do the organizations think their main challenges will be in the next few years?

The organizations that form the SATS think that in the near future they will have to **be able to adapt to the changes** that could arise in the needs of society, and also be able to take care of new provisions of services that are demanded of them. This will all be in an increasingly more competitive context, with an increasingly heavy emergent clash with the private sector.

They are also thinking of turning their sights to the **search for greater impact** in their actions, both in terms of direct activity and raising social awareness about the topics they work with. In parallel with this search for impact, a **greater degree of visibility and promotion** of the organizations will need to be achieved at a general level.

At an organizational and management level, the organizations believe their main challenges are connected, in the first place, to **greater stability** through the diversification of their sources of financing. However, they also believe it is important to consolidate their own structures through strengthening the people who form part of them: by increasing the participation of voluntary workers, consolidating and improving the conditions of those working under contract or improving the training of those who work in the sector.

Summary of the main challenges and confrontations the organizations and the SATS, as a whole, will face in the next few years

Challenges and confrontations	
Sources of financing	<p>To secure funds.</p> <p>To diversify the sources of financing to achieve greater autonomy.</p>
People management	<p>To consolidate those who work under contract and the volunteers through improvement of their conditions and an increase in their participation.</p> <p>To increase the social base.</p> <p>To improve the level of training and qualification.</p>
Social function	<p>To reinforce the role as official negotiator with the Public Administration.</p>
Organizational management	<p>To improve their organization, management and planning systems.</p> <p>To reinforce their adaptability to regulatory and social changes.</p>
Essential structure	<p>To create new interaction networks and develop those already in place.</p>

7

Appendix. Approach and Methodology

The *Yearbook* has focused its study on Spanish Third Sector organizations that are dedicated to Social Action, and for this it has started out from the approach that likens the Third Sector to the “Non-profit Sector”.

In this respect, the Social Action Third Sector has been understood to be:

The sphere formed by private organizations of a voluntary, non-governmental, non-profit nature that, having arisen from free civic initiative, operate autonomously and with solidarity attempting, through actions of general interest, to promote the recognition and exercise of social rights, achieve cohesion and the active social inclusion of people in all its dimensions, lending particular support to the persons and social groups that find themselves in a more vulnerable situation or at risk of social exclusion.

Therefore, the organizations that have formed part of the study universe have been those that:

1. Formally comply with the five criteria defined by Johns Hopkins University for TS organizations (to be formally organized, to be private, with non-profit aims, with a capacity for institutional self-monitoring and with voluntary participation).
2. Carry out their activities in any of these three spheres: promotion of rights, civic participation or attention to social needs.
3. And fulfil one or more of the following functions: the promotion of individual or collective rights; help for accessing and exercising those rights; the study and/or reporting of social needs and problems -leaving aside the sphere of rights-; raising awareness in society regarding those social problems; addressing -directly- those social needs; the promotion of civic involvement.

According to the most widely accepted convention in the study of the Social Action Third Sector, the following have been excluded from it:

- Churches
- Trade unions and political parties
- Business and professional associations
- Professional sports associations
- Local communities (associative social fabric)

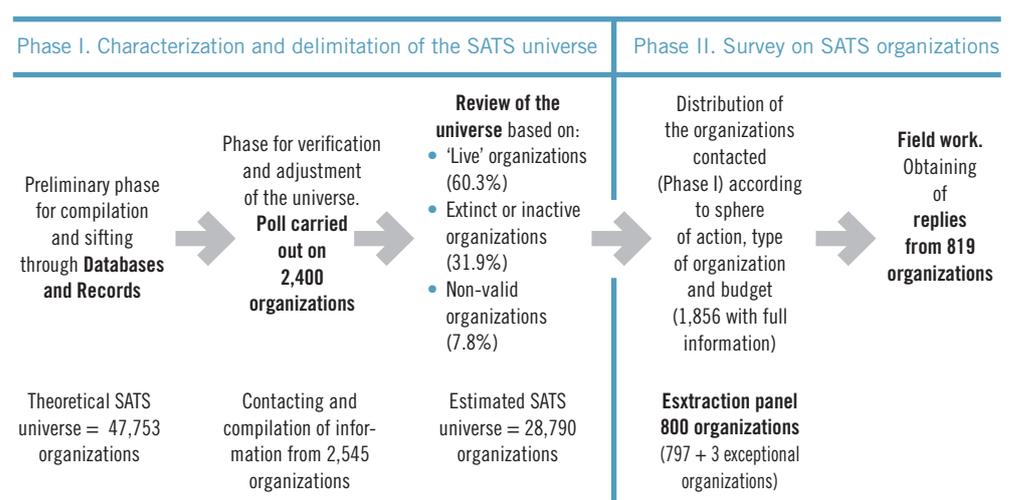
The theoretical universe that results from the compilation and sifting through of existing databases turned out to be 47,753 organizations. To adjust the validity of this universe

and the sample stratification, a preliminary study was undertaken with 2,400 organizations, as a result of which a final reference universe of 28,790 Spanish Social Action Third Sector organizations was estimated.

On the basis of this universe, a panel of 800 organizations was selected as a sample, the overall margin of error being $\pm 3.4\%$, with a reliability level of 95.5% and a distribution where $p/q=50/50$. It was found necessary to contact 20% more organizations, and this finally gave a total of 819 sample units.

The outline of the methodology used in the research for the *Yearbook of the Social Action Third Sector in Spain* is summarized in the following table.

Summary of the main phases of the work methodology





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