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**Understanding the Emergence of Modern Family Philanthropy
in the Spanish-speaking World¹**

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Abstract: This paper deals with the family foundation, an institution that grew spectacularly in number, resources, and visibility during the three decades previous to the current financial crisis, as a result of a worldwide process of empowerment of family capitalism. The departing idea of the paper is that foundations are extensions of the family enterprise that necessarily influence the strategy and structure of family firms. To determine which role they have played or continue to play in the Spanish speaking world, I propose a comparative analysis of the genesis, functionality and legitimacy of eleven pioneering foundations linked to family firms and entrepreneurial families in four countries (Venezuela, Spain, Colombia, and Mexico). Although the conclusions are still preliminary, this research shows that the study of organized family philanthropy brings new evidence and sheds light on the history of family capitalism.

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1/ Bringing family foundations into the history of family capitalism

Over the past three decades, family capitalism has become considerably empowered worldwide. This process of empowerment does not only concern family firms, but also a vast constellation of institutions linked to or controlled by large family firms and entrepreneurial families. This paper is concerned with one of such institutions, the family foundation (FF).

Foundations linked to family firms and entrepreneurial families have grown spectacularly in number, resources, and visibility, in some cases playing a leading public role, usually as advocates of a liberal, if not libertarian, social and economic order. Like other manifestations of the new philanthropy (corporate foundations, community foundations, NGOs or the third sector), the family foundation is a global phenomenon with a strong American accent.

American foundations have been trendsetters for at least one hundred years. In the early 20th century, a handful of US entrepreneurs laid the foundation of modern philanthropy (Carnegie 2006; Nielsen 2001; Hall 2006). Foundations as conspicuous as Carnegie, Rockefeller and Ford sought to identify and fight the roots of poverty and other social and economic problems with the assistance of academically trained experts and full-time employees, hence the concept of scientific philanthropy, opposed to traditional, non-professionalized charity. At the same time, these foundations became extensions of their founders (who were with no exception visionary and outspoken gentlemen) and their firms and families. Between the Belle Époque and the neoliberal revolution, the development of private philanthropy in the US and elsewhere was challenged by economic crisis, war, the growth of the state (whether totalitarian or redistributive), and public scrutiny. Such challenges translated into major changes in the philanthropic legal and fiscal frameworks of many countries that only recently have been reversed.

In the US, birth place of the modern, organized philanthropy, mounting public criticism of the privileges enjoyed by foundations and the wealthy individuals and families linked to them led to a historical reform (Tax Reform Act of 1969) that limited the activities of the largest and most international foundations and still explains many differences between American and European institutionalized philanthropy (Kiger 2000). However, regulation did not stop the largest and more vocal American foundations from pursuing their individual and collective missions and visions. On the contrary, they capitalized on the rise of neoliberalism, mobilizing what is known as the civil society within and outside the US and promoting or supporting at least three new philanthropic trends: the third sector, corporate social responsibility (CSR), and philanthrocapitalism (Porter & Kramer 2002; Kiger 2007; Bishop & Green 2009; MacDonald et al. 2010; Zunz 2012).

In continental Europe, private foundations have been fostered not only by the neoliberal wave and the role model of US foundations, but also by the fall of communism and the decline of the Welfare state (Salamon & Anheier 1997; Pérez-Díaz 2002). Most countries have recently undertaken substantial reforms aimed at either empowering the third sector -in which family foundations are usually hegemonic- or ensuring the continuity of many family firms (through controlling foundations), or both (Rey & Puig 2013). Thus, the history of philanthropy suggests that fast economic growth and globalization encourage private philanthropy, which in turn can exert huge influence on the existing social and economic order.

In this paper I propose to use the family foundation (the most common form of foundation) as unit of analysis. In spite of the fact that most foundations remain highly opaque and primary sources are hard to get, I contend that they can provide new insights into the development of modern family capitalism. Why? Because family foundations, whether controlling or non-controlling, operating or grant-making, are extensions of their associated firms and families. Foundations provide a unique opportunity for observation and learning about the family firm -its growth strategy, organizational structure, and financial planning- as well as the family dynamics, since foundations are crucially influenced by generational change. Moreover, foundations are social institutions that provide entrepreneurial families an opportunity to be publicly influential. For family foundations are free to determine what the needs of society are and how best to meet them, free to transform private wealth into a tax-favored and socially credible institution, yet also free (or tempted) to serve personal rather than public purposes.

I propose to use the tools of business history to exploit the full potential of family foundations as an object of study. Empirical analysis, context, and long term perspective will shed light on the interconnections between the three “F” (firms, families and foundations), and the broad implications of their increased public role and visibility in our time (Colli 2012).

Is the family firm a unique form of business organization, with specific resources, capabilities, goals, growth strategy and organizational structure? This question has fuelled the rise and consolidation of Family Business Studies (FBS) and inspired many post-Chandlerian business historians (Miller et al. 2005, 2007). Interestingly, FB scholars tend to see family foundations as extensions of the family enterprise. However, with few exceptions (FBR 1990, Gersick et al. 2004, Lungeanu & Ward 2012), they have failed to integrate institutional family philanthropy into the study of the FB strategy and structure.

Despite the fact that the most relevant and innovative foundations are family foundations, scholars of philanthropy have rarely focused on them (Pharoah 2009ff). Nevertheless, the study of philanthropy has experienced enormous progress in the

past two decades. Comparative, interdisciplinary, and critical research has opened new venues for other social scientists, providing new evidence about non Anglo-American philanthropy, identifying issues such as legitimacy or the public role of foundations, or even tackling the instrumentality of industrial foundations, of particular relevance here (Salamon & Anheier 1997; Prewitt et al. 2006; Thomsen 2006). Finally, the comparative approach has raised the question of isomorphism vs. varieties of philanthropy (DiMaggio & Anheier 1990; Gemelli 1998; Gemelli 2006).

I am persuaded that bringing family philanthropy into the history of family capitalism can shed light not just on the endurance of family firms across the world, but on many of the above mentioned issues. The historical analysis of philanthropy can effectively contribute to the debate on the uniqueness of FB, the varieties of philanthropy, or the broad social and economic effects of institutionalized private giving (Zunz 2011; Carroll et al. 2012). It is up to historians to exploit their comparative advantage. Like any other institution, foundations are shaped by changing legal, fiscal, and socio-economic-political national frameworks. History can explain this shaping process, assessing the role of foreign models or the dynamics of change to such frameworks.

First of all, we need definitions. **Foundations** are defined here as private institutions that serve a public purpose. In addition to being private and having a public purpose, institutions need to be asset-based, self-governing and nonprofit-distributing in order to be considered foundations (Salamon & Anheier 1997). They can be grant-making, operating or mixed. A **family foundation** is defined as a public benefit foundation linked to a family firm or entrepreneurial family and directly or indirectly influenced by this family. Note that this definition includes some public benefit corporate foundations, but not private benefit family foundations.

This paper revolves around two concepts: functionality and legitimacy. **Functionality** seeks to identify the driving forces of family foundations, in particular the specific motivations of their founders and the expected benefits for their associated firms and families. To learn about the functionality of foundations, I will focus on the genesis of the foundation and its place within the organizational structure of the family enterprise. **Legitimacy** refers to the relationship between the foundation and its external environment. Not just the legal and fiscal structures, which are indisputably relevant in the field of philanthropy, but the roles that foundations are expected to or actually fulfil in each context. To approach this crucial issue, which is what justifies the many privileges granted to foundations, I will focus on their mission and goals.

2/ Family foundations in Spanish-speaking countries

The study of modern family philanthropy in the Spanish-speaking world constitutes a fascinating enterprise. In the same way as US-European comparisons are opening new venues in the field of philanthropy and shedding light on the international transfer of organizational models, a comparative approach to the rise of and interrelations between foundations based on Spanish-speaking countries can be very revealing. Characterized by a strong social and economic role of the family, a shared cultural and institutional background, and a remarkable permeability to foreign (European and American) influences, these countries provide an excellent observatory and an opportunity to draw comparisons with hegemonic Anglo-American and Northern European models.

Three academic works on Latin American private philanthropy are relevant for the purpose of this paper. The first one is a study commissioned by the Pan American Development Foundation and published (both in English and Spanish) by the Russell Sage Foundation in 1968 (Stromberg 1968). Its author, Ann Stromberg, was assisted by a number of local institutions to produce the first foundation directory of the continent. Stromberg's analysis underlined two facts: the diversity of the legal status and institutional arrangements, despite the existence of a common heritage marked by authoritarian and/or paternalistic states, a dominant Catholic Church and a weak civil society throughout the region; and a promising post-war awakening of the business community to institutionalized philanthropy (Stromberg 1968).

Decades later, José Luis Piñar Mañas coordinated two books on the legal status of foundations and the third sector in the Iberian Peninsula and Latin America that provide updated information on the broad issue of philanthropic regimes on both sides of the Atlantic (Piñar Mañas 1997, 2001). These two works are closely related to the Encuentros Iberoamericanos de Fundaciones network, launched in 1983 by some of the family foundations which are discussed below within the framework of the 500th anniversary of America's discovery (Centro de Fundaciones 1984). This event provided a unique opportunity to large family firms from both sides of the Atlantic to establish lasting ties with Iberian and American public and private institutions, articulate the dissemination of free market and civil society values, and last but not least go international against the background of the Washington Consensus.

Finally, in 2005, in a more academic and critical vein, Cynthia Sanborn and Felipe Portocarrero edited a comparative study on the sociopolitical dimension of Latin American philanthropy, sponsored by the David Rockefeller Center for Latin American Studies at Harvard University (Sanborn & Portocarrero 2005, Spanish translation 2008). Most of the chapters deal explicitly with the legitimacy of private foundations.

For the purpose of this paper, I have used printed sources, such as the directories and studies compiled or commissioned by individual foundations and national associations over the past fifty years, as well as their current websites. Drawing on previous comparative research on the top 100 US, German and Spanish family foundations (Rey & Puig 2010, 2013) and the interlinks between family foundations in Spain, Venezuela and Mexico (Puig 2014b), I have focused on the surviving and most proactive and influential family foundations of the Spanish-speaking world: eleven pioneering foundations from four countries (Venezuela, Spain, Colombia and Mexico). These foundations might not be the only ones that contributed to the rise of modern philanthropy, but all of them did and continue to play a prominent role in this area. I present them briefly in section 3 before setting out to analyze them in terms of functionality and legitimacy in section 4.

3/ First movers: Identification

The results of the first phase of my research, based as explained above on a very broad consultation of printed sources, is shown in Table 1. The eleven identified family foundations are sorted in chronological order. The table lists basic information about each foundation, its founders and associated corporations and families, and its native country. It should be noted that the modernization of private philanthropy in Spanish-speaking countries has been led almost exclusively by family foundations.

It is difficult to overstate the role of the Mendoza F. in the modernization of Latin American and Spanish private philanthropy. After the Second World War, it acted as a bridge between the great American foundations and the continent. Moreover, some of its executives, in particular the Spanish exiles Gumersindo de Azcárate and Pedro Grases, would have a direct influence on the spread of some aspects of U.S. philanthropic model in democratic Spain (Grases 1995; Puig 2014a). Linked to the Mendoza Group (a very diversified one yet originating from the construction industry), the foundation promoted numerous joint initiatives with other Venezuelan business groups, the most significant of which would be the Voluntary Dividend for the Community F. (Lansberg 1968). The literature (most of it hagiographic) on Mendoza is overwhelming (Acedo 1973; Aurrecochea 1966; Jaén 1987; Polanco 1993; Consejo Mendoza 1976; Uslar Pietri 1983). In addition, Mendoza led the institutionalization of Venezuela's foundational movement and actively promoted dialogue with other Latin American foundations and associations. The Mendoza F. hosted the first meetings, directories and publications specializing in private philanthropy, which now serve as our source (Federación Venezolana de Fundaciones Privadas 1985). The other Venezuelan foundation in our sample is Cisneros, linked to the homonymous group, based on joint-ventures with U.S. companies and the media business. Cisneros, which represents the second generation of Latin American foundations, has also had a

significant influence in the Spanish foundation scene (Puig 2014). Apparently, the dramatic economic and political context of the country does not prevent him from playing a leading role in the international arena.

Table 1. First movers

Foundation	Family & Firm	Founder	Country
E. Mendoza 1942/1951	Mendoza Grupo Mendoza 1932 (construction)	E. Mendoza (1906-1979)	Venezuela
J. March 1955	March Banca March 1926 (banking)	J. March (1880-1962)	Spain
F.M. Roviralta 1959	Roviralta Uralita 1909 (construction, sold to March in 1954)	J.M. Roviralta (1880-1960) M. Roviralta (1882-1961)	Spain
M. Santo Domingo 1960	Santo Domingo Grupo Santo Domingo 1950s (beer, media)	J.M. Santo Domingo (1923-2011)	Colombia
H. Carvajal 1961	Carvajal Grupo Carvajal 1904 (printing)	M. Carvajal Sinisterra (1916-1971)	Colombia
F. Corona 1963	Echavarría Olózaga Organización Corona 1881/1935 (construction materials)	G. Echavarría (1911-2006)	Colombia
P. Barrié de la Maza 1966	Barrié-Arias Banco Pastor 1925 (banking & industrial group, sold to B. Popular in 2011)	P. Barrié (1888-1971)	Spain
D. Cisneros 1970	Cisneros-Phelps Grupo Cisneros 1929 (US joint ventures & media)	G. Cisneros (1945-)	Venezuela
R. Areces 1976	Areces-Álvarez El Corte Inglés 1935 (retail)	R. Areces (1904-1989)	Spain
Santillana 1979	Polanco-Pérez González Grupo Timón-Prisa 1958 (media)	J. Polanco (1929-2007)	Spain
M.Arango 1984/1994	Arango. Grupo Cifra 1958 (retail, sold to Wal-Mart in 1997)	M. Arango (1936-)	Mexico

Source: Author's own elaboration.

The predominance of Spanish foundations in the sample is due not only to the author's background. The five foundations have been crucial to both the dissemination of modern philanthropy in Spain and the creation of a Latin American network, especially Santillana. The March F. was created in 1955 by the controversial businessman and banker Juan March in the image of the great American foundations (Torres 2000). Focused on science and the arts, it quickly became a role model for other family foundations and had a very active role in organizing the foundation sector in Spain.

The foundation was created with two locations, one in Madrid and another in Palma de Mallorca, the birthplace of J. March. The case of Roviralta case is different. The brothers José María and Manuel Roviralta, manufacturers of corrugated (Eternit) and childless, created their foundation long after handing the control of their company to the March group. This foundation, endowed with the brothers' wealth, aimed at supporting a wide range of initiatives (Estapé & Torres 2000). It became crucial to articulate the foundational movement in Catalonia, Spain 's main industrial region (Coordinadora Catalana de Fundacions 2008). The Barrié F. was created in 1966 by the Galician businessman Pedro Barrié de la Maza. He built an industrial group around the local bank Pastor (recently sold to Banco Popular). Formed with his personal fortune, his sister's and his second wife's –Barrié was also childless-, the Foundation became the depository of most of the shares of Banco Pastor Group and one of the largest in Europe (Losada 2000). The Barrié F. adopted from the beginning a strong local and educational profile (it promoted the creation of engineering schools in Galicia) and was a founding member of the Spanish Foundation Center (Centro de Fundaciones 1978, 2003). With regard to the Areces F., it was established in 1976 by the founder of the department store El Corte Ingles, a Spanish- Cuban businessman who also had no direct descendants (Toboso 2000). The Foundation, highly influential in Spain's scientific and educational field, holds most of the capital of the El Corte Inglés Group. Finally, Santillana is the work of the publishers and media tycoons Jesus Polanco and Francisco Pérez González (García Ruiz 2000). This foundation was created with a clear strategic and political aim: to give support to the expansion of Prisa (which controls *El País*, a number of literary and educational publishing houses, and numerous TV and radio stations in Spanish-speaking countries) in Latin America, Spain's integration in Europe, and Spain's cooperation with Latin America. Currently the Santillana Foundation has four offices: Spain, Argentina, Brazil and Colombia. Not surprisingly, Santillana started to collaborate closely with many large Latin American foundations and to head up the Iberoamerican Foundation Encounters from the 1980s.

Private philanthropy in Colombia underwent remarkable progress in the 1960s. The three foundations of our sample have remained trendsetters ever since. Unlike the leading Venezuelan and Spanish foundations, those of Colombia were created by members of the second or third generation of their respective families . The origin of the F. Santo Domingo, is in the homonymous business group, focused on the production of beer and the media (TV and Radio Caracol, the latter sold to Prisa in 2001). The foundation originally focused on education and social development in the area of Barranquilla, but has spread to the rest of the country, in line with new trends in philanthropy, and undertaken other projects. The Carvajal F., formerly Santa Elena, is linked to the Carvajal Group, engaged in the business of printing for over a hundred years. It is aimed at local development. The Corona Foundation channels the philanthropic activity of the Corona Organization, controlled by the Echavarría Olózaga family. Born in Antioquía, this group is dedicated to the manufacture and distribution

of ceramic products and has a strong international presence, especially in the United States. The Foundation supports and funds initiatives to strengthen the institutional capacity of the country in education, health, business development and local and community development. It is the developer of the Universidad de los Andes, among other institutions. Large Colombian foundations have also been implicated in the articulation of foundational movement in his country, especially since 2004 through the Asociación de Fundaciones Empresarias. Designed under the influence of the Mexican Center for Philanthropy (CEMEFI), linked to Manuel Arango, this Colombian lobby is built around the concept of corporate social responsibility.

It may seem strange that private philanthropy has developed relatively late in Mexico, a country with relevant business leaders and so close to the United States. Moreover, the country is endowed with a foundation friendly legal and fiscal framework since the 1940s, but Mexican entrepreneurs apparently preferred traditional philanthropy, as exemplified by the charitable initiatives of northern families such as Garza and Zambrano or DF leaders such as Servitje and Baillères. However, Mexican family businesses have frequently joined forces to promote the development of relevant institutions in the field of higher education, such as the technological institutes of Mexico and Monterrey. This sort of collective philanthropy has been parallel to the organized defense of Mexico's business community (Consejo Mexicano de Hombres de Negocios 1962). However, family philanthropy as such was not developed until the mid 1980s, under the charismatic leadership of Manuel Arango, an industrialist of Spanish background and American education who between 1958 to 1997 headed the Cifra Group (retail and fast food restaurants, sold to Wal-Mart in 1997). The impact of Arango, first through the set of foundations reorganized in 1994 under the umbrella foundation Manuel Aragón (Fundación Mexicana para la Educación Ambiental, Xochitla, Universo Veintiuno, Compartir Fundación Social and Caracol de Plata), and then through the Mexican Center for Philanthropy (Cemefi) on Mexico's and Latin American foundational movement has been enormous (Arango 2002). As Mendoza a generation earlier, Arango has positioned Mexican and Latin American private philanthropy in the field of global philanthropy and has helped to build bridges with Spanish foundations. One of Arango's brothers and partners, a Spanish resident and a major shareholder of Sigma Group, Plácido, played a key role in the growth and modernization of Spain's institutional philanthropy (F. Prince of Asturias and Museo del Prado, among others).

4/ First movers: Analysis

To understand the role played by the companies and families associated with these eleven foundations, I propose an analysis at four levels : framework, founder & family , firm, and foundation. By framework I mean not only the foundation regime (legal and fiscal framework) but also the social standing of private philanthropy in each country or region. The historical evolution of the institutional framework provides valuable information on the most relevant actors and power struggles. With regard to founders, we want to know if he (there are no shes in our sample) was a founder or heir of the company, how he planned his succession, his involvement in national politics and his contacts with the foundational movement in and out of his country. With regards to the firms, we want to learn about their main activities, their ownership structure, organizational evolution, degree of (passive and active) internationalization, involvement in the organized defense of collective interests. Finally, the foundations will be examined in terms of organization (controlling / non- controlling, operating / grant - making, composition of the board), legitimacy (mission and goals), and family involvement and relationship with other national or foreign foundations. The more information we get from the five "F " and their evolution over time , the better we can assess the impact of each foundation on the strategy and structure of each company or business group within their institutional environment.

The preliminary results of the comparative analysis of the eleven foundations of our sample are presented below. Surprisingly, the four countries of origin and residence of the our foundations have legal and tax frameworks that are favorable to private foundations. Why favorable? Because the right to found is explicitly or implicitly recognized in the constitution of the four countries and the tax benefits are very large in all cases. The legal recognition of private foundation goes back, in the case of the American countries, to the 1930s (Colombia), 1940s (Mexico and Venezuela) or 1970s (Spain) . Unlike the Anglo-Saxon world , governed by common law , Latin American and Spain are civil law countries, and the influence of European continental schemes on their foundation regimes is significant in all four cases . This, in principle, sets limits the “Americanization” of Spanish-speaking philanthropy. In addition , the historical evolution of each country has contributed to a very heterogeneous foundation landscape, in spite of the fact that the persistence of a strong family sense, Catholic traditions, state and corporate paternalism, certain anti-capitalist sentiment, and a rather weak civil society, constitute a common denominator throughout these countries.

We have referred to the founders in the previous section. Note that we are referring to several generations, those comprised between the entrepreneurs born in 1889 (March) and 1945 (Cisneros). All of them planned and had the opportunity to direct their foundations, having founded or decisively expanded their business groups. In

principle, this fact points to a relatively simple succession process, though the dominant personality of the founder and the number of children and families can complicate the first generational change. In our sample it is striking that three of the five Spanish founders died without children. This circumstance, very common in countries like Germany, is extremely rare in the Latin American context. We will return to this issue, given that the absence of direct heirs is a powerful incentive for the organizational controlling model (through which the foundation becomes heir to the company). The international (especially American) experience is another prominent feature of the eleven founders. Such experience, acquired through education and / or business deals, surely influenced the philanthropic impulse of the individuals we are examining. Finally, it is noteworthy that most of the eleven founders were captains of industry with a considerable political involvement (more direct in the case of Latin Americans, who accepted ministries and embassies, and more discreet in Spain) or at least an ability to influence governments and administrations. Political activity was accompanied by a great activism in the field of collective action.

A superficial analysis of the firms considered here shows that most of them were more or less diversified groups, created from a core activity (building materials , investment banking , distribution and media), financially independent (at least until the end of the last century) and with a strong local presence and numerous partnerships with foreign companies. A picture, in short, very similar to that of large companies and family groups in these countries. Although the evolution of the ownership and organizational structure of these groups requires further analysis, the eleven cases suggest a desire to keep control, the selective adoption of more complex models, as well as an inexorable process of professionalization. In many cases, partnerships with foreign companies seem to have facilitated the subsequent internationalization of Spanish and Latin American firms. Finally, the combination of a politically proactive founder and the company's relevance in each national context explain the fact that almost all cases have a high propensity to institutional entrepreneurship.

Family foundations are the focus of this study. Following the scheme proposed above, I have tried to determine their function in the family business, their mission and objectives, and major initiatives or links with other national or foreign foundations or associative networks. The result is shown in Table 2 . Except for the three Spanish foundations whose founders had no children, all our foundations adopted the non-controlling model, which implies that the foundation does not have a significant stake in the related company or group. The non-controlling model ensures continuity of the legacy of the founder, can enhance the reputation of the company and the family that owns to its employees, customers and neighbors, may also serve to employ family members, but does not protect the company from potential hostile bids or from its family, that is, does not ensure its continuity. The controlling model is deeply rooted in the countries of northern Europe, where industrial foundations abound. These

foundations are the shareholders of the companies that gave rise to them (Thomsen 2006). Of course, there are alternative mechanisms to ensure continuity of the family business , for example through the family protocols advised by family business consultants over the past twenty years to monitor succession processes.

Table 2. Functionality and legitimacy of leading family foundations

Foundation	Organization/Functionality	Mission & Goals/Legitimacy
E. Mendoza 1942/1951	Non-controlling. Operating. Family members on board.	Health, education, research, art & culture.
J. March 1955	Non-controlling. Operating. Family members on board.	Research in life & social sciences; arts & music.
F.M. Roviralta 1959	Controlling. Grant-making. Family members on board.	Social development, health, education, and other.
M. Santo Domingo 1960	Non-controlling. Operating. Family members on board.	Social and community development through education, health, science & technology programs and entrepreneurial projects.
H. Carvajal 1961	Non-controlling. Operating. Family members on board.	Income generation; education & culture; housing; social & community development.
F. Corona 1963	Non-controlling. Operating. Family members on board.	Education, health, entrepreneurial development and local and community development.
P. Barrié de la Maza 1966	Controlling. Operating. Family members on board.	Research & education; local development.
Cisneros 1970	Non-controlling. Operating. Family members on board.	Education & art; defense of free market and democracy.
R. Areces 1976	Controlling. Operating. Family members on board.	Research in natural & social sciences.
Santillana 1979	Non-controlling. Operating. Family members on board.	Educational and cultural projects; Spanish-Latin American cooperation; intellectual exchange; publishing and media related projects.
M. Arango 1984/1994	Non-controlling. Mixed. Family members on board.	Environmental studies and awareness; studies on and dissemination of voluntary work philanthropy; social welfare and bonding.

Source: Author's own elaboration.

Philanthropy scholars attach great importance to whether a foundation is operating or grant-making. The first is one that designs and manages its own programs, choosing their partners and beneficiaries. The second, by contrast, supports the efforts of

others, through public or discretionary channels. In the case of U.S. private foundations, which are the most studied in the world, there is a clear evolution from the first to the second model. Why is this important? Because grant-making allows donors to benefit from tax exemption, but shifts the determination of social needs (which requires a professionalized staff) and the obligation to be accountable (which requires transparency in management) to their beneficiaries. Most of our foundations are operating, although in the case of Latin American there is a growing tendency to also give support to third party initiatives, that is to embrace the mixed model. There is no doubt that the organization of the foundation sector promotes cooperation, as demonstrated by the pioneering experience of Mendoza in Venezuela and Arango's activism in Mexico.

How much do the eleven foundations of our sample influence the strategy and structure of the firms that support them? The available evidence suggests that, except in the cases of Roviralta and Arango, the foundation was an essential part of a reorganization and succession planning of the company. The functionality of the Roviralta and Arango foundations, linked to the family but not to the company, is necessarily different. The aim of the first one is to maintain the heritage and legacy of the founders and serve as an example to other Catalan family businesses. The second case served mainly as a platform for the dissemination of CSR and private philanthropy. The official mission of Manuel Arango's foundation is very revealing of his monitoring ambition: "To professionally and transparently support the operation, development and sustainability of five non-profits established by its founder that work toward improving conditions within society at large as they relate to education, the environment, culture, health, and socially responsible business practices" (www.tierramerica.net/global/consejo/marango.shtml). I have not been able to determine yet if this umbrella foundation also has a specific function within the family, other than to maintain the founder's legacy.

As shown in the table, there are family members sitting on the boards, in some cases with executive functions, in others with only representative functions. In the absence of deeper examination, this fact reminds us that foundations play a role in the family, as they serve to distribute tasks among family members and to involve them in the family enterprise (as an alternative to or complement of the family firm). There is an element of crucial importance in determining the functionality of the family foundations: family offices. Spurred by globalization in general and business advisers in particular, these instruments have become increasingly important over the last twenty years. As foundations, family offices help maintain the unity and continuity of heritage and family. And they are very dependent on national regulatory framework. How do family offices interact with and influence foundations? Although this kind of information is even more difficult to obtain than that of foundations (tax havens being

just one reason for this difficulty), there is no doubt that it is essential to understand the endurance of family businesses.

The second concept proposed to address family philanthropy in Spanish -speaking countries is legitimacy. Why do foundations exist? How do they justify their privileges? The most obvious reason is fulfilling a social mission that other institutions, public or private, are not able to attend, and which has the approval of the majority of society. In all the countries studied here there is an obligation to state the objectives of the foundations, which are reflected in the foundation's statutes (Piñar 2001). It is therefore relatively easy to obtain this information, that we can use as an indicator of legitimacy. Philanthropy experts have established numerous taxonomies based on foundation goals: generic or specific , local, national or global, traditional or transformational , etc. A classic example of generic purposes is be the promotion of education, health and culture. An example of a specific purpose is the defense of certain animal species or artistic heritage in a particular place. Interestingly, new philanthropists seem to be encouraging new goals, such as environmental protection or the values attached to the open society, which they try to promote a local or global scale. Another new trend, linked to the CSR paradigm, is the development of the communities that surround the production centers of leading companies, at home or abroad. Another trend, which is proving controversial, is the promotion of self-serving institutions, that is those that seem to serve more the interests or welfare of benefactors than the needs of society as a whole or its most disadvantaged members. I am referring to hospitals, universities, schools and churches that serve the medical, educational and spiritual needs of the giving families. Finally, one of the few studies devoted to US family foundations from a family business perspective states that foundations tend to lose focus over time, as more and younger family members join the board and goals have to be negotiated (Lungeanu & Ward 2012)

Despite the small number of foundations under consideration, Table 2 is very revealing of the new philanthropic trends in terms of public purpose in the Spanish-speaking world. Generic objectives, more or less limited to the local or national level and with a strong social emphasis in the case of Latin America, according to the severity of poverty in their home countries, are predominant. But the younger foundations have, in general, a more specialized profile: the defense of political and economic liberalism (Cisneros and Arango), of local business development (Santo Domingo, Carvajal, Corona) or the environment (Arango). Special mention deserves Santillana, designed to support the development of the media group Prisa, with a strong Latin American orientation. As already mentioned, this foundation played a crucial role in the celebration of the V centenary of the discovery of America in 1992. Personal and ideological affinity between business people and politicians of various countries, the takeoff of Spanish direct investment in Latin America, and the boom of private philanthropy in the world were the backdrop of the first meeting of Latin American

foundations, now institutionalized (Centro de Fundaciones 1984). The case of Arango-CEMEFI is also relevant, because it reminds us that organized philanthropy is increasingly a global issue. Arango attributes the resurgence of private philanthropy in Mexico to the emergency situation created by the earthquake that shook the DF in 1985, but the truth is that CEMEFI has been supported by American foundations and think-tanks American such as Kellogg, Synergos, Ford or the Inter -American Foundation.

As for self-serving purposes, it should be noted that this phenomenon is not new in the countries we are studying. Half a century ago, Mexican entrepreneurs created institutions of higher education which have trained many of their family members and company managers. This strategy is expanding to other areas (such as health) and to other countries. Support for religious institutions, which builds on traditional charity, is also part of the same phenomenon, be it in its strictly spiritual version (support of certain Catholic congregations) or a more utilitarian version (universities, colleges, hospitals, etc..).

Although SCR is not the focus of this paper, we cannot ignore it. Business social action has strongly influenced the social and economic development of Latin America over the past three decades (Roitter & Camerco 2005). As anticipated by Stromberg in 1968, and despite the political turbulences shaking the continent ever since, the idea that the entrepreneur is the leading agent of social change, the main creator of economic, social and cultural wealth, has advanced very much, in tune with the CSR discourse. Obviously there is an idea of social order implied in such view. An idea that has grown in the context of the neoliberal project and a less resourceful state, that agrees on leaving the handling of social and public issues in the hands of business and corporations. This is coherent with the tight relationship and personal interlocks between the rise and mobilization of private philanthropy and the organized defense of business interests (in particular those of family firms) in the four countries (Puig 2014a).

Conclusions and directions for future research

The comparative exercise conducted in this paper shows that family foundations have become important actors in the Spanish-speaking world. Their development, examined in terms of functionality and legitimacy, sheds light on the history of Spanish and Latin American family capitalism. It states the fact, often neglected by business historians, that family foundations are extensions of family firms and entrepreneurial families. It also shows that organized philanthropy can be instrumental to ensure the growth, continuity and legitimacy of the family enterprise, and that foundations shape institutional frameworks. Finally, the experience of the pioneering foundations of

Venezuela, Spain, Colombia and Mexico reveals that they are interconnected and politically and economically proactive at national and global scale. This strongly suggests that family philanthropy ought to be integrated into the study of family capitalism if we want to understand the endurance of family firms worldwide.

More evidence about the organizational structure and social performance of the eleven foundations of our sample needs to be gathered. Moreover, the sample should be enlarged so as to estimate the philanthropic propensity of family firms in each country, a proxy that would allow us to compare this world region with leading countries in the field of private philanthropy such as the US and Germany. Ultimately, a more solid knowledge of the leading family foundations would allow us to examine this fascinating phenomenon in terms of varieties of family philanthropy.

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