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ANALYSIS OF THE CONCEPT OF *INDUSTRIAL FOUNDATIONS* IN THE SOUTH OF
EUROPE:

Insights from Portugal and Spain

ANA MARGARIDA MATIAS OLIVEIRA MARTINS, 25959

Work project carried out under the supervision of:

Miguel Alves Martins

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*Analysis of the concept of Industrial Foundations in the South of Europe: Insights from
Portugal and Spain*

Abstract

Industrial Foundations are foundations which own business companies (Thomsen, 2012), and these are very common in the Northern Europe. Foundations are perceived as long-term shareholders, thus, this model arises as a sustainable and rational solution to avoid short-termism. This thesis contributes to the existing literature by exploring the application of this type of ownership in the Southern Europe, namely in Portugal and Spain. In Portugal, there are some examples of charitable industrial foundations with small dimension, whereas in Spain the model and its benefits have been, recently, recognized and adopted by large corporates, nonetheless, still exist in a small amount.

Keywords: Corporate Governance, Industrial Foundations, Long-termism, Southern Europe¹

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Table of Contents

Abstract	1
1.Introduction.....	2
2. Literature Review	5
3. Methodology.....	11
3.1 Motivations of research design:.....	11
3.2 Sample Selection:	11
3.3 Data Collection and Analysis processes:	12
4. Findings	12
4.1 Foundational Context: Portugal and Spain	13
4.2 Portugal: sample analysis and characterization:	13
4.2.1 Analysis on the interview with an expert from F5-C5.....	15
4.3 Spain: sample analysis and characterization:	16
4.3.1 Analysis on the interview with an expert from F7-C7.....	18
5. Discussion.....	21
5.1 Theoretical and practical implications:	21
5.3 Limitations and Directions for future research.....	24
6. Conclusion	24
7. References.....	25
8. Appendix	28

1.Introduction

Bansal and DesJardine (2014) said that “sustainability is fast becoming fashionable in strategic management, yet its meaning can be elusive” as it is often confined to environmental issues or referring to corporate social responsibility measures. However, it should not be seen as acts of kindness, but as a creation of long-term business value (Bansal and DesJardine, 2014). In the business world, this concept is crucial to avoid short-termism. The concept of short-termism is defined by “decisions and outcomes that pursue a course of action that is best for the short term but suboptimal over the long run” (Lavery, 1996). So, firms must make trade-offs across time to safeguard intergenerational equity (Bansal and DesJardine, 2014).

Hence, as concerning short-termism seems to be for corporate governance, many scholars were inspired to search for institutional arrangements to promote long-term decision-making (Thomsen et al, 2018). In this thesis, I call attention to long-term ownership by industrial foundations, which are common in the Northern Europe, but little known and studied in the rest of the world.

The term “industrial foundation” is described by Steen Thomsen ² (2017) as foundations that own business companies and whose long-term owners allow for practice of long-term governance. Despite the fact that this concept appears to be quite exotic, in part due to ignorance and also due to hostile regulation (Thomsen, 2017), it is possible to name a number of highly successful and worldwide-known corporations under foundation ownership, for instance: Bertelsmann, Heineken, Ikea, Robert Bosch, Rolex, A.P. Møller-Maersk, Novo Nordisk, the Tata Group and Carlsberg. In fact, most of these are located in the Northern Europe, where foundation-owned companies account for a non-trivial share of the business sector (Thomsen, 2012). For example, experts estimate the value of listed companies controlled by Danish foundations at about 68% of the total market capitalisation quoted on Copenhagen Stock Exchange (McCulloch, 2018).

Overall, the foundations that own the companies are non-profit entities, they have no owners and are under the control of a self-elective board of directors (Thomsen and Rose, 2004), whose compensation is completely divorced from the profitability of the company and who cannot be removed or replaced by anyone except themselves (Hansmann and Thomsen 2018). The most important purpose is, typically, to exercise responsible ownership of a business company. Secondly, industrial foundations, often, perform philanthropic activities funded by dividends from the company and portfolio investments (charitable industrial foundations). But there are

² Steen Thomsen is Professor at the Center for Corporate Governance at Copenhagen Business School and principal investigator on the topic. The author of the current thesis acknowledges his contribution on the research with his useful insights and the offer of his book “The Danish Industrial Foundations” (2017).

also examples of foundations, which aim to benefit the founding family through donations (family foundations) or whose only purpose is to own a business company and, therefore, do not donate at all (business foundations) (Thomsen, 2017). However, the majority of industrial foundations combine both business ownership and philanthropy, which means that part of the company's profits distributed to shareholders are devoted to philanthropic means rather than paid out to the investors (Thomsen, 2018).

The triggering enigma of industrial foundations emerges, then, when bearing an immense body of literature supporting that dispersed ownership and economic incentives play a key role in the efficient operation of business companies (e.g. Jensen and Meckling, 1976; Putterman, 1993; Hart, 1995; Hansmann, 1996; Williamson, 1996; Shleifer and Vishny, 1997), we realize that several are the companies owned in its majority by foundations, whose directors do not benefit from substantial material incentives, other than losing their jobs in case the foundation bankrupts and needs to be liquidated (Thomsen, 2018), and which still allow for the companies to be top-performers and live longer. Such evidence makes one question if this particular type of non-profit organization, the industrial foundation, can be, as a matter of fact, a viable and competitive business structure and, to a greater extent, a more sustainable one. One may also place the question in a different way, that is, whether profit-seeking ownership is a necessary condition for competitive enterprise (Thomsen and Rose, 2004).

It is precisely this relationship between foundation-ownership and governance with long-term perspective that this project focusses the scope of research on, however, it does so over a specific location: Southern Europe, namely in Portugal and Spain, where, according to the main expert on the topic, Steen Thomsen, literature is still in its research phase, few examples are known and there is interest for investigation in this region to take place. Hence, this thesis aims to close the addressed gap by 1) mapping out organisations under the defined type of ownership existing in the Southern Europe reality, 2) understand the set of key characteristics that defined

them and, by intersecting with existent literature, 3) do a comparative analysis with the corresponding characteristics of the Nordic Industrial Foundations. With the resulting findings, the underlying study wishes at responding to the following guiding research questions:

Research question 1: How do we understand industrial foundations in the context of Portugal and Spain?

Research question 2: In which ways is the understanding of Industrial Foundations similar across different European countries?

The remainder of the thesis is structured as follows: after the introduction, section 2 reviews current literature to gain a comprehensive understanding of the industrial foundations concept and factors that influence its emergence; section 3 regards the methodology used, including the motivations for the method and the data collection and analysis processes, section 4 exposes the two levels of findings, which are then discussed and confronted with literature in section 5 along with limitations of the study and potential areas for further research and, finally, the section 6 provides overall conclusions encompassing all outcomes. Sources used are scrutinized in section 7 and appendix in section 8.

2. Literature Review

On a first hand, the concept of industrial foundations can be named differently across different geographies, which, however, transmit different meanings. For instance, while the term *corporate foundation* denotes a foundation established by a company for CSR purposes, a *commercial foundation* indicates a more commercial purpose, which is not usually the case of the foundations we meant to describe in this thesis. Broader, the term *enterprise foundations*, widely used in Germany, for instance, (Hopt and von Hippel, 2010) covers all foundations with any business activity, even if it is rather small, such as a museum, which sells tickets and runs a cafeteria and a museum shop. Nonetheless, and not intending to neglect the important role these organizations play in society and their philanthropic purposes, this thesis aims to

solely focus on the study of real, competitive business companies with significant economic activity, which are owned in its majority by foundations and that do not depend on government funding for their existence (Thomsen, 2017). Therefore, for the sake of consistency, and bearing the actual definition we are aiming to convey, the term *industrial foundations* is primarily used to invoke organizations that reflect all following legal characteristics (Kronke, 1988):

1. Creation by donation: The industrial foundation is created through an irreversible³ donation of its ownership stake in the company, by the company's founder at the end of his active life. Transfer of ownership to the foundation, according to Thomsen and Rose (2004), may serve as an alternative to passing ownership to heirs or to outside investors, and is uniquely suited for business owners who want to preserve core values and business principles, which are easily diluted by profit incentives (Thomsen, 2018). The foundation establishment may also be motivated by inheritance and wealth taxes saving while maintaining control of the business, as well as, wish to keep a stable ownership of the company or, simply, due to a philanthropic desire to "give back to society".

2. Independence: Prewitt (2006) said that independence unites foundations apart from their variety in terms of their legal and organizational forms, as well as, their differences in how they operate, essentially, they have no owners nor members, thus, can be referred to as "self-owning institutions". Industrial foundations are also private (i.e. non-governmental), non-profit entities which economic affairs are completely separated from those of the founder and founder's family (Thomsen, 2017).

3. A non-selfish purpose: While the company is responsible for the business part, the foundation itself must serve a non-selfish purpose that goes beyond benefiting the employees or concerning for the future generations of the founder's family. For instance, it may contribute

³ Irreversibility separates industrial foundations from US-style family trusts (Thomsen, 2017).

to charity, education, research, art or social projects, and as such, industrial foundations are socially responsible by design.

4. Foundation Endowment: The foundation must own shares/voting rights in a company that represents access to a source of future income and, in most cases, a pool of liquid financial assets.

5. Foundation Organization: Since foundations have no ownership, their boards of directors (or trustees) play a very important role. Usually, they are self-elective (Thomsen and Rose, 2004) and, possibly, part of this board is constituted by managing directors and employees from the company.

6. Foundation Charter: Tantamount to other foundations, industrial foundations are ruled by a charter in which the founders enshrine the core values and business principles they want to preserve (Thomsen, 2018). Additionally, it often stipulates that the foundation should serve some broadly defined social purpose, includes specific rules on the election and composition of the foundation's board, as well as, guidelines about governance and ownership of the company. Such constraints are always subject to government approval and supervision, and the board must act at its own discretion (Thomsen and Rose, 2004).

7. Outside supervision: Industrial foundations cannot be monitored by owners or members, and hence, must be regulated and supervised by a government authority, like a foundation regulator, charity commissions, courts or the local tax authorities (Thomsen, 2017), to ensure that foundations comply with the law and with their foundation charter (Kronke, 1988). They are also responsible to control audited annual reports submitted by the foundations. Thus, the regulator usually does not intervene in business decisions, but can, for instance, replace the board in case of neglect or abuse through donation policies or board member overcompensation (Thomsen, 2017).

8. Majority control / voting majority of a business company: Having a controlling ownership stake in a private business company, with significant sales of goods and services to the public on a commercial basis (i.e. in a competitive market), is what separates “industrial” from purely charitable foundations. Ownership could be full (100%), and foundation board members may be identical and even (in a few cases) use the foundation structure to conduct business without incorporating a separate company, or just a controlling influence, i.e. more than 50%, and so, the company will, in principle, act like any other joint stock company and it will have fiduciary duty to all its shareholders (Thomsen, 2012).

Overall, the above described set of key characteristics defines most of the Nordic Industrial Foundations. Nonetheless, literature review also allowed to grasp the determinants for the existence of industrial foundations and how this unique governance structure influences the behaviour and performance of companies.

First off, by observing the clustered location of most industrial foundations, mainly in the Northern European countries, presumably indicates significant influence of country effects, namely, their legal recognition, which clearly determines their establishment⁴. Additionally, governments can also make it more attractive for industrial foundations to set in by imposing lighter taxation in comparison to other alternative ownership arrangements. It may be no accident that in Northern Europe wealth tax rates are high (Thomsen, 1999), which reduces the effectiveness of monetary rewards and encourages business owners to seek non-standard ownership structures (Thomsen, 2018). Yet, Nordic countries offer more than just wealth preservation benefits, culturally, these are small and homogenous countries with strong social norms. For instance, they score high on indices of governance, trust, and corruption control

⁴ For instance, in 1969, the US reformed its tax laws to effectively prevent private foundations from having control of businesses (Fleishman, 2001, Thomsen, 2006). It sought to remedy perceived abuses that private foundations’ charitable organizations served the interests of the rich rather their charities (McCulloch, 2018).

(Thomsen, 2016a, 2016b), and that plays a role in keeping directors honest and maintaining a responsible business behaviour.

Investigators have also studied the possibility for specific industries to be more prone to this kind of ownership (Kuhn and Thomsen, 2015a). The empirical evidence demonstrates, however, examples of industrial foundations spread across all the industry spectrum, and, ergo, it cannot be taken as a fundamental factor.

On the other hand, the same cannot be said regarding firm effects, as the advantages of long-termism, characteristic of industrial foundations, only take place with companies that are rather successful and well-consolidated (Børsting et al. ,2014a), i.e. large and mature companies that have been in existence for at least two or more decades (Thomsen, 2017). Such firms are less likely to be capital-constrained and can autonomously finance their investments without infusions of outside equity. Indeed, it would seem to make little sense that founders would donate a start-up, which highly depends on profit incentives, or a failing company that is urging for outside capital, to a foundation.

Ultimately, previous research studied possible founder effects that can influence the origin of industrial foundations. The founder, when taking the choice of ownership succession for her company, usually, has in mind, along with other factors, the economic incentives respective to each option, which are specifically: selling the company to an industry buyer, taking it public, leaving the company bequeathed to descendants or setting up an industrial foundation. The findings (Thomsen, 2017) indicate that founders with no descendants willing and able to take over the company, have greater chances to settle industrial foundations.

Therefore, these determinants, unique to industrial foundations, unquestionably, play a role in how these organizations emerge and behave. Legally, they are perpetuities with an obligation to preserve their endowment (i.e. the company), and in fact, they may be regarded (Schelling, 1960, 2005) as commitment devices, since, the survival of the company, irrevocably, becomes

the primary objective. Consequently, this presupposes a more patient governance style with longer time horizons compared to family or investor ownership. In practice, these companies engage more in long-run investments, like R&D and education, and are less likely to fire loss-making managers, which, in turn, can mean higher labour costs. On the other hand, they are also intrinsically more risk averse and have constrained access to outside capital, so, foundation-owned companies do not compromise their future by getting into high leverage or risky investments and neither are willing to dilute their control/ownership. Ultimately, this translates into fewer mergers and acquisitions and slower growth (Thomsen, 2017).

In addition, managers of foundation-owned companies tend to commit to a more ethical behaviour, with greater preoccupation for their reputation. Moreover, the absence of monetary incentives entails less breach of contracts with the stakeholders and greater commitment to the charter's values and principles (Mayer, 2013, Thomsen, 2017).

Altogether, theoretical and empirical research does not provide, however, a clear prediction on how foundation-owned companies financially perform. On one hand, their lack of personal profit motive to monitor managers and their inability to attract capital from outside investors are strong weaknesses that, theoretically, anticipate a performance - in terms of profitability, growth and cost efficiency - to be below average (Casper and Rose, 2004). Sceptics would claim that these weaknesses cast doubt on the financial viability of foundation ownership (Thomsen, 2018). On the other hand, previous studies (Thomsen, 1996, 1999, Hermann and Franke, 2002, Rose and Thomsen, 2004) found the economic performance of foundation owned companies to be no worse or even slightly better than that of companies with more common ownership structures. Thus, the balance of the weaknesses and strengths will depend on several determinants that characterize the context in which each firm is. The literature (Kuhn and Thomsen, 2015) concludes that advantages associated with long-termism will be enhanced by larger firm size and greater prosperity levels, as well as, firms with intensive R&D activity.

3. Methodology

3.1 Motivations of research design:

Bearing the guiding research questions of the present study, the choice was to employ a qualitative research approach, which focuses on obtaining data through open-ended and conversational communication. Such methodological approach is very convenient in the corporate governance context (Yasin and Sulaiman, 2014), as it provides a great opportunity to gather precise and relevant data about motivations and beliefs of the people behind the analysed organizations.

3.2 Sample Selection:

Within the aforementioned geographical context, followed an investigation for organizations that fit the majority of characteristics that describe most of northern industrial foundations studied by Steen Thomsen (2017). In order to facilitate this search, a set of 4 variables (T1-T4) (see Appendix: Table 1) was selected to use as a filter for finding the most interesting and significant cases. The objective was to adopt in this investigation a theoretical “Thomsen lens” and use it as a reference for the type of organizations we were looking for in Portugal and Spain.

The initial pre-samples of foundations explored were provided by privileged observers who are experts in the community of foundations both in Portugal, namely, Mário Curveira Santos, General Secretary from Centro de Fundações Portuguesas, and in Spain, Rosa Gallego García, International Relations Director from the Asociación Española de Fundaciones, to whom the author expresses sincere gratitude for their collaboration. The final samples drawn⁵

⁵ The foundations, and respective companies, selected verify at least three of the four variables T1-T4. The level to which they were kept or not in the sample encompasses an evaluation case by case and contextualization of the variables for both countries.

contemplate 5 foundations in Portugal (labelled F1-F5) and 5 foundations in Spain (F6-F10), which details are described in the Tables 2 and 3 (in the Appendix)⁶.

3.3 Data Collection and Analysis processes:

To better understand the context in which the selected cases emerged in, the next section starts with a brief review of the foundational environment in Portugal and Spain (Table 2). Thereafter, a concise analysis variable by variable was performed (Table 3), based only on secondary sources, similar to the analysis pursued in Chapter 5 of Steen Thomsen's book (2017). The goal was to find common patterns of attributes and do a cross-country comparative analysis. When doing so, there were intriguing aspects found in the samples studied, which motivated a more comprehensive investigation, through collection of primary data from experts. Thus, to enrich the framework of the study and gain new insights for the literature, two individual semi-structured interviews ⁷were conducted: 1) with an expert from F5 in Portugal, and 2) with an expert from F7 in Spain.

4. Findings

The current study encompasses two levels of findings: 1) first, based on secondary sources, a review on foundational context in each country (Table 4) and a characterization of the industrial foundations analysed (using Tables 2, 3 and 5); and 2) on a second level, primary data was used to provide robustness to the first analysis, to clarify intriguing aspects, and preview future prospects of the development of the Foundation-Company relationship (difficult to obtain from secondary data).

⁶ All information about the companies and foundations was retrieved from secondary online sources, namely company websites, annual financial and non-financial reports, previous interviews, news and opinion articles.

⁷ The semi-structured interview framework provided a certain flexibility, preventing a narrow exchange of thoughts and allowing follow-up and probing questions (Gillham 2005). The interviews lasted about 45 minutes, were conducted via videoconference and phone call, recorded and transcribed in verbatim form.

4.1 Foundational Context: Portugal and Spain

Table 4 Summary review of the foundational context in Portugal and Spain

Portugal's Foundational Environment	Spain's Foundational Environment
<i>Definition of foundation:</i>	
A foundation is a non-profit organization created on the initiative of one or more individuals or legal entities (founders) for the management of a property irrevocably donated to them by the founders and which must be substantially preserved, for the fulfilment of certain purposes of social interest.	A foundation is a non-profit organization that pursues purposes of general interest and benefits generic groups of people. Its initial assets, the heritage, must be an unrecoverable contribution from the founder(s), with a minimum €30 000 of worth, and along with future assets will permanently be affected by those social purposes. Furthermore, the revenues generated by the foundation cannot directly or indirectly benefit the founder or the employers, who are those who govern it, or to singular persons who do not pursue purposes of general interest.
Source: Portuguese Center of Foundations (2019)	Source: Spanish Association of Foundations (2019)
<i>Regulatory Authority:</i>	
General Secretariat of the Presidency of the Council of Ministers (<i>Secretaria-Geral da Presidência do Conselho de Ministros</i>)	Protectorates
	<i>Distinction factor:</i> In Spain, foundations are not subject to a single basic Law, but instead, have to follow specific rules imposed by the Protectorate of the Spanish Autonomous Community they are inserted in, as some have their own laws on the subject. Currently, about 71% are attached to these autonomous protectorates.
	Source: INAEF et al. (2011)
<i>Main responsibilities:</i>	
<ul style="list-style-type: none"> - Recognition, modification of the bylaws - Extinction of foundations - Recognition of its public utility status, which has as its primary objective the attainment of tax benefits. - Definition of legal obligations based on the pillars of transparency (e.g. Code of Good Practices, compliance with the objectives and management rules, constant reporting, control on money laundering, etc). 	<ul style="list-style-type: none"> - Annual accountability - Budget supervision and action plan and - Processing of authorizations and communications for certain acts of property disposition.
<i>Number of foundations:</i>	
<i>Census 2011:</i> 817 foundations	<i>Census 2011:</i> 12 921 foundations
Source: ECO.Sapo (2019)	Of these, 9 050 are estimated to be active, that is, 70% of the total. Source: INAEF et al. (2011)
<i>Updated counting (2019):</i> 884 foundations	
<i>Largest Foundation:</i> Calouste Gulbenkian Foundation (F2) Total assets: €2 616 Million (Portuguese foundations' total assets: €9 000 M)	<i>Largest Foundation:</i> "la Caixa" Foundation (F7) Total assets: €22 700 Million
Source: Forbes (2019)	
<i>Observations:</i>	
<ul style="list-style-type: none"> - In 2012, Portuguese legislation for foundations suffered a profound reform which led to the extinction of numerous foundations, the reduction of benefits and public support grants and even the cancelation of public utility status granted. During the reform, it was also created a much more detailed foundations' legal regime through the Foundations Framework Law (<i>Lei-Quadro das Fundações</i>) and entitled a government authority to control them. - Overall, there is a stable legal regime relating to Portuguese Foundations. 	<ul style="list-style-type: none"> - Spain is, after Germany, the country with the highest number of foundations, however, these do not enjoy great tax incentives to perform more philanthropic activities and be more active, reason why many demand for change in the Patronage Law.
Source: Funds People (2018)	Source: Vozpópuli (2018)

4.2 Portugal: sample analysis and characterization:

By observing the industrial foundations selected in Portugal it can be seen that there is an apparent pattern of very high ownership stakes ($\geq 50\%$) held by the foundations in Portugal (T1). However, two cases require further attention:

F1-C1⁸: In recent November 2019, the foundation sold the totality of the company, which core business was no longer in line with the objectives of the foundation. The foundation guaranteed, nonetheless, that the future holder would be reliable, respectful of the company's unique history, its high-quality portfolio, and the strength of its management and employees (Fundação Calouste Gulbenkian, 2019).

F5-C5: This case is the exception in the Portuguese sample, as the foundation only holds a minority share of 4.15% (José de Mello Saúde, 2019).

Moreover, all foundations, except one (F4), were created through an irreversible donation by the company's founder or relatives (T3) with the main objective of perpetuating founders' companies and social projects. Distinctive cases:

F4-C4 - The foundation started as a public foundation and with a partnership with a foreign government, which granted the foundation the proceeds from gambling business in that foreign country. (Fundação Oriente, 2019) Later on, that link was broken, and the Foundation became private and fully autonomous, in the country of its origin (Portugal), creating then a small bank (C4) which aimed at assisting the Social Economy segment with financial and banking services. It is, therefore, not a donation, but a majority holding of the foundation, which is, however, at risk of being sold bearing the ongoing bad performance of the bank over the years (Alves, 2019).

F2-C2 - The development of the agricultural and industrial exploitation, that led to the emergence of wine and olive oil business and brand, only took place after the death of the founder. In fact, they were developed in the estate assets donated by him, with the primary goal of guaranteeing the self-sustainability of the institution and the pursuit of its mission, as

⁸ The consideration of this case for the sample had in mind the fact that it is a great example in Portugal of creation of an industrial foundation through donation of assets by its founder. Moreover, it is relevant as it is by far the largest foundation in the country and is within the 40 largest foundations in the world (ECO, 2019).

a consequence, it also contributed to the promotion of the economic and social development of the region. (FEA, 2019)

Finally, one last point about the Portuguese foundations: they all have a clear public utility, as they develop actions with philanthropic purposes (T4), namely, contribute to the promotion of the arts, culture, education and science, in a broad sense, but some, for instance, give greater preference to deploy such promotional activities in specific regions (F2, F3 and F4).

The companies held by the foundations (T2), on the other hand, reveal dispersion across different sectors of activity, deliver both products and services and also embrace different size categories, being mostly small-medium enterprises, according to European Commission (2003) standards.

Overall, we can say that we have found in Portugal examples of family industrial foundations, which are used as an instrument to honour, reinforce and continue the social work of its founder (F1, F2, F3 and F5), and which developed (C2 and C4) or continue on exploring (C1, C3 and C5) economic activity under normal conditions of the competitive market, to guarantee the subsistence of the philanthropic activities of the foundations. Nonetheless, companies' industrial size is considerably small, and foundation-ownership is at risk in some cases given misalignment from foundation's core values (F1) or company's financial instability (F4).

4.2.1 Analysis on the interview with an expert from F5-C5

There was an opportunity to interview an expert from Fundação Amélia de Mello (F5), where we 1) clarified some questions about this foundation ownership example and 2) explored the experts' opinion on the application of the concept of industrial foundations in Portugal (see Table 6, in the Appendix, for complete transcript of the interview).

First off, the expert did not recognize the concept and term *industrial foundations*, and instead, distinguished two categories of foundations: a) the corporate foundations or business foundations, which he relates with foundations that are associated with a brand (i.e. those which

have the brand's name as the name of the foundation) and that may have a marketing motive, besides the philanthropic purpose implicit in them all - within this category, he identified a sub-type of foundations, the territorial foundations, which have special criteria for the territory where they intervene, one example is the Gulbenkian Foundation; b) There is also the category of family foundations, in which the expert included the Amélia de Mello Foundation (F5), and that he identified as those who are not associated with a brand directly and have a family project. In the end, he does not consider F5 as an Industrial Foundation, neither it has any impact in the CUF Group's (C5) management, this is because the share they hold, and which aim to maintain for the moment, is very small (4.15%). It is just another asset part of the large and diversified portfolio that the foundation has.

Moreover, besides identifying several examples of foundations owning businesses in Portugal, the expert does not believe that this concept applies significantly in the country, because, back in 1975, after the Carnation Revolution, there was an impactful process of nationalization of very big companies in Portugal by the newly created state, that destroyed the corporate entrepreneurial structure and that never recovered completely up until today. Therefore, without the "old money" of these capitalists and without a consolidated "private economy", the expert said that it is difficult for large industrial foundations to set in. There is no space for philanthropy to develop through foundations and proceed to the redistribution of the accumulated capital to the society. Nonetheless, the expert believes that if there is economic development and businesses growth, there will be more capacity and conditions for industrial foundations to emerge, perhaps through the "new money" that was created after the nationalization of companies' phase.

4.3 Spain: sample analysis and characterization:

Within the Spanish sample, contrary to the Portuguese trend, we observe lower controlling ownership stakes (T1), never achieving the totality, and three of the cases (F7, F8 and F9) are,

in fact, below 50%. Nonetheless, in all cases, except F9-C9, foundations are the largest shareholder. On the exception mentioned, foundation ownership is recent (2017). According to the Grupo Siro Foundation (F9), the Cereal to Siro Foods (C9) started as a “family business and dreams of its legacy lasting more than 500 years. That’s why its owners have decided to hand down their company to the Grupo Siro Foundation” which “will therefore become the next owner of the company and already holds a 5% stake in the group”. In the words of the founder González Serna (2017), the goal is that the “business model has to endure, go beyond us, transcend”.

Additionally, establishment of the foundation through an irreversible donation of assets by the founders with the aim of securing more independence and long-term future of their business projects (T3) is visible in two of the five cases (F8 and F9). Exceptions:

F6-C6: The foundation was primarily created to channel the socially responsible performance of the parent institution. Later, majority of control of the group was transferred to the foundation to ensure a greater independency and business sustainability (eIEconomista, 2006).

F7-C7: The banking foundation resulted from a transformation of a savings bank in order to comply with Savings Banks and Banking Foundations Law of 2013. The foundation became the largest shareholder of the bank (C7), with the holding limit imposed (40%) through an unlisted investment holding company that manages the remaining F7’s portfolio of assets (Obra Social la Caixa, 2019).

F10-C10: The foundation was established to complement the activity of its founding organization (ONCE, which provides social services to blind people) by extending the employment, training, accessibility and other initiatives to the rest of people with disabilities (ONCE Foundation, 2019). The business itself (C10) emerged a few years later with the aim of diversifying the income sources of the founding entities and generating employment opportunities for people with disabilities (Ilunion, 2017).

Moreover, in accordance with what was found in the sample of Portugal, they all pursue non-selfish purposes (T4), which range from promoting and supporting health, education, scientific and social research to contributing to social inclusion for disabled people and recovery and preservation of historical heritage, mainly inside the Spain's national regions and Spanish speaking communities (F7). On the other side, the business companies in question do also commercialize across a variety of sectors with both products and services, but in contrast with Portugal, all companies are large, more consolidated and employ, on average, more people.

Generally speaking, it seems that the foundation ownership is more recent in Spain (on average since 1998) compared to Portugal (on average since 1971), encompassing larger and more consolidated firms, including a banking foundation established by law (F7), a social institution that originated a foundation to broaden the target of its social purpose (F10), and three cases where part of the ownership was donated to a foundation with the clear purpose of perpetuating the company's activity (F6, F8 and F9).

4.3.1 Analysis on the interview with an expert from F7-C7

Within the Spanish sample, it was possible to interview an expert from "la Caixa" Foundation (F7), where we had the opportunity to 1) review the historical evolution of the bank and creation of the foundation, 2) discuss intriguing aspects 3) understand the behaviour of the foundation as an investor, 4) explore future prospects regarding foundation-ownership, 5) quest expert's opinion on the other foundation-owned companies included in the sample, and finally, 6) what he resonates about this type of ownership structure, particularly, in Spain and Portugal (see Table 7, in the Appendix, for complete transcript of the interview).

In that line of thought, it is paramount to remember that La Caixa Foundation (F7) is a particular case of industrial foundation, as it is a banking foundation established to comply with Savings Banks and Banking Foundations Law of 2013 imposed in Spain, when "the Spanish banking sector had to be rescued" as a way of avoiding the rescue of the whole country.

According to the expert, CaixaBank was not problematic, but many other “savings banks had problems during the crisis, because they were influenced by politicians and were not so professional”.

Regarding the use of CriteriaCaixa (the Group’s unlisted holding company) as an intermediary holder of the assets of the foundation (i.e. industrial and financial investments amounting up to €20 Billion), versus holding them directly like it happens in the remaining cases in Spain and Portugal, the justification given bares the great size of the assets that the foundation holds and the fact that “CriteriaCaixa has specialized staff in risk management, as well as, people representing the foundation’s interests and individual experts.” Thus, “it is convenient that these holdings are under CriteriaCaixa, because as a big business, it is very important to be a solid group. So, La Caixa Foundation controls what CriteriaCaixa is doing, but runs directly all the welfare projects.”

Another puzzling aspect had to do with the stake of CaixaBank held by the foundation (40%), to which the respondent walked us through the bank’s history. Succinctly, when CaixaBank, the group’s company responsible for all financial activity was, created in 2011, it was also listed on the market for trade. At some point, the foundation had 60%-70% of CaixaBank, yet, when the exchange rates got too low, the ECB⁹ and the Bank of Spain found necessary to impose a limit to foundation-ownership of 40%. This was a precautionary measure to protect the rest of the “la Caixa” investments, as if there is a new banking crisis, the foundation will only be responsible for the 40% stock they have in their holdings, versus having to save the whole bank and risking the remaining assets, in case they hold more than that. On the other hand, the foundation-ownership is kept at the limit imposed since “the foundation is pretty comfortable with 40% of CaixaBank, as half of their investments are in banking (mainly in Caixa Bank, but also Bank of East Asia and in Inbursa in Mexico) and the other half in the

⁹ ECB - European Central Bank

industry, services and real estate portfolio. The future prospects are that they will keep the holding of CaixaBank forever, not because it is required in the charter, but because “the foundation has a very long history with CaixaBank and a name to respect”, so in other words, “la Caixa” Foundation is seen as long-term shareholder of CaixaBank. Moreover, when asked about the influence of the foundation in the management of CaixaBank and in the other assets, he responded that, nowadays¹⁰, the aim is “not to control every company, but to control several strategic and also historical investments where the “la Caixa” is relevant. The goal is to be seated with one, two or more members at the board of the company, to participate in the decision-making.” In small companies that can mean owning a big share or even totally but is more difficult to do so in very large multinational companies, where 20% can sometimes guarantee the presence in the vote. Nevertheless, the foundation has also several minor holdings that behave like an investment fund.

Regarding his opinion on advantages of foundation-ownership, he highlighted the foundation’s investment behaviour which is similar throughout most foundations, i.e. foundations “are very conservative” when doing investments, they “have medium-long term vision”, and “do not want to get a lot of profit quickly”, but instead “stable investments that pay out investments every year, in order to be able to cover foundation’s welfare projects’ costs”. In practice, that “does not mean only invest in big and very profitable corporates”, but instead, “la Caixa”, through CriteriaCaixa, manages risk, controls and invests in different geographic markets and economy sectors, as well as, it invests in cyclical and non-cyclical companies, so that all investments complement each other. The expert demonstrated, however, short knowledge about industrial foundations existing in Spain (apart from the banking foundations). Nonetheless, he recognized some after hearing

¹⁰ The responded did a comparison with the with the vision "la Caixa" had 10-15 years ago, when it preferred to "only invest in business that (they) understand and that (they) control. So, (they) only wanted to be in few companies where (they) can be dominant in the vote or/and have an agreement with other shareholders."

about the other cases analysed in this study, and further explained its establishment through founder's donations of assets. By the end of the conversation, the respondent clarified the "la Caixa"'s long-term mission regarding the size of the foundation's assets, explicitly, "in one century, the goal is to have the equivalent or more than the €20 Billion in assets and a steady, yet slow, growth of the €500 Million foundation's budget to invest in its medium- to long-term welfare projects."

5. Discussion

5.1 Theoretical and practical implications:

The outline of the present thesis is motivated by two research questions; 1) how is the concept of Industrial Foundation understood in the Southern Europe, particularly in Portugal and Spain, and 2) how does it differentiate from other European countries. Thus, one first insight is that the concept of Industrial Foundation does apply, to some extent, in these countries, yet, it is not recognized by this nomenclature, but instead, by corporate foundation or enterprise foundation ("Fundação de empresa" or "Fundação corporativa" in Portugal, or "Fundación-empresa" in Spain), terminology which Steen Thomsen (2017) associates with a foundation established to prosecute the CSR¹¹ purposes of a company. This theory was also confirmed by one of the experts interviewed from the Portuguese foundations, to which he added that one of the motives was also marketing, or in other words, brand promotion. To what comes to business ownership by foundations, there is no legal barrier that prevents foundations to develop or hold business companies, it is in fact, "natural", according to one of the interviewees, that foundations develop or invest in several business companies, in order to generate dividends that pay for the philanthropic activities developed by them. Nonetheless, the level to which industrial foundations, or foundations with business-ownership, is developed in Portugal and Spain, is relatively small, with greater insignificance

¹¹ CSR – Corporate Social Responsibility

in Portugal, when compared to other European countries (Couto, 2018). One reason appointed by one of the experts interviewed, for the Portuguese context, has to do with the nationalization process that happened in 1975 and which extinguished the majority of the capitalists and large companies existing at the time. On the Spanish situation this movement did not take place, which explains the existence of larger, yet still few, industrial foundations. As a matter of fact, they have been emerging in more recent times, as foundation ownership has been perceived as advantageous and a successful model of ownership. One example is Grupo Siro Foundation (F9), which aims for perpetuity of its business and that was inspired by the “successful precedent model of Mapfre” Foundation (F6) (ESADE, 2017) to establish one too, and donate some ownership. Specifically, in the latter case (F6), the foundation, established in 1976, only became owner of the majority of the voting rights in 2006, when Mapfre executives decided this transition, because “first, it sounds very nice and social the idea of Foundation (versus private investors ownership) and, second, by maintaining control of the company within the Foundation, it will protect it from financial sharks that may try to buy it. In other words, when someone wants to buy the company, the decision makers will be the managers, who control it through the Foundation, and not the shareholders.” (Alvaréz-Moro, 2006). Thus, this goes in line with previous literature that supports foundation-ownership contributes to long-term governance and long-termism of the business (Børsting et al., 2014a). Moreover, the samples in this study confirm that, first, industrial foundations can be found across all different industries, as Kuhn and Thomsen also concluded in a study in 2015, second, industrial foundations will have more success with already large and consolidated enterprises (Børsting et al., 2014a), this is clear in F6-C6, F8-C8 and F9-C9 cases of the Spanish sample. An additional proof on the latter conclusion is the F4-C4 case, where the on-going bad financial performance and small size of the bank (C4) are putting at risk foundation-ownership in the near future. Notwithstanding, the experts’ insights collected through this research reveal that,

despite that they wish to keep their stakes in C5 and C7 today, as a matter of respect for its history, nothing forbids them of selling it in the future, if they believe the money will be better invested somewhere else, therefore, foundation is not, necessarily, as a “commitment mechanism” that guarantees the existence of the business in perpetuity as Scheling (1960) proposed. Their paramount objective is to manage the assets in order to guarantee return to pay the projects. As a matter of fact, the largest foundation in Portugal (F1) and the best example of industrial ownership in the country, sold recently its company (C1) bequeathed by the founder, after previewing its decline in the future.

Additionally, the size of ownership held by the foundations also depicts different insights in both countries. In Portugal, the stakes of ownership are higher but companies are small-medium enterprises, and in the case of minority ownership (F5-C5) the expert affirms it not to be an example of industrial foundation, but only a financial asset donated by the founder. On the other side of the border, in Spain, the stakes are necessarily smaller but with large and consolidated companies, and influence on management seems to have greater impact, as foundations managed to have some seats in the board and participate in the decision-making.

Regarding the foundation behaviour as an investor, and which is in consonance with the literature, that foundations managed their assets in a conservative way, by investing in risk-free (or reduced risk) projects, giving preference to companies that provide constant and stable dividends and investing in diversified industries and locations to avoid idiosyncratic risk.

Lastly, this study also contributes with interesting insights about the enablers for emergence of foundation-ownership, theory suggests that tax-saving is one of the explanations, and in fact both in Portugal and Spain, companies owned by foundations are exempt from paying corporate taxes, yet tax incentives are not big enough to be one of the main motivations to foundation creation or company-ownership by foundations in the Iberian countries.

Overall, this thesis might be purposeful to policymakers, corporates and foundations aiming at finding a sustainable and rational solution to promote long-term governance.

5.3 Limitations and Directions for future research:

This study involves a number of limitations that shall be taken into consideration. First, given constraints in time, proper access to data and limited size of the working project, it is not possible to guarantee the existence of more cases of foundation-ownership, in Portugal and Spain, of interest for the research, as well as a more complete investigation of each of the cases. On the other hand, the small size of the sample does not allow generalization of the conclusions inferred.

Hence, future research should, then, exploit more substantially these cases by including, for instance, an overview of the financial performance of the foundation-owned companies, a deeper investigation of the legal structure of each country or an analysis of the governance behaviour of the foundation-owned companies. Investing more resources into finding more cases of foundation-owned companies is also recommended. Finally, to better close the addressed gap in the literature, more countries in the South of Europe should be scrutinized, as foundation ownership seems to be a reasonable solution to guarantee companies' long-term stability. The author hopes the current project inspires others to contribute to this discussion, as both qualitative and quantitative studies are important and necessary to enhance the understanding of this concept.

6. Conclusion

The current thesis contributes to the literature by offering here a first effort to analyse qualitatively the role of foundation-ownership in the Iberian countries. The study finds that, besides that there exist no legal constraints, this concept is, yet, very unexplored in both countries. On one hand in Spain, it starts to exist some recognition of the benefits of this structure for the long-term performance and some large companies are modifying their

organization towards this concept, nevertheless, insignificant tax incentives and overall unfamiliarity with the concept may justify that there are not many important examples of industrial foundations. In Portugal, on the other hand, there are several examples of historical industrial “family-foundations”, where recognized capitalists in the past have donated their assets to a foundation, with the goal of foundations looking after them and continue the social projects of the founders, however, the sizes of the assets are considerably small and the drastic extinction of influential capitalists in the previous century did not allow, yet, for great capital accumulation and consequent foundation establishment. Furthermore, in conformity with Spain there is little knowledge about the model of industrial foundations. One last rationale has to do with cultural context of both countries, they both score worse than Nordic countries on governance and corruption indicators (Kaufmann, Et al., 2010) which may create reluctance to this model and lack of trust that companies’ returns will be redistributed to society through foundations’ philanthropic activities.

Overall, there is space and legal conditions for this concept to proliferate in both countries.

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8. Appendix

Table 1 "Thomsen lens" variables

"Thomsen lens" variables to filter "Industrial Foundations" in Portugal and Spain
T1. Controlling ownership - A controlling ownership stake in a business company: Full (100%) or controlling influence (>50%) of the voting rights.
T2. Business Company - Control over a company that sells goods and services to the public on a commercial basis (i.e. in a competitive market). No concern between commercial versus charitable activity, yet the commercial activity must be significant in terms of magnitude of sales and where the primary goal is profitability. (For example, income generated from museum tickets, small food establishments, etc. is taken in consideration).
T3. Creation by Donation - The industrial foundation is created through an irreversible donation, by the company's founder (or descendants), of its ownership rights in the company. These contemplate the initial endowment of the foundation.
T4. Non-selfish Goal - Industrial Foundations usually engage in both business and charitable purposes. For instance, the part of the dividend income generated by the business is earmarked to a non-selfish purpose (e.g.: art, education, charity, research, etc.).

Table 2 Portuguese Sample of Industrial Foundations using "Thomsen lens"

Thomsen Variable		T1 Controlling Ownership	T2 Business Company	T3 Creation by Donation	T4 Non-selfish Goal
Foundation	Foundation-owned Company	Variable description			
		A controlling ownership stake in a business company. Full (100%) or controlling influence (>50% of the voting rights)	Control over a company that sells goods and services to the public on a commercial basis (i.e. in a competitive market). No concern between commercial versus charitable activity, yet the commercial activity must be significant in terms of magnitude of sales and where the primary goal is profitability.	The industrial foundation is created through an irreversible donation, by the company's founder (or descendants), of its ownership rights in the company. These contemplate the initial endowment of the foundation.	Industrial Foundations usually engage in both business and charity purposes. For instance, the dividend income generated by the business is allocated for a charitable purpose, from grant-giving to running a hospital, etc.
F1 Fundação Calouste Gulbenkian	C1 Partex	100% (until November 2019), 0% (at the moment). Recently the Foundation sold Partex to a Thai oil company (PTTEP) for € 553.3 Million. It decided in 2018 to divest from the oil and gas sector, following the movement of other international foundations, as well as, aim to achieve a diversified portfolio with long-term returns, social and environmental positive impact and alignment with the philanthropic nature of the Foundation activities. PTTEP promised to keep the same management team and employees of the company, as well as the Lisbon office.	Partex Holding operates as an oil company and it played an instrumental role in the development of the international oil and gas industry in the historical oil concessions of the Middle East. Its founder, Calouste Gulbenkian, a descendant of an illustrious Armenian family, was a pioneer in the exploration and development of the oil fields in the Middle East. Every year Partex always produces good results. In 2018 they paid 90 million dividends to the Gulbenkian Foundation.	Calouste Gulbenkian spent the final years of his life in Lisbon, Portugal, where he died in 1955. In his will, he left his oil interests and his art collection to a foundation, which was to be based in Lisbon, Portugal - the Calouste Gulbenkian Foundation (Initial Endowment € 2900 Million).	Non-selfish purposes: promotion of the arts, philanthropy, science, and education.
F2 Fundação Eugénio de Almeida	C2 Cartuxa	100%. The Cartuxa brand is one of the main assets of the Eugénio de Almeida Foundation and the current umbrella brand of Cartuxa Winery, Olive-press, Wine Tourism and Wine Cellar, located in Alentejo, Portugal.	By 2018, the total revenues from bottled wine (78%) and olive oil (10%). Portugal is currently the responsible for the majority of the sales, yet Cartuxa is already very present in international markets like the US, Angola and Brazil, the main contributor.	The founder, Vasco Maria Eugénio de Almeida, in 1963, in the absence of direct heirs, decided to transform the life project of service to others into a perennial institutional project, by creating the Eugénio de Almeida Foundation, whose heritage belongs among other properties and real estate, Quinta and the Convento da Cartuxa. He passed in 1975.	Its mission is to aid the development of the Évora region, by encouraging cultural, educational, social work and spiritual initiatives. The success of Cartuxa wines has brought resources that allow the institution to carry out these goals
F3 Fundação Bissaya Barreto	C3 Grande Hotel de Luso	50%. Later on, the Bissaya Barreto Foundation partnered with the Oriente Foundation to purchase the Hotel with an equal share. The goal was, according with Viegas Nascimento - Chairman of the Board of Directors of Bissaya Barreto, to perpetuate in memory «one of the most emblematic and best hotels in the central region» of Portugal. The association with the Oriente Foundation is justified by the connection it had with the thermal waters, namely with the waters of Caldas de Monchique.	Located on the mountainside of Bopaco, the Grande Hotel de Luso is a flagship hotel known for 70 years and is recognized by the high quality of its thermal water treatments and hospitality. After the repurchase, the foundation invested on renovation of the building, that led to a reclassification of the hotel from 3 to 4 stars.	The Foundation was created in 1958 with an initial endowment of €6 000, by the Professor Doctor Bissaya Barreto, who made the Foundation heir of all his assets, adding to it valuable real estate heritage (urban and rustic) located in several municipalities of the central region of the country. During his life, as president of Sociedade da Água de Luso, he ordered the construction of Grande Hotel de Luso, and the foundation kept a smaller share of it along with other 8 shareholders (including the Sociedade da Água de Luso).	The Foundation aims to continue the Social Work created and bequeathed by the patron, Fernando Bissaya Barreto, by contributing to the promotion of the population of the central region of the country, performing and supporting activities in the Social, Education, Health, Culture, Vocational Training spheres.
F4 Fundação Oriente	C4 Banco Português de Gestão	90.6%. Fundação Oriente owns a large share of the bank, which suffered several increases along time as the foundation was forced to inject capital, given the non-performing debt the bank was accumulating. The Fundação Stanley Ho owns also a 0.99% of the small bank.	The Banco Português de Gestão was established in 2000, with a registered capital of €18 Million, and assists the Social Economy segment (serving agents like: IPSSs, Misericórdias, Institutes, Municipalities, Foundations, Cooperatives, etc.). The bank combines economic and social concerns with the areas of financial markets, corporate finance and commercial banking, namely asset management and portfolio management activities. It is a small bank, has been suffering several capital increases by the Fundação Oriente, its main shareholder, given the reported non-performing loans, that were generating bad debt. Sale of the bank maybe of the future plans of the foundation.	The creation of Fundação Oriente resulted from an agreement in 1986 between the Government of Macau and Sociedade de Turismo e Diversões de Macau (STDM). It was established in Lisbon in 1988, when trustees were appointed by the President of the Republic of Portugal. The foundation then became a private institution with total administrative and financial autonomy, having received an initial donation of \$40.000.000 from the STDM. As of 1996, the foundation is no longer linked to the contract between the Government of Macau and STDM.	Its non-selfish mission is to carry out activities of a cultural, educational, artistic, scientific, social and philanthropic nature in Portugal and Macao, aimed at the development and continuity of the historical and cultural relationship between Portugal and the East, specifically China.
F5 Fundação Amélia de Mello	C5 José de Mello Saúde (Unidades rede CUF)	The Fundação Amélia de Mello owns a minority share of 4.15%, being the second and major shareholder the José de Mello S.G.P.S., S.A., with 65.45% of capital.	José de Mello Saúde is the largest private healthcare operator in Portugal, employs over 8900 employees and currently manages 10 hospitals (two of them in public-private partnership), 1 institute and 19 clinics. José de Mello Saúde's reached, in 2018, €683.1 Million in sales, an increase of 7.2% versus 2017, a result of the positive performance across all areas of healthcare activity.	The Fundação was established in 1964 at the initiative of D. Manuel de Mello, not only in honour of his wife but also as a way of strengthening and continuing, from another perspective, the CUF Group's social work. Part of the Foundation's initial assets were a donation from D. Manuel de Mello assets. The Foundation's current assets consist predominantly of financial investments – in several strategic sectors.	The purposes for which the Foundation has sought to pursue its activities have been to award subsidies to institutions for scientific research applied to industry or to the advancement of medical sciences, in addition to the award of scholarships.

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Color meaning	
■	It does not confirm the variable
■	There is insufficient data to confirm the variable or the variable was contextualised.
■	It confirms the variable

Table 3 Spanish Sample of Industrial Foundations using "Thomsen lens"

Foundation	Thomsen Variable	T1 Controlling Ownership	T2 Business Company	T3 Creation by Donation	T4 Non-selfish Goal
	Foundation-owned Company	A controlling ownership stake in a business company. Full (100%) or controlling influence (>50%) of the voting rights	Control over a company that sells goods and services to the public on a commercial basis (i.e. in a competitive market). No concern between commercial versus charitable activity, yet the commercial activity must be significant in terms of magnitude of sales and where the primary goal is profitability.	The industrial foundation is created through an irreversible donation, by the company's founder (or descendants), of its ownership rights in the company. These contemplate the initial endowment of the foundation.	Industrial Foundations usually engage in both business and charity purposes. For instance, the dividend income generated by the business is allocated for a charitable purpose, from granting to running a hospital, etc.
	Variable description				
F6 Fundación Mapfre	C6 Mapfre	The majority shareholder of MAPFRE S.A. is Fundación MAPFRE, which owns 68.2% of the share capital, including treasury stock, thus guaranteeing the Group's independence and institutional stability.	Mapfre, S.A. is a Spanish insurance company, based in Majadahonda, Madrid, is the leading insurance company in Spain and the largest non-life insurance company in Latin America. Employs about 35 000 people in 45 countries, in 2018 generated €26 600 Million in revenues, where 40% came from Iberia market, 21% from Brazil and 15% from South America.	The MAPFRE Foundation is the result of the merger of several foundations that MAPFRE has been creating since 1975 in Spain. These original entities channeled the socially responsible performance of the parent institution to society, by developing, independently, activities in different professional and cultural fields: Fundación MAPFRE Medicina, Fundación MAPFRE Estudios, Fundación MAPFRE Vida and Fundación de Estudios Históricos MAPFRE Tavera. In 2006, the merger took place followed by a corporate reorganization, where all the Group's business activities have been integrated into MAPFRE SA, a publicly traded holding company, with the majority control of said company being attributed to the MAPFRE Foundation. This transfer of ownership has the result of securing the positions, control and future of the directors of the company, and of the directors of the Foundation, who are the same.	As MAPFRE's nonprofit institution, their mission is to contribute to improving people's quality of life and the progress of society through multinational programs and activities based in 5 areas: Social Action, Culture, Health Promotion, Accident Prevention and Road Safety and Insurance and Social Protection. They are present in 29 countries and perform activities mostly in the Spanish-speaking world.
		0.00	1.00	-3.00	1.00
F7 Fundación Bancaria "La Caixa"	C7 Caixa Bank	CaixaBank's largest shareholder is Fundación Bancaria "la Caixa", which controls 40% stake of the bank through CriteríaCaixa - an unlisted investment holding company which manages the wealth of the "la Caixa" Banking Foundation. CriteríaCaixa's portfolio is formed of shareholdings in strategic sectors, such as banking, energy, infrastructure, services and real estate and dividends obtained are directly managed by the foundation, which allocates into its welfare projects.	CaixaBank, S.A., currently known as <i>la Caixa</i> , is a Spanish financial services company, the third-largest lender by market value in the country, after Banco Santander and BBVA. It employs about 37 000 employees. In 2018, the attributed result to CaixaBank was €1 985 Million, 17.8% more compared to 2017.	In 1904, Caja de Pensiones para la Vejez y de Ahorros de Cataluña y Baleares, was founded as a private savings bank that, at that time of so much social instability, would become a means of helping the most disadvantaged classes to have access to pension plans, to decrease financial exclusion. In 1990, it merged with Caja de Ahorros y Monte de Piedad de Barcelona to form a leading group in the Spanish financial system, Caja de Ahorros y Pensiones de Barcelona, known as "la Caixa". In 2011, "la Caixa" group carried out a corporate reorganization which culminated in the creation of CaixaBank, a listed bank through which the "la Caixa" Group continued to carry out its financial business indirectly. In June 2014, it became "la Caixa" Banking Foundation, in compliance with the Savings Banks and Banking Foundations Law of 2013. The latter required savings banks with indirect banking activity to be liquidated and transformed into foundations, responsible for managing social work projects. Simultaneously, CaixaBank's stock was transferred to CriteríaCaixa, an equity instrumental company fully controlled by the foundation. Since then, it has managed the work for society and, through CriteríaCaixa, it also manages the shareholdings of the "la Caixa" Foundation Group.	With an annual budget of €500 million, nourished by the dividends received from its investments and the active management of its CriteríaCaixa's portfolio of companies and other assets, "la Caixa" Foundation is active to support initiatives ranging from social inclusion to scientific and social research in order to fulfill its mission of contributing to the progress of people and society through own and third parties' programs.
		0.00	1.00	1.00	1.00
F8 Fundación Ramón Areces	C8 El Corte Inglés	Fundación Ramón Areces holds the largest stake of El Corte Inglés Group, 37.39%. Marta Álvarez, the company's chairwoman since July 2019 and patron of the Ramón Areces Foundation since 2015, together with her sister Cristina Álvarez and, through Cartera de Valores IASA (22.18%), controls the majority of the El Corte Inglés' ownership.	El Corte Inglés is the biggest department store group in Europe, ranks third worldwide and in Spain is the only remaining department store chain, currently with 93 department stores in Portugal and Spain. In addition to the El Corte Inglés department stores, the Group has other chains in fields as diverse as fashion and accessories, interior decoration and the home, technology, insurance and travel. In 2018, the El Corte Inglés Group ended with a consolidated turnover of €15 783 Millions, a 1.1% increase to the previous year, and employing 90 000 people.	The Ramón Areces Foundation was established in 1976. Its purpose, apart from a secure future for the company in the case of Ramón Areces Rodríguez's death, was to encourage scientific research, award grants, and support training programs, publications, and cultural activities in general. In 1989, the founder died and left all his capital inheritance to the Foundation, which meant controlled the business group holding practically all the shares in the group's companies except for the insignificant number owned by the administrative board.	Fundación Ramón Areces is a non-profit organisation whose main objective is to create a solid scientific and technological structure in Spain in order to improve people's lives and finding solutions to the challenges that the modern society have to face, especially in the dimensions of science, education, culture and economics. In 2018, the Foundation allocated almost €12 Million to support about 130 research projects.
		-0.20	1.00	1.00	1.00
F9 Fundación Grupo Siro	C9 Ceralto Siro Foods	The Foundation will become the next owner of the Company and already has a 5% share of the Group.	Resulting from the merger of Grupo Siro and Ceralto, Ceralto Siro Foods is a multinational company that manufactures cereal-based food products, on the global categories of Biscuits, Cereals and Pasta, supplying retailers and international branded food companies in the B2B sector. The Group closed 2018 with a turnover of €600 M euros and a production volume of 400,000 t. Ceralto Siro Foods has a workforce of 4 800 people in its 17 production centres located in Spain, Portugal, Italy, the UK and Mexico.	The dream and commitment of the founders, Juan Manuel González Serra and Lucía Urbán, was to create a sufficiently independent and robust body to ensure the sustainability of their business project and power to oversee a group of companies. This was achieved in 2007 with the establishment of the Grupo Siro Foundation. The Foundation will become the next owner of the Company and already has a 5% share of the Group.	Currently, the Grupo Siro Foundation is structured around four goals: promoting the integration of people with barriers to work; contributing to the excellent education of colleagues' children; providing assistance with exceptional medical treatment for colleagues and their families; and the recovery of historic, artistic and environmental heritage in the communities where the group is present.
			1.00	-3.00	1.00
F10 Fundación ONCE (Organización Nacional de Ciegos Españoles)	C10 Ilunion	ILUNION is the group of companies of the ONCE and the ONCE Foundation, which share ownership with 47.5% and 52.5%, respectively.	ILUNION has more than 50 business lines, divided into five sectors: Business & Facility Services (security, cleaning, industrial laundry, etc.), Healthcare (physiotherapy clinics, day centers, etc.), Consulting, Tourism (hotels, catering and leisure), and Marketing (convenience stores and insurance brokerage). It has a workforce of 32,000 workers, of which 35% are people with disabilities, and at the end of the 2018 financial year, Ilunion achieved a €3 000 Million in turnover. Ilunion materializes in the business field the social initiative of ONCE and its Foundation, by creating employment for people with disabilities.	The National Organization of the Spanish Blind (ONCE) is a public non-profit corporation that has the fundamental purpose of improving the quality of life of blind people, people with visual restoration and people with disabilities throughout Spain. In 1988, the ONCE Foundation was created for cooperation and social inclusion of people with disabilities. A year later, the Foundation promoted the Funderosa business group, with the aim of generating stable employment for people with disabilities. Only in 2014, Ilunion was created as a result of the convergence of business groups belonging to ONCE and its Foundation, CEOSA and Funderosa Group, respectively. These companies were born with a double purpose: economic, to diversify the sources of income of the ONCE, and social, to facilitate the labor integration of people affiliated with ONCE in activities other than those of the organization itself.	The main objective of Fundación ONCE is the realization of programs of labor integration, training and employment for people with disabilities, as well as promoting global accessibility favoring the creation of environments, products and services for all.

Table 5 Consolidated data of each individual of Portuguese and Spanish samples

		Portugal					Spain							
		F1	F2	F3	F4	F5	F6	F7	F8	F9	F10			
		C1	C2	C3	C4	C5	C6	C7	C8	C9	C10			
		Average					Average							
T1	Controlling Ownership stake (≥50%)	100%	100%	50%	90.60%	4.15%	68.20%	40%	37.39%	5%	52.50%			
T2	Core Business Area	Products	Products	Services	Services	Services	Services	Services	Products	Products	Services			
	Sector	Oil & Gas	Bottled Wine and Olive Oil	Hotel Business	Financial Services	Healthcare Services	Insurance	Financial Services	Retail	Food	Health care, Facility Services, Tourism, Marketing, Consulting			
	Business Company	Turnover (2018)	€380 M	€16 M	€2.2 M	€2.2 M	€683.1 M	€26 600 M	€1 985 M	€15 783 M	€600 M	€18.5 M		
		Balance Sheet Total	€2 616 M	€95 M	€12.4 M	€198 M	€817.3 M	€67 291 M	€386 622 M	€17 944 M	-	€16.3 M		
		Net result (2018)	€23.3 M	€2.7 M	€ 54,415	€-13.5 M	€15.6 M	€528.9 M	€353.4 M	€256.1 M	-	€0.932 M		
		Number of employees	80	201	<50	30	8900	35000	37000	9000	4800	32000		
		Size Category	Medium	Medium	Small	Small	Large	Large	Large	Large	Large	Large		
T3	Founder's Donation	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	No			
	Creation by Donation	Year of creation	1955	1963	1958	1988	1964	1966	1976	2014	1976	2007	1988	1992
	Foundation Ownership	Year of creation	1955	1980	1958	2000	1964	1971	2006	2014	1976	2007	1988	1998
T4	Non-Selfish Goal	Yes					Yes							

Table 6 Interview with Jorge Quintas from Amélia de Mello Foundation (F5)

Foundation: Fundação Amélia de Mello

Company: Grupo CUF

Interviewee: Jorge Quintas

Position(s): General secretary of Fundação Amélia de Mello

Contact level: Phone call

Date: December 12, 2019

Note: The following interview transcript includes the main structural questions and insightful answers, thus, initial presentation of the project, related talk and final acknowledgments are not comprised. Part of the conversational text may have suffered minor alterations in the interconnection of ideas in order to facilitate the flow of reading. The interview was done in Portuguese and it was translated for the purpose and format of the current thesis. Lastly, as mentioned in the methodology, the interview was realised in a semi-structured way allowing a more focused, open and fluid conversation.

Q1: **Have you ever about the concept of Industrial Foundations?**

A1: No. In the categories of foundations I only know two, which are the corporative/business foundations and the family foundations, that is the distinction I make. Yet, there may be more, for instance, there is a sub-type, the territorial foundations, which have special criteria for the territory where they intervene, one example, is the Gulbenkian Foundation, which is a family foundation with territorial intervention criteria, too. That is, it intervenes at the national level (Portugal), but it also develops projects only in Armenia, where the foundation's founder is originated from. In his legacy, he created the foundation where he said the foundation does this and that, but also imposed the foundation to develop something specific in the territory where he was born, Armenia. In addition, the Gulbenkian Foundation, until very recently owned a company, named Partex, a company that operates in the field of oil products. Overall, in Portugal, as far as I know, foundations that own businesses, we have, for example, two more: the foundation of Berardo, which owns the Bacalhôa Wines, and the Eugénio de Almeida Foundation that owns Cartuxa and Pêra Manca wines. Then, it is natural that there are more foundations ownings businesses, for example, in the area of education, there is a foundation that is CEBI that owns a large college in Alverca, which even has secondary education, inclusive. Moreover, there are, nowadays, many foundations that have a different business essence, which are the Foundations of Universities, some universities are currently migrating to the foundation model, Universidade Nova de Lisboa as well as the University of Lisbon are two of these cases. The Catholic University has a foundation, as well, but is a different case, since it is a catholic university, it depends on the Cardinal Patriarch of Lisbon, so in that sense, let's say the owner is the Patriarchate of Lisbon. In the world, there are many, however, in the United States, in Germany, in Belgium there are many foundations that are business owners, the Henkel Foundation, for example, the Prosegur Foundation, the Ramón Areces Foundation which is the owner of El Corte Ingles, with a great participation, the La Caixa Foundation which has 40% of La Caixa bank, among others.

Q2: **What is the size of the business that is you perceive, in order to be consider it to be an Industrial Foundation?**

A2: It is important to contextualize each case and perceive then its size at a scale. For example, in the case of CEBI Foundation, the foundation and its college are very large in Alverca, they have a large dimension given the specific context of the region in which it operates.

Q3: **What are the tax incentives for foundations that own businesses?**

A3: Foundations with public utility are exempt from Corporate income tax (IRC) that is, in fact, a relevant issue matter of study.

Q4:	In Portugal, do you think this is one of the reasons why some companies are owned by foundations?
A4:	As far as I know, I don't believe that is the optic, I believe that is what motivate foundations to own businesses. On the other hand, foundations, in general, are not created to be business owners, because business is a capitalist entrepreneurial market activity, so a foundation is not in the position to own a business. Its main objective is philanthropy, social activity.
Q5:	Regarding the Amélia de Mello Foundation, which owns 4.15% of the CUF Group, can you explain how that influences management of the hospitals and clinics?
A5:	Yes, the foundation owns 4.15% of the Group, but with such small stake we don't control or influence the management, at all.
Q6:	What are prospects of the evolution of this ownership?
A6:	At the moment, we wish to maintain it and not to increase the stake. Tomorrow we may decide to sell the stake for some reason, yet, today we want to keep it, we are not thinking to sell.
Q7:	Previously, you have identified 2 or 3 types of foundations, can you explain, better the definitions?
A7:	First, there are the corporate foundations (e.g.: BCP Foundation, EDP Foundation, Altice Foundation...), i.e. foundations that are associated with a brand and therefore, that is the marketing motive associated. The "la Caixa" Foundation is marketing, they run mega advertising campaigns, because it gives people the idea that more than the la Caixa bank, it is also a bank that gives money to social institutions, gives scholarships, is solidary. Another case is the BCP, it not only makes money from customers but also gives money to the National Museum of Ancient Art as well to an orchestra. Family foundations, on the other side, have no connection with the business.
Q9:	Do you consider the Amélia de Mello Foundation a family foundation and how was it created?
A9:	Yes, it has nothing to do with a corporate/business, its name is not a brand. Dom Manuel de Mello, when he created the foundation, offered the foundation his personal heritage with varied meanings. Nowadays, there is no company called Mello. The CUF Group is not the Mello brand, not the hospital Mello, not the Mello bank, not the Mello insurance company. Fula oil is not Mello oil. We are, clearly, a family foundation, such as the Ilidio Pinho Foundation or the Belmiro de Azevedo Foundation, that is, these are linked to the family, have a family project. Attention, the Belmiro de Azevedo Foundation owns a big school in Porto.
Q10:	Do you perceive the term business foundation ("fundação empresarial") as the same corporate foundation ("fundação corporativa")?
A10:	Yes, for me they mean the same.
Q11:	How do you describe the Amélia de Mello Foundation behavior as an investor?
A11:	We have shares in BCP, CUF Group, we invest in New York Stock Exchange, in the fund we manage the portfolio, it is very diversified.
Q12:	Which are the foundation's key areas of action where dividends are allocated?
A12:	We statutorily have two areas of intervention, which are education and social assistance, two mandatory areas. We can only apply our social investment funds to projects in these areas.
Q13:	Do you think that the concept of industrial foundation applies in Portugal?
A13:	Yes, it applies but to little extent. Gulbenkian is an exemplary case of it, the Berardo Foundation has a very clear evidence as well, the FEA, the Oriente Foundation, the CEBI Foundation among others. The Fundação Oriente, for instance, seeks, through investment in the Bank, returns to have dividends to finance its activity. There are several examples of industrial foundations. The EDP foundation, on the other hand, is a foundation that lives with donations from EDP. It is not one of the owners of EDP, the business they own just a museum, whose activity is not considered significant or relevant to the concept of industrial foundation. Thus, within corporate foundations, the foundations that hold company shares may, therefore, be considered industrial foundations, and there are corporate foundations that are only to carry out their social activities with or without marketing intent.
Q14:	Overall, what do you resonate for the reduced existence of industrial foundations in Portugal? And, what do you think about Spain?
A14:	Unfortunately, in Portugal there aren't many big and known industrial foundations, because there was a process of nationalizations that destroyed the corporate economy. What happens with nationalizations is that it destroys the corporate entrepreneurial structure. When this happened, capitalists stopped existing in Portugal, the state appropriated the Portuguese business sector. It was in 1975, after the April 25 Carnation Revolution, in 1974, when all the big companies were nationalized and the state became the only owner. Meanwhile, in Spain, the capitalists continued to exist, no one touched them. So with nationalizations, the entrepreneurial structure was completely destroyed and never recovered until today. The "old money" is over, only the Mellors are left. When we refer to "old money", we talk about Burnays, Borges, Espírito Santo, which all ended. Of the capitalists that exist today, most are considered "new money": Amorim, Belmiro de Azevedo, Soares dos Santos, who emerged after the nationalization era and/or gained a much larger scale after that time (e.g.: Amorim that already existed before 1975 with an insignificant size).
Q15:	Nowadays, do you believe that exist the necessary conditions for this type of foundation structure to develop? Is there any kind of incentive?

A15: Yes, if the economy improves, if companies are able to grow, it is natural that it will happen. For example, the Altice Foundation will have more capacity, as well as, the “la Caixa” Foundation , the Mota-Engil Foundation, etc. So, this structure will develop but wealth creation is necessary, economic development is necessary, so that wealth can be distributed through the foundations. Therefore, it is necessary to go to the root of the problem to understand why there are no large foundations in Portugal. That is because there is no real business sector in Portugal, it is very small and incipient, and part of it goes back to April 25th.
If we do not have a private economy as there will be philanthropy, foundations and aid to society, it is impossible.

Table 7 Interview with Rafael Chueca from "la Caixa" Foundation (F7)

Foundation: "la Caixa" Foundation	Company: CaixaBank
Interviewee: Rafael Chueca	Position(s): Corporate Director and Member of the Executive Committee at "la Caixa" Foundation
Contact level: Videoconference	Date: December 2, 2019
Note:	The following interview transcript includes the main structural questions and insightful answers, thus, initial presentation of the project, related talk and final acknowledgments are not comprised. Part of the conversational text may have suffered minor alterations in the interconnection of ideas in order to facilitate the flow of reading. Lastly, as mentioned in the methodology, the interview was realised in a semi-structured way allowing a more focused, open and fluid conversation.
Q1:	Have you ever about the concept of Industrial Foundations?
A1:	I believe yes, in a meeting at Vieira de Almeida Lawyers, with other foundations which I believe were Industrial Foundations from Portugal, they were all foundations coming from corporations.
Q2:	By walking us through the history of "la Caixa", can you further explain the merge of several savings banks (known as <i>Cajas</i>) that happened along the time, which resulted in the great "la Caixa" business group as we know it today?
A2:	La Caixa is the result of the merge of more than 70 small and greater saving banks. These banks, known as <i>Cajas</i> , were created very locally (since 1904), in almost every village in Spain. They were small because people living in those villages put their savings together to guarantee some kind of pension, before the beginning of social security's pension plans. Altogether, their money was invested in the village, enabling to help other people in the same community and contributing, in the end, to the social-economic development of these local communities. La Caixa was created in Barcelona and was the biggest of all these banks. For one century many merges of several savings banks took place, up until 1990, when there were several big savings banks, and as la Caixa was the largest, other savings banks merge with it creating the great "la Caixa" savings banks group.
Q3:	What motivated the creation, in 2011, of Caixa Bank, which became responsible of all financial activity of the within la Caixa Group? Also, later, in 2014, what resonates the law that required all savings banks, including la Caixa, to become banking foundations?
A3:	At the time, savings banks, namely la Caixa, were doing on their own the three things: financial activity, industrial activity (i.e. the investments made in several industrial sectors) and welfare projects (helping the community). In the late times (2011), la Caixa Group created Caixa Bank to be the only responsible for financial activities, while, CriteriaCaixa (the group's unlisted holding company) was responsible for the management of the Industrial investments - all under the umbrella of LaCaixa Savings Bank. In this moment (2013), there is a new law in Spain, because Spain had to receive a banking rescue during the crisis. It was different from Portugal and Greece, that received a rescue as a country. In Spain only the banking sector was rescued, and by putting money in the banks, they avoided to have a rescue as a country. So, one of the conditions that the European Union and Troika imposed in Spain was to transform Savings Banks into foundations, in order to impose some rules on the composition of the governing boards. La Caixa, itself, had no problems, but other savings banks were problematic during the crisis, as they were influenced by politicians and were not so professionals. It is a very complex measure, but this is what they thought: no more savings banks in Spain, they have to transform into foundations, and if these Savings Banks have a relevant part of commercial banks they have to be a Banking Foundation and, consequently, will be controlled by the Ministry of Economy and Bank of Spain. There were other Savings Bank that had lost the bank they hold, because the bank was rescued, and these have transformed into common foundations.
Q4:	All shareholdings of the "la Caixa" Foundation are owned by CriteriaCaixa, including CaixaBank, since 2014. What motivated the transfer to this equity instrumental company, versus keeping these holdings directly in the hands of the foundation?
A4:	CriteriaBank was not created in 2014, it already existed. It was like a reorganization of the Group. The La Caixa Banking Foundation is currently the indirect owner of all the assets, which previously belonged to La Caixa Savings Banks, so around €20 Billion invested in banking and other industries. We decided to put all these assets into CriteriaCaixa holding, because it has specialized staff in risk management, as well as, people representing the foundation interests and individual experts. It is convenient that these holdings are under CriteriaCaixa, because as a big business, it is for us very important to be a solid group. Hence, LaCaixa Foundation controls what CriteriaCaixa is doing while running directly all the welfare projects. It could be different, but bearing the size of the foundation, these are separated.
Q5:	What motivated the dispersion of ownership of CaixaBank, so that the foundation only holds 40% now?

A5:	When CaixaBank was created (2011), they "opened" it in the stock market for individual or institutional investments. So there was a time that the foundation had 60% -70% Caixa Bank, and the rest was in the stock market. Yet, there was a point in which the exchange rates got too low, and ECB and Bank of Spain decided it was necessary to impose a limit on the foundation-ownership of the bank to 40%. This is a precautionary measure to protect the rest of the "la Caixa" investments, as if there is a new banking crisis, the foundation will only be responsible for the 40% stock they have in their holdings, versus having to save the bank as a whole, risking the remaining assets, in case they hold more than that. By going down to 40%, they can separate, and La Caixa Foundation and CriteriaCaixa become one thing and the CaixaBank is another think, being the foundation only responsible for the 40% stock they have in their hands.
Q6:	Why does la Caixa Foundation keep these 40% and not less?
A6:	The foundation is pretty comfortable with 40% of CaixaBank, as half of their investments are in banking (mainly in Caixa Bank, but also Bank of East Asia and in Inbursa in Mexico) and the other half in industry, services and real estate portfolio.
Q7:	What are the future prospects of foundation ownership regarding CaixaBank and remaining assets?
A7:	In the future, the foundation can sell or maintain the share, depending on the markets and the foundation's strategy, but not buy more shares as they are restricted by the law. There is, however, a minor possibility that the foundation decides that the money will be better out of CaixaBank and invested in other assets, since "the foundation has a very long history with CaixaBank and a name to respect", so in other words, "la Caixa" Foundation is seen as long-term shareholder of CaixaBank. The mission is to keep the investment in CaixaBank and remaining assets forever, because is what is paying the welfare projects.
Q8:	What is the level of influence la Caixa Foundation has in the management of CaixaBank and all its assets?
A8:	It depends, we are diversifying now. La Caixa used to say, 10-15 years ago, that we would only invest in business that we understand and that we control. With those two conditions, we only wanted to be in few companies, where we can be dominant, be in the vote or/and have an agreement with other shareholders. In the last two years, however, we have decided that we can be in some companies with these same concepts, but we can manage the risk of some companies through an investment fund, as a financial activity not as an industrial activity. For instance, in some we have a lot of control, like at CaixaBank we have 40% of shares and we have 40% of the vote, with a lot of different shareholders, in Naturgy we are very relevant, same as in Saba. However, there are other companies that, maybe, we are now with 5% of the company, and in a year, we will be in 10%, or in 0% if we think we have to buy other assets instead. So, nowadays, our goal is not to control every company where we buy assets, but in several strategic and also historical investments where the "la Caixa" is relevant, goal is to be seated with one, two or more members at the board of the company, to participate in the decision-making, while the rest is managed like an investment fund.
Q9:	What do you define as controlling a company? Is it necessarily holding majority of the shares (>50%)?
A9:	In small companies that can mean owning a big share or even totally but is more difficult to do so in very large multinational companies, where 20% can sometimes guarantee the presence in the vote.
Q10:	What are the advantages you see in foundation ownership? Do you see foundation as long-term shareholder?
A10:	We are a foundation, so I believe being in a foundation is good. For a company, maybe the difference is that foundations, almost every foundation, has a medium- to long-term vision. We are not trying to get a lot of profit quickly, we prefer stable investments that give us dividends to pay our welfare projects, constant dividends. So, we don't like adventures, not us and not the rest of foundations, because the activity of investments is what allow every foundation to run their social activity. So we are not risky, we don't want a big profit in one year and no profit the next year. We are very conservative and, maybe, for many companies that are not very risky and are not trying to grow quickly, they would like shareholders like us. So, what we believe we can give to CaixaBank, Naturgy, etc., is that we have a big part of our investments stable and conservative. In the other side, for companies that want to grow a lot and fast, we are not very good shareholders because we want dividends every year. For example, Apple spent more than 10/15 years to deliver dividends, because everybody that was putting money there wanted the company to grow a lot. They were, in fact, getting a lot of money, because the value of the stocks was growing and growing a lot. Nevertheless, they were not paying dividends. We dont like these companies, we would have not been a good investor for Apple when it was being created 15 years ago.
Q11:	Within the Iberian or Spanish context do you think that foundation ownership is a viable structure? Are there any barriers? Do you think it fits our mindset?
A11:	I don't so many cases of foundations owning companies, apart from the savings banks, of which we are the main one. Every savings bank that survived the crisis was transformed in a banking foundation, keeping their bank's ownership.
Q12:	(Bearing the interviewee's unfamiliarity with other industrial foundations existing in Spain and in Portugal, it was made a brief description about the other examples included in the sample used.)

A12: As much as I know, several of these cases are the result of donation of heritage of the founder of the company: Ramón Areces, for instance, was the founder El Corte Inglés and he decided to create a foundation to run his stocks and made some welfare projects close to his death. The foundation is, *per se*, the transformation of part of the ownership that Ramón Areces had. It is the same with Grupo Siro and I'm not sure about Mapfre and ONCE. ONCE is, in fact, the institution that has been working with blind people in Spain for many years and has got a lot of money from the lottery they sell. Then, they put the money into the foundation, that made investments in several industries in order to create employment for disabled people, resulting, in the end, in the creation of the Ilunion business group. Overall, the thing is: to be a foundation owning a company you need the money, so it has to be either heritage or someone that is getting a lot of capital from other sources. So, maybe, millionaires can create foundations. In case they are expecting to die in 10-15 years and don't want their sons and daughters to inherit their assets or, alternatively, have no descendants, decide that their fortune should go to a foundation. On the other hand, a different kind of heritage are savings banks, because, necessarily, these have to die and create foundations. Perhaps, in Northern Europe it is more common to have industrial foundations due to history and tradition.

Q13: **One potential reason can tax-savings benefits. Do you think that is the case?**

A13: Here there is almost no advantage. I don't believe there is no big incentive. Normally, in Spain, foundations are created for other reasons than tax savings, I don't know about Portugal.

Q14: **Coming back to the behaviour of La Caixa Foundation as an investor, as mentioned, you don't want fast profits, you prefer sustainable profits that guarantees the foundation stable dividends. Does that mean you could prefer bigger and more consolidated companies?**

A14: I would say that, 5 years ago, we wanted big companies, but now, it is different. In Criteria we have a lot of risk management, we control European markets, American markets, Asian markets..., we control the primary sector, secondary sector..., and with the money we have to invest, risk of some investments must be covered by investing in assets that do not suffer from the same risk at the same time. So, we are diversifying a lot more now than years ago. Like I told you, to have the control of the company is not a condition as it was 10 years ago. Thus, we can own part of a company in Japan that we think it complements our investments in other areas, not having necessarily to control it. So, if this market goes down, we have other companies to compensate. That is why, for instance, we have 17.5% of Bank of East Asia and 9.1% of Inbursa in Mexico, because they are in different areas. If there is a big crisis, everything is going wrong, but we are trying to have investments in what we call anti-cycle companies (i.e. when everything is going good, these companies are not going as good, but when everything goes bad they survive, a good example are insurance companies). Overall, what is important for us is that in one century we want to have the equivalent of our €20 Billion we have in our assets and a steady, yet slow, growth of the €500 Million foundation's budget to invest in our medium- to long-term welfare projects. Therefore, regardless of the great size of our assets compared with the size of the budget, we want to balance it carefully, and not spent a big amount every year, as we want our assets to grow and not to lose value. I give you an example to clarify: Melinda and Bill Gates foundation did the opposite. Not every foundation works like us. They are much richer and bigger than us but they've decided to spent all the money while they are alive. It is the biggest foundation in world in assets and budget, but they do not mind that there will be no money after their death, because they want to help while they are still alive. For us is completely different: we want to be as rich as we are now in one century time. La Caixa's money is not our money, it is the money of one century of history, so we want to keep it like this forever. This is how it is; some foundations want to be like us and others want to be like the case of Bill and Melinda Gates foundation.

Q15: **La Caixa Foundation was mentioned as the Spanish quite powerhouse, because despite you being the third largest foundation in the world and controlling assets in several industries in Spain, you are not so known outside of Spain. Why do you think that happens?**

A15: We would like to be more known and we are very big, yet, people even believe that we are more influential than we actually are. That is because it is true, when you have investments in banking, in gas, in communications, in satellites, in everything, you are deciding a lot of things that affect the population. We are the 3rd biggest foundation in the world (depending on the year and stock markets), still we are within the top 5 main foundations in budget and in assets, so, to have such big foundation in Spain, which is not a country like USA, it is important. And we are spending a lot of money in Spain mostly, and now in Portugal, €500 M for a foundation is a lot. We would like to be more recognized, and we are working for that, nevertheless, what we are not doing is to change our activities just to be recognized. We have spent, for instance, €60 M in child poverty in Spain, his is a lot of money in Spain. We are helping thousands of families, but it is very difficult to be known because of that, as these activities are not exhibitions or concerts. Today, at this hour, we have people working with the families in every big city, trying to help them. If we wanted just to be recognized, we would spend this money in exhibitions and other things. However, once we have done these things we would like to be more recognized and, of course, we would like newspapers saying La Caixa Foundation is helping everyone in Spain and Portugal, but is not realistic yet. To conclude, we don't want to be a quite power, we want to be loud, but for the moment we are what we are.

Q16: **Finalising, do you see la Caixa Foundation as an Industrial Foundation?**

A16: Yes, I think we are. By definition we are a banking foundation established by law, we don't decide our name. But if we had to define us, we would be an industrial foundation, because 50% of our investment is in banking and 50% in other industrial assets, so I believe are an industrial foundation
