

# **The Relationship Between Professionalization and Transparency in the German Nonprofit Sector**

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# INTRODUCTION

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The United States and Germany both have rich historical roots that have contributed to the formation of their nonprofit sectors, as we know them today. Each of these sectors is comprised of different types of organizations and engages in a diverse array of activities, with the German nonprofit sector holding a more prominent presence in both the government and church-related activities.<sup>1</sup> Although set in different and unique historical and political contexts, the nonprofit sectors in the United States and Germany also share various features, including tax-exempt status for nonprofit organizations, complex relationships with both the public and for-profit sectors, and varying standards of professionalization. Although there is a substantial amount of literature on the nonprofit sector in the United States, this kind of research is very limited in other parts of the world, including Germany. Not many researchers have tackled the full range of nonprofit organizations in an international context to the extent that they might, especially in regards to professionalization, as organizations are becoming increasingly transparent and data-driven. The topic of professionalization has only recently been introduced into nonprofit discourse. For the purpose of this thesis, professionalization will be defined as the way in which nonprofit organizations are becoming more institutionalized. This means that they must produce numerical measurements, quantifiable data, and other data-driven analyses regarding the organization's impact in response to competitive pressures and external stakeholders. In some cases nonprofit professionalism is seen as nonprofits becoming more "business-like"; however, this is not always the case, as professionalization can also involve the

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<sup>1</sup> Salamon, Lester, M., Helmut, K. Anheier, Regina List, Stefan Toepler, W. Sokolowski, et al. "Germany." Trans. Array *Global Civil Society: Dimensions of the Nonprofit Sector*. Baltimore, Maryland: The Johns Hopkins Center for Civil Society Studies, 1999. Print.

implementation of ethical practices or benchmarks for achievement in different organizational areas, which may or may not be important to for-profit organizations.

In order to more clearly understand the concepts in this thesis, I will provide the definitions of transparency, third sector, and civil society, terms that will be referenced throughout the thesis. In the context of this thesis, transparency will be defined as the state in which an organization is open, honest, and accessible to the general public and its constituents. Organizations achieve transparency by making documents regarding its funding, decision-making processes, goals, vision, and other relevant information available in order to help generate trust among stakeholders and foster greater participation. The third sector refers to the voluntary, or nonprofit sector, in contrast to the public sector and the private sector. In the German context, the third sector structure is a hybrid, in which there is an intersection between the public, private, and not-for-profit spheres, as a result of Germany's parliamentary democracy. Lastly, civil society is often used as synonym for "third sector," in which it refers to nongovernmental organizations and institutions that focuses its attention on the needs of citizens and is distinct from the government and businesses. However, civil society also has another dimension, the media. The media plays a role in the creation and structuring of civil society, as it is a tool that helps enable participation, disseminate information, and reinforce accountable behavior.

Focusing on how the historical and political background of Germany has affected the founding and subsequent development of the third sector, this thesis will serve to begin unpacking the complexity of nonprofit professionalization and transparency in Germany in order to determine to what extent professionalization in Germany differs from that of the nonprofit sector in the United States as well as what implications professionalization and transparency

have for the future of the German third sector. In order to better conduct an analysis on professionalization and transparency, it is important to understand the history of how both the German and United States' nonprofit sectors were formed, their overall structures, and their size and scope, before delving into the definition and complexities of professionalization.

Chapter 1 of the thesis will begin with this background information on both the German and U.S. nonprofit sectors in order to gain a more holistic understanding of how the nonprofit sector in each country functions, including information on their funding structures and the relationships they have with both the government and the for-profit sector. This chapter will also include a brief introduction to the concept of professionalization in Germany and the United States as well as a clear definition of professionalization that will be utilized throughout this thesis. Chapter 2 will be dedicated to the approaches and methods used to conduct analysis on the transparency and professionalization of seven diverse German nonprofit organizations – PHINEO, Caritas, the Bertelsmann-Stiftung, AFS Interkulturelle Begegnungen, the Goethe-Institut, BUND, and the Evangelisches Krankenhaus Paul Gerhardt Stift. Chapter 3 will discuss the history of transparency and how the concept entered into social and political discourse in Germany. Chapter 4 will include the data analysis of the seven nonprofit organizations previously mentioned, while Chapter 5 will close with a discussion surrounding this analysis and present conclusions deducted from the analysis in concurrence with the historical and background information discussed in Chapters 1 and 3. Throughout this thesis, I will be referring to precise web pages on where information was found throughout the research process in the footnotes wherever possible.

# CHAPTER 1: BACKGROUND INFORMATION

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## United States

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### *History & Structure:*

Originally under British rule during the colonial period, the United States developed a nonprofit sector that was extremely similar to that in Britain, beginning with tax-supported churches. However, with the Constitution, new rules and political situations for nonprofit organizations were created in the United States.<sup>1</sup> For example, the United States Constitution specifically grants individual rights to all “free” American citizens. Despite the Constitution’s statement to give rights to all “free” citizens, the Constitution has historically been interpreted to serve white males in order for this particular group to maintain their position of power and dominance over marginalized groups, such as women and racial minorities. This caused a large number of nonprofit organizations to emerge in order to create alternative power structures and help other citizens lobby for these same rights and advance their own agendas. The U.S. nonprofit sector grew substantially after World War II due to the economic boom and increases in the purchase of nonprofit services as a result of increased household incomes.<sup>2</sup> Nonprofit organizations have played a key role in American society and the political sphere since the American Revolution and have always operated under the regulation of state laws and state courts.<sup>3</sup>

In colonial times, there was no demarcation between the public and private realm when it came to nonprofits in the United States. All corporations that existed were considered “public

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<sup>1</sup> Hammack, David C. “Nonprofit Organizations in American History.” *The American Behavioral Scientist* 45.11 (2002): 1638-74. *ProQuest*. Web. 27 Feb. 2014.

<sup>2</sup> O’Neill, Michael. *Nonprofit Nation: A New Look at the Third America*. 1<sup>st</sup>. San Francisco: Jossey-Bass, 2002. Print.

<sup>3</sup> Hammack, 1641.



agencies.”<sup>4</sup> However, these types of organizations were self-governing, a characteristic that organizations in the German nonprofit sector also share. The American Revolution drew on various religious revivals and political theories that reinforced the importance of individual rights. The United States Constitution supported the American value of individual rights by granting these rights to all “free” American citizens, but also through assuring donors that the institutions they were supporting were safe from any government interference, and thus self-governing. Essentially, the Constitution granted power to the states, in which each state was able to have its own laws regarding the governance of corporations, associations, and charities.<sup>5</sup> The nonprofit sector in the United States is its own distinct entity due to the fact that it formed out of resistance to and in opposition of the government because of the people’s general mistrust of central state power after their experience with British rule.<sup>6</sup>

At the turn of the 19<sup>th</sup> Century, there was a rise in the number of associations being established. The 19<sup>th</sup> Century represents “a period when the number of groups, clubs, and fraternities, and all kinds [of associations] grew enormously.”<sup>7</sup> According to Peter Dobkin-Hall, these associations became extremely powerful economic and cultural institutions that assisted in decision-making in American society.<sup>8</sup> The 19<sup>th</sup> Century not only establishes the need for formal associations, but also indicates a shift in the perception of nonprofit organizations, as they begin to represent their own distinct societal sector, thus moving away from their previous association

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<sup>4</sup> Dobkin-Hall, Peter. "Historical Perspectives on Nonprofit Organizations in the United States." Trans. Array *The Jossey-Bass Handbook of Nonprofit Leadership and Management*. 3rd ed. San Francisco: Jossey-Bass, 2010. 3-29. Print.

<sup>5</sup> Dobkin-Hall, 8.

<sup>6</sup> Anheier, Helmut K. and Wolfgang Seibel. “Defining the Nonprofit Sector: Germany.” *Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project*, no. 6. Baltimore: The Johns Hopkins Institute for Policy Studies, 1993.

<sup>7</sup> Kaufman, J. (1999). Three Views of Associationalism in 19<sup>th</sup>-Century America: An Empirical Examination 1. *American Journal of Sociology*, 104(5), 1296-1345.

<sup>8</sup> Kaufman, 1300.

with the government and public sector.<sup>9</sup> With this shift, more private nonprofit organizations came into existence. As the nonprofit sector in the United States continued to grow in the 20<sup>th</sup> Century, the government became more involved in American public life between 1930 and 1980, thus stimulating the expansion of not only the public sector, but also the private sector, and increasing the overall scope of nonprofit organizations.<sup>10</sup> As we can see, the government increased its presence in the founding and regulation of nonprofit organizations as the sector continued to develop over time.

The relationship between the nonprofit sector and the government in the United States is also extremely complex as nonprofit organizations in the United States are shaped by government policies and funding. Nonprofits are primarily regulated under federal tax code. According to economic theory, the nonprofit sector can either be supplementary, complementary, or adversarial to the government.<sup>11</sup> The United States government and nonprofit sector often hold contrasting viewpoints and are in continual opposition of one another, therefore, constantly attempting to change the other (adversarial model). A supplementary and a complementary model accompany this adversarial model in the United States. In the supplementary view, nonprofits are seen as fulfilling public demands that the government does not satisfy. The complementary model views nonprofits as partners with the government, helping to deliver public goods.<sup>12</sup> The models discussed above are not mutually exclusive, however, and nonprofits often blur the lines between each model and between sectors,<sup>13</sup> making it difficult to determine how U.S. government funds should be allocated. Although, the relationship of the government

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<sup>9</sup> Salamon, L. M. (1999). The nonprofit sector at a crossroads: The case of America. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 10(1), 5-23.

<sup>10</sup> Dobkin-Hall, 16.

<sup>11</sup> Boris, Elizabeth, and Eugene Steurle. *Nonprofits and Government: Collaboration and Conflict*. Washington, D.C.: Urban Institute Press, 1999. Web.

<sup>12</sup> Boris & Steurle, 40.

<sup>13</sup> Boris & Steurle, 41.

and nonprofit sector in the U.S. is evolving and becoming more intertwined (with both the government and for-profit organizations) than in the past, the distinct historical background of the U.S. nonprofit sector has caused it to engage in more conflict with and form in opposition to the government.

*Size & Scope:*

Today, the nonprofit sector in the United States is a strong economic force, consisting of 1.8 million registered organizations and 7 million unregistered organizations, which provide over 11 million jobs.<sup>14</sup> The majority of nonprofit jobs in the United States are found in the fields of healthcare, education, and social services, with healthcare dominating the sector as a whole.<sup>15</sup> Approximately 44% of U.S. adults volunteer in nonprofit organizations each year.<sup>16</sup> However, it is difficult to accurately measure the number of nonprofit organizations currently present in the United States because religious organizations and organizations with annual gross receipts of less than \$5,000 are not required to register with the Internal Revenue Service (IRS).<sup>17</sup> Nonprofit organizations are defined by the U.S. government's Internal Revenue Code and accompanying regulations from the IRS. The IRS recognizes more than thirty types of nonprofit organizations, the majority falling under section 501(c)(3) of the tax code. In order to qualify as a "charity" in the United States and be exempt from paying taxes, "an organization must serve a charitable purpose, not distribute net profits to those in charge of the organization, and refrain from certain kinds of political activity."<sup>18</sup>

U.S. nonprofit organizations receive the majority of their funding (40%) through the payments of fees and services, with only 19% of funding coming from private donations and

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<sup>14</sup> O'Neill, 8-15.

<sup>15</sup> O'Neill, 1.

<sup>16</sup> O'Neill, 32.

<sup>17</sup> O'Neill, 54.

<sup>18</sup> O'Neill, 3.

gifts.<sup>19</sup> The government only accounts for 35% of nonprofit funding, most of which goes towards the funding of nonprofit organizations in the health, international relief, and social services subsectors; most often, however, government funding is unpredictable, as it is reliant upon changes in politics and public policy.<sup>20</sup>

## Germany

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### History & Structure:

The modern German nonprofit sector developed from interaction with the federal government.<sup>21</sup> Throughout history, nonprofit organizations have played an extremely important role in Germany's social welfare system.<sup>22</sup> The expansion of the German nonprofit sector can be attributed to the growth of the West German nonprofit sector as well as to the formation of the nonprofit organizations in the former East Germany after the fall of the Berlin Wall in 1989.<sup>23</sup> In Germany, nonprofit service delivery is characterized by an overarching, three-tiered model, which guides public-private partnerships in Germany.<sup>24</sup> This model is based on three historical principles: the principle of self-governance, the principle of subsidiarity, and the principle of *Gemeinwirtschaft*, which is translated as "communal economics."<sup>25</sup>

Each of these principles arises from Germany's rich historical background. Prussia's defeat by France in 1806 led not only to the liberalization of trade and commerce, but also to the introduction of various civil rights in order to mitigate the conflict between the aristocratic state and German citizens. With this change of power and the domination of France, major reforms

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<sup>19</sup> O'Neill, 21.

<sup>20</sup> O'Neill, 20.

<sup>21</sup> Anheier & Seibel, 3. (1993).

<sup>22</sup> Anheier, Helmut K. and Wolfgang Siebel. *The Nonprofit Sector in Germany: Between State, Economy, and Society*. New York: Manchester University Press, 2001. Web.

<sup>23</sup> Salamon, Anheier, List, Toepler, & Sokolowski, 1.

<sup>24</sup> Anheier & Seibel, 9-18. (2001).

<sup>25</sup> Anheier & Seibel, 2. (1993).

were made in the government, state administration, and state-society relationship, putting the principle of self-governance into place as part of a new politically liberal agenda. New “state-free” organizations emerged as a way to gain economic leverage and attain political integration.<sup>26</sup> Self-governance became the institutional mechanism that allowed the German government to maintain political control, since it acted as an intermediary between the nonprofit and for-profit sectors (who essentially had antagonistic interests), rather than commanding complete control over them.<sup>27</sup> However, in 1816, the Prussian General declared associations to be “useless,” thus banning them. From 1815 to 1848, a variety of conservative political revolutions occurred in order to combat the political liberalism in Germany.<sup>28</sup> However, as political suppression relaxed after 1848, the association became a widely accepted type of institution in Germany even within an autocratic society.<sup>29</sup> This speaks to the sector’s model of neo-corporatism that underlies German politics and the government-nonprofit relationship.<sup>30</sup> This neo-corporate model will be discussed further in a subsequent section describing the structure of the German nonprofit sector.

The German principle of subsidiarity emerged as the tension between church and state escalated in 1871 in order to accommodate the church’s advocacy of free welfare associations.<sup>31</sup> However, this principle did not gain leverage in social legislature until the 1960s. Subsidiarity essentially means that the state only provides functions that the private sector is unable to deliver.<sup>32</sup> Lastly, the principle of *Gemeinwirtschaft*, which implies a non-market production of commodities and delivery of services, emerged from the principle of self-government, the

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<sup>26</sup> Anheier & Seibel, 4 (1993).

<sup>27</sup> Anheier & Seibel, 5. (1993).

<sup>28</sup> Anheier & Seibel, 4 (1993).

<sup>29</sup> Anheier & Seibel, 4. (1993).

<sup>30</sup> Anheier, Helmut K., Stefan Toepler, and S.W. Sokolowski. “The Implications of Government Funding for Nonprofit Organizations: Three Propositions.” *The International Journal of Public Sector Management* 10.3 (1997): 190-213. *ProQuest*. Web. 6 Feb. 2014.

<sup>31</sup> Anheier & Seibel, 6. (1993).

<sup>32</sup> Anheier, Toepler, & Sokolowski, 2.

idealization of associations, and a vision of a socialist organization of the economy.<sup>33</sup> Ultimately, these three principles of self-governance, subsidiarity, and *Gemeinwirtschaft* characterize the structure, state-nonprofit relationships, and organizational forms of nonprofits in Germany.

The nonprofit sector in Germany is not viewed as a single institutional sector,<sup>34</sup> which appears to be a common occurrence among the third sectors in various European countries.<sup>35</sup> As a hybrid between nonprofit, for-profit, and government entities, the nonprofit sector in Germany is characterized by a neo-corporatist model.<sup>36</sup> In this context, neo-corporatism is defined as an arrangement where the state extends into the area of social services and welfare.<sup>37</sup> According to this view, nonprofit organizations are becoming more bureaucratic and are losing the distinct qualities they once had because they are so dependent on funds from the public sector. However, bureaucracy is not always analogous with state dependency, as bureaucracy could be a result of a complex of different factors, such as pressure from donors, investors, or business partners.

#### Size & Scope:

In the German context, nonprofit organizations are defined as “associations and institutions, which either provide public goods and serve the common wealth, or meet the specified interests of their members or other groups.”<sup>38</sup> After World War II, the nonprofit sector in Germany has played a central role in the development of civil society. The third sector provides approximately 1.2 million jobs and includes 200,000 to 300,000 organizations, most of

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<sup>33</sup> Anheier & Seibel, 7. (1993).

<sup>34</sup> Anheier & Seibel, 1. (1993).

<sup>35</sup> Evers, Adalbert, and Jean-Louis Laville. “Defining the Third Sector in Europe.” Trans. *The Third Sector in Europe*. Northampton, Massachusetts: Edward Elgar Publishing, Inc., 2004. 11-38. Web.

<sup>36</sup> Anheier, Toepler, & Sokolowski, 1.

<sup>37</sup> Bode, Ingo. “Flexible Response in Changing Environments: The German Third Sector Model in Transition.” *Nonprofit Voluntary Sector Quarterly* 32.2 (2003): 190-210. *ProQuest*. Web. 6 Feb. 2014.

<sup>38</sup> Anheier, Helmut K. “Employment and Earnings in the West German Nonprofit Sector: Structure and Trends 1970-1987.” *Annals of Public and Cooperative Economics*, 64(2), 673-694. The Johns Hopkins Institute for Policy Studies & Rutgers University Department of Sociology, 1991.

which operate without paid staff members.<sup>39</sup> Approximately one-fifth of all German citizens report contributing time to nonprofit organizations, with many of them volunteering in religiously affiliated organizations.<sup>40</sup> The German nonprofit sector receives a majority of its funding (68%) from public sector sources, though the state-dependency of nonprofit organizations depends on the extent that government policies have shaped revenue structures in specific fields.<sup>41</sup> For example, healthcare and social services dominate the German third sector and both receive a high degree of public funding<sup>42</sup> since the government had such a large role in creating their overarching structures.<sup>43</sup>

A large segment of the German nonprofit sector functions within a special state-church relationship, in which churches enjoy autonomy through the state's recognition that ecclesiastical law is equivalent to administrative law in the regulation of internal church affairs.<sup>44</sup> The nonprofit sector in Germany is most prominent in industries in which church-related welfare activities are present, such as residential care, and homes for infants, children, youth, elderly, and the handicapped. Although the number of nonprofit organizations in cultural and artistic fields is increasing, nonprofit organizations in Germany are less prominent in higher education, libraries, and most other cultural and artistic fields, indicating that the principle of subsidiarity does not apply to these types of organizations.<sup>45</sup>

This information about the history, structure, and scope of the nonprofit sectors in the United States and Germany will serve as a reference point when discussing the implications of professionalization. It is imperative to keep the differing governmental structures and laws in

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<sup>39</sup> Anheier, 674. (1991).

<sup>40</sup> Salamon, Anheier, List, Toepler, & Sokolowski, 5.

<sup>41</sup> Salamon, Anheier, List, Toepler, & Sokolowski, 20.

<sup>42</sup> Anheier & Seibel, 4. (2001).

<sup>43</sup> Anheier, Toepler, & Sokolowski, 1.

<sup>44</sup> Salamon, Anheier, List, Toepler, & Sokolowski, 9.

<sup>45</sup> Salamon, Anheier, List, Toepler, and Sokolowski, 11.

mind when analyzing how nonprofit organizations are organized and managed as well as how professionalization may have differing effects in each country and nonprofit subsector.

## Overview of Professionalization

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### United States

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Nonprofit organizations in the United States are held to very high accountability and transparency standards. Nonprofits are not only held accountable by the people that they serve, but also to the standards of both professionals and volunteers who invest their time and energy into these organizations.<sup>46</sup> This directly relates to the negative connotation that the word “overhead” creates. Those who invest their time and energy into an organization, specifically donors, want to see the resources they provide (e.g., money) go directly to the cause of the organization, rather than toward fundraising and administrative costs.<sup>47</sup> This “overhead challenge” is beginning to define the current state of the nonprofit sector in the United States, leading to an increase in demand for nonprofit accountability and metrics.<sup>48</sup> Although accountability has the ability to help increase the amount of donations nonprofits receive, critics believe that professionalization is causing nonprofits to stray from their mission of providing the public with services to a more profit-oriented structure that will change the way that the U.S. nonprofit sector, as a whole, functions.<sup>49</sup> Accountability, in this sense, is causing nonprofit

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<sup>46</sup> Young, Dennis R. “The Influence of Business on Nonprofit Organizations and the Complexity of Nonprofit Accountability: Looking Inside as Well as Outside.” *American Review of Public Administration* 32.1 (2002): 3-19. *ProQuest*. Web. 27 Feb. 2014.

<sup>47</sup> Snibbe, Alana, C. “Overhead Isn’t Everything.” *Stanford Social Innovation Review* Fall 2006: 15. *ProQuest*. Web. 5 Feb. 2014.

<sup>48</sup> Colby, Susan J., and Abigail Rubin. “The Strategic Value of a Shared Understanding of Costs.” *Strategy & Leadership* 33.2 (2005): 25-32. *ProQuest*. Web. 27 Feb. 2014.

<sup>49</sup> Avdeev, Valeriya, and Elizabeth C. Ekmekjian. “The Need for Hybrid Businesses.” *The CPA Journal* 82.8 (2012): 48-53. *ProQuest*. Web. 27 Feb. 2014.



organizations to take on a more professionalized role in society,<sup>50</sup> and possibly changing the structure of nonprofit organizations, as we know them today.

This structural change cannot only be attributed to the competition between the for-profit and nonprofit sectors, but also to the increasing role that businesses play in nonprofit organization accountability. There is a trend toward business-nonprofit partnerships that can benefit both types of organizations. For example, nonprofits are becoming more dependent on corporations for material support, while businesses are becoming more reliant on nonprofits in order to gain credibility, visibility, and public trust.<sup>51</sup>

A board of directors is one way to encourage nonprofit accountability and transparency in the United States since the ultimate measure of accountability is whether “the leadership of the organization can responsibly interpret, and honestly and energetically promote, the organizations’ missions, even when environmental, stakeholder, and governance pressures make other paths more comfortable and secure.”<sup>52</sup> Nonprofit organizations heavily rely on their governing board of directors not only for leadership, but also for strategic guidance and financial oversight.<sup>53</sup> According to Hodge & Piccolo’s study on nonprofit board effectiveness, results indicate that board effectiveness is a significant indicator of the financial health of nonprofit organizations.<sup>54</sup> Appointing board members who are experts in their fields and professional, who understand the mission of the organization, and who promote transparency, assists the development of accountability systems and guidelines that will either give nonprofit organizations a competitive edge or help them adapt to the changing environment that is shaping

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<sup>50</sup> Sandberg, B. *Problematizing Service in the Nonprofit Sector: From Methodless Enthusiasm to Professionalization*. (2011). *ProQuest*. Web. 24 February 2014.

<sup>51</sup> Young, 6.

<sup>52</sup> Young, 5.

<sup>53</sup> Hodge, Matthew M. and Ronald F. Piccolo. “Nonprofit Board Effectiveness, Private Philanthropy, and Financial Vulnerability.” *Public Administration Quarterly*. 35.4 (2011): 520-550. *JSTOR*. Web. 5. Feb. 2014.

<sup>54</sup> Hodge & Piccolo, 522.

the nonprofit sector in the United States.<sup>55</sup> Developing this competitive edge will give nonprofit organizations an advantage over other nonprofits who do not implement accountability and transparency systems, but it is unclear if these standards will be enough to allow nonprofit organizations to continue functioning in their own separate sector. It is almost inevitable that U.S. nonprofits will become much more reliant on both the government and for-profit corporations if they wish to continue existing in America's market-driven economy.<sup>56</sup> There is speculation that nonprofit organizations will take on a hybrid form in the near future in order to accommodate these measurement standards that are becoming increasingly important in the United States nonprofit sector.<sup>57</sup>

## Germany

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At first glance, nonprofit organizations in Germany may be expected to be more professionalized than those in the United States. For example, environmental, social services, and health organizations are highly professionalized because they are deeply integrated in the political-administrative system at all governmental levels.<sup>58</sup> Nonprofit organizations in Germany are vehicles of policy and government guidelines requiring the training of professional personnel in social services have created a trend toward nonprofit professionalization.<sup>59</sup> The German nonprofit sector's strong partnership with and reliance on the government has created a strong emphasis on performance standards and metrics.<sup>60</sup> It is possible that the structure of the German

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<sup>55</sup> Young, 16-18.

<sup>56</sup> Cooney, K. "The Institutional and Technical Structuring of Nonprofit Ventures: Case Study of a U.S. Hybrid Organization Caught Between Two Fields." *International Society for Third-Sector Ventures*, no. 17 (2006): 143-161.

<sup>57</sup> Avdeev & Ekmekjian, 48-53.

<sup>58</sup> Zimmer, A. *The Third Sector in Germany*. *Arbeitsstelle Aktive Bürgerschaft Institut für Politikwissenschaft Westfälische Wilhelms-Universität Münster*. (2000).

<sup>59</sup> Zimmer, 50-52.

<sup>60</sup> Aiken, Mike, and Ingo Bode. "Killing the Golden Goose? Third Sector Organizations and Back-to-Work Programmes in Germany and the UK." *Social Policy & Administration* 43, no. 3 (2009): 209-225.

third sector – one that intersects the public, private, and not-for-profit spheres<sup>61</sup> – has pushed for the professionalization of German nonprofit organizations.

Although, in theory, it seems as though the German nonprofit sector would be highly professionalized, this is not necessarily the case, as accountability and transparency requirements in the German nonprofit sector are fairly low despite the fact that nonprofits account for a sizable chunk of social service delivery. Nonprofit organizations in Germany, regardless of legal form, field, and activities, are required to inform tax authorities about their goals, activities, revenues, and expenditures.<sup>62</sup> According to tax code, organizations awarded “nonprofit” status are given tax exemption. All of this information falls under the realm of “tax secrecy,” therefore shielding it from the interest of the broader public and inhibiting any interest in transparency from stakeholders.<sup>63</sup> Tax exemption in Germany is based on *Gemeinnützigkeit* (translated as “charitable benefit”), which is whether or not an association meets the criteria of a public benefit organization that is regulated in the German Fiscal Code (*Abgabenordnung* or *AO*). In order to achieve this status, an organization must have formal status, meaning that it must be an association, foundation, cooperative, limited liability company, or stock corporation.<sup>64</sup> Public service activities that are considered *gemeinnützig* and qualify for tax-exempt status must be selfless, meaning that they are not allowed to receive profits. They must also be exclusive in the sense that the organization only pursues purposes that are defined as *gemeinnützig* in the *AO* and direct, meaning that the charitable purpose of the organization is to be served by the organization itself, rather than through third parties.<sup>65</sup>

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<sup>61</sup> Anheier & Seibel, 10 (1993).

<sup>62</sup> Anheier, Helmut K., Rabea Hass, and Annelie Beller. "Accountability and Transparency in the German Nonprofit Sector: A Paradox?" *International Review of Public Administration* 18, no. 3 (2013): 69-84.

<sup>63</sup> Anheier, Hass, & Beller, 69.

<sup>64</sup> Anheier & Seibel, 12-13. (1993).

<sup>65</sup> Anheier & Seibel, 15. (1993).

Within this German framework, accountability has traditionally been thought of in terms of tax law requirements, rather than social accountability and responsibility. In general, most nonprofit organizations in the United States fall victim to the “accountability syndrome,” in which they spend a disproportionate amount of resources on accountability and metrics because they become trapped in complex governance structures; however, this is not characteristic of the German nonprofit sector.<sup>66</sup> This is, in part, due to the fact that accountability and transparency have not been challenged politically, within the nonprofit sector, in the media, or in civil society in a fundamental way. It is the tax authorities, rather than civil society itself, who formally determine the accountability and transparency mechanisms for the nonprofit sector in Germany.<sup>67</sup>

## **Focus of Study**

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It is interesting to note, that although Germany and the United States both have standards of professionalization and accountability, the German nonprofit sector is only formally held accountable by the tax authorities and government, rather than by civil society at large. The U.S. nonprofit sector, on the other hand, must prove its worth to civil society, thus leading to stricter standards and the increasing tendency for U.S. nonprofit organizations to seek out metrics in order to quantify their accomplishments and prove to donors that they are working toward accomplishing their missions.

As the U.S. nonprofit sector continues to grow and thrive, however, nonprofit organizations are beginning to be held to a much higher standard than before, by the government, the private sector, and civil society at large. Nonprofits are required to share measurable data

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<sup>66</sup> Anheier, Hass, & Beller, 74.

<sup>67</sup> Anheier, Hass, & Beller, 71.

with their donors and the public in order to prove that they are fulfilling their missions and actually accomplishing what they say they will. As the demand for quantifiable data increases, nonprofit organizations are finding it increasingly difficult to compete with for-profit corporations. Metrics, however, also create a double standard in the sense that nonprofit organizations are criticized if they do not provide data to quantify their accomplishments; but they are also criticized when they provide this data because of the fact that they must spend money on it, which takes money away from programs. In this way, nonprofits are becoming more similar to for-profit organizations and moving away from their mission of helping others. With the increase in demand for quantifiable and measurable data, nonprofit organizations are being forced to adapt to their environments by acting more like for-profit organizations. After understanding a variety of implications in regard to professionalization in both German and U.S. contexts, professionalization, as mentioned earlier, is defined as the way in which nonprofit organizations are becoming more institutionalized. This means that they must produce numerical measurements, quantifiable data, and other data-driven analyses regarding the organization's impact in response to competitive pressures and external stakeholders. In some cases, professionalization can also involve the implementation of ethical practices or benchmarks for achievement in different organizational areas.

It is important to recognize that this definition is particularly representative of the U.S. nonprofit sector. There is a complex relationship between transparency and professionalization in the United States, with professionalization and the need for quantifiable data causing the transparent nature of nonprofit organizations. In this way, professionalization is not only a definitive term, but also expressive of the relationship between nonprofits, for-profits, and the government. As the requirement for quantifiable data in U.S. nonprofit organizations grows, the

American nonprofit sector is also slowly moving away from its origins as a distinct sectorial entity and the lines between government, businesses, and nonprofits are becoming increasingly blurred and much more complex than ever before. This is possibly indicative of a trend in the United States toward a more multidimensional nonprofit sector in which all of these different types of institutions interact and view each other as partners, rather than competitors. Despite the U.S. nonprofit sector's background in individualism and civil society and advocacy of a hands-off government and economy as well as with this blurring of distinct sectors and the partnership of organizations in various sectors, it seems as though the U.S. nonprofit sector is abandoning its historical roots and beginning to function more similarly to the hybrid third sector that is present in Germany. With the U.S. nonprofit sector beginning to mimic some aspects of the German nonprofit sector, it will be interesting to see if the accountability and transparency standards in Germany and the United States with regard to civil society are becoming more similar as well.

However, I am especially interested in identifying the specific mechanisms and drivers of professionalization that are present in Germany since German nonprofit organizations are not held to the same accountability standards as nonprofits in the United States. I am also interested in discovering the specific relationship that professionalization and transparency hold within the German nonprofit framework. What is driving German nonprofit transparency and professionalization? What is the relationship between transparency and professionalization in the German context? Why do nonprofit organizations in Germany feel pressure to become transparent and professionalized despite these standards being completely voluntary? We see how professionalization is impacting the United States with a drive toward hybrid organizations, but how will an increase in professionalization and transparency impact the German nonprofit sector as a whole? Are the characteristics of professionalization in Germany different than those

in the United States based on the differing governmental structures and functions of nonprofit organizations in society? Will this cause the relationship between the government, the for-profit sector, and the nonprofit sector to change?

With this background information on nonprofit sector structure and professionalization, this thesis will serve to track the development of professionalization in the nonprofit sector in Germany as well as determine professionalization developments, causes, and trends while comparing them to those in the United States and hypothesizing how professionalization and transparency will affect the future of the German nonprofit sector.

## CHAPTER 2: APPROACH AND METHODS

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In order to study professionalization and how it has affected and will continue to impact the nonprofit sector in Germany, I have chosen to study seven different German-based nonprofit organizations. These seven organizations are: PHINEO, Caritas, the Bertelsmann-Stiftung (Bertelsmann Foundation), AFS Interkulturelle Begegnungen (AFS Intercultural Exchange), the Goethe-Institut (Goethe-Institute), Bund für Umwelt und Naturschutz in Deutschland (the Association for Environment and Nature Conservation in Germany, also known as BUND), and the Evangelisches Krankenhaus Paul Gerhardt Stift (Evangelical Paul Gerhardt Hospital). These organizations were chosen with a variety of criteria in mind. In order to collect data from a diverse sample, I found organizations that are from different nonprofit subsectors (i.e., healthcare, social services, environmental organizations, etc.). I also took the size of the organization<sup>1</sup> and the financial budget of the organization into account,<sup>2</sup> as these could be relevant factors that have an impact on how professionalized and transparent an organization is. The size, budget, and subsector of each organization will be clarified in a brief background section on each organization found in the “Data Analysis” section (Chapter 4) of this thesis.

After having chosen the organizations for study based on the above criteria, I chose to focus more on qualitative, rather than quantitative data by distributing a survey, analyzing the organizations’ websites, carefully examining annual financial reports, using the PHINEO-ranking system to examine the transparency of certain organizations, and conducting historical analyses on the term “transparency,” while also conducting a linguistic analysis on various documents relating to transparency. This focus on a qualitative approach recognizes the critical

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<sup>1</sup> Suárez, David F. "Collaboration and professionalization: The contours of public sector funding for nonprofit organizations." *Journal of Public Administration Research and Theory* 21, no. 2 (2011): 307-326.

<sup>2</sup> Froelich, Karen A. "Diversification of Revenue Strategies: Evolving Resource Dependence in Nonprofit Organizations." *Nonprofit and Voluntary Sector Quarterly* 28, no. 3 (1999): 246-268.



fact that each nonprofit organization functions in a unique and complex way within civil society and that these same organizations are influenced by a variety of different environmental factors.

## **Survey**

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This survey did not require Institutional Review Board (IRB) review, as the study involves the research of organizations, rather than human subjects; however, I chose to undergo IRB review, pegging the study as a non-regulated activity, in order to generate credibility and transparency for my study. This was extremely important to me since I had a professor at the University of Heidelberg in Germany generously use his personal contacts to send my survey to the seven organizations listed above. Along with sending the survey and IRB approval, this professor also sent background information about myself as well as a short write-up of my motivations and goals of the thesis to the German nonprofit organizations being studied in order to explain the intentions of my research (Appendix A).

Although a sample size of seven is not enough to make generalizations about the German nonprofit sector, as this small number of organizations would not lead to a statistically significant result, this survey served as a way to more accurately understand the individual workings of the organizations that responded. However, of the seven organizations contacted, only four filled out the survey. Contacting organizations in other ways, such as through direct e-mail from my personal e-mail account, proved to be extremely difficult and out of reach for this particular study, since many organizations would not respond to e-mails from a person who has no association with the German nonprofit sector.

By looking at organizations on a more individual level, one is able to determine the many different factors that have a potential impact on professionalization, such as size, budget, subsector, government funding, and pressure from outside forces. Even the responses received

from these four organizations – PHINEO, BUND, the Goethe-Institut, and AFS Interkulturelle Begegnungen – helped to determine some of the factors that impact professionalization. This survey posed questions in both multiple choice and short-answer format regarding the budget and size of the organization, the amount of government funding received by the organization over the past ten years, how the organization measures the impact they have on society, and what factors, if any, pressure the organization to act in a more transparent manner (Appendix B). This survey was a good way to begin identifying the factors that drive professionalization and transparency so that a more comprehensive analysis can be generated when coupled with the examination of the organization’s utilization of the Internet to disseminate information.

## **Website Analysis**

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Website analysis was extremely important in this study because the Internet allows nonprofit organizations to have a voice in a new way. With the Internet, these organizations have the possibility of reaching broader audiences, spending less money on distribution of paper materials so that more money can be dedicated to programs, and giving more people access to information regarding the programs, goals, and impacts of the organization itself. The Internet has given nonprofits the opportunity to craft a specific image for the public. The rise of civil society and its interactions and impacts on the greater German community make it imperative that nonprofit organizations have a significant web presence. This will be discussed in more detail in the chapter on the history of transparency. Ultimately, nonprofit websites function as primary sources and provide insight into how the organization is using both technology and public relations tactics in order to construct a specific image for the general public as well as donors, business partners, and the government.

The design and easy navigation of a website is key to the determination of the organization's transparency and professionalization.<sup>3</sup> The most important thing for web designers to keep in mind is that website visitors are not going to read every piece of information, but rather skim the website to find the most relevant link based on their needs. Website visitors do not want to have to think and are looking for websites that are self-explanatory.<sup>4</sup> Organizations that have a website that is easy to navigate and provides extensive information on their mission, vision, goals, history, impact, and other relevant information tend to be more transparent than others. Clearly labeled tabs were one of the major criteria I looked for on nonprofit websites. Another aspect that I searched for on the website was a tab labeled "Transparenz," translated as "Transparency" in English. I also checked to see if the Civil Society Transparency Initiative, which will be discussed in detail later, was mentioned on the "transparency" page or other web pages. If this initiative was mentioned I found that most of these organizations were dedicated to transparency since this initiative is a legally binding document that the organization signs and complies with. However, some organizations went even further than just signing the document and explicitly stated how they fulfilled each condition of this document on their website.

I also looked for clear links to find annual reports, financial reports, contact information of employees, publications of other relevant documents, and statistics regarding the organization's impact or success. Easy access to publications, such as financial reports, impact analyses, statistical evidence, and other published studies, demonstrate that the organization is more than happy to provide its constituents, donors, and other site visitors with information on its activities. Published financial data and annual reports on nonprofit websites are major

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<sup>3</sup> Krug, Steve. *Don't Make Me Think: A Common Sense Approach to Web Usability*. 2nd ed. Berkeley: New Riders Publishing, 2006.

<sup>4</sup> Krug, 18.

stipulations in the Civil Society Transparency Initiative,<sup>5</sup> so even if an organization did not sign this document, it was fairly clear that they were, at least in some aspects, transparent if these documents were readily available on their websites. The amount of information as well as the arrangement and presentation of the information on the nonprofit website were key in determining transparency and professionalization, since more material and statistical information and a clear, simple design almost always correlated with high transparency and professionalism in this study.

## **Financial Reports and Data**

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Financial reports, often located in the organization's annual report, provide a more quantitative analysis, in which one is able to see where nonprofit funding is coming from and how this funding is being used within the organization. Within the financial reports, I was looking for trends in funding and whether or not government, donor, or other types of funding increased or decreased over a period of time. These trends and fluctuations in funding from certain donors can help determine which donors are influencing the nonprofit's transparency and professionalization. It was also important to look at where the funding was being spent. As mentioned earlier, donors and boards of directors may expect this financial data in order to determine how much of the nonprofit's revenue is going to program funding as opposed to "overhead" costs, such as administrative work or advertising. Overall, the analysis of the financial reports provided some quantitative evidence of whether or not funders were having an impact on the organization's transparency and professionalization.

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<sup>5</sup> "Initiative Transparente Zivilgesellschaft." Transparency International Deutschland. Accessed February 24, 2015. [http://www.transparency.de/fileadmin/pdfs/Themen/Nonprofit/ITZ\\_SV.pdf](http://www.transparency.de/fileadmin/pdfs/Themen/Nonprofit/ITZ_SV.pdf)

Just the fact that financial data was made available to the public also indicates a level of professionalization and transparency. First, nonprofit organizations in Germany are only held accountable to the tax office,<sup>6</sup> therefore, they are not required to make their financial data public. Often, organizations publish their financial reports along with annual reports that detail not only financial data, but also information and statistical data about the size of the organization, the organizational structure, impact, future goals, etc. This data-driven analysis of the organization is not required, but as I will show, many nonprofits are increasingly conducting these annual reports and publishing them on their websites voluntarily, indicating that some nonprofits are indeed becoming more professionalized. Annual reports and financial data are crucial aspects of transparency and professionalization.

## **PHINEO Rating-System**

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PHINEO, one of the nonprofit organizations that will be studied in detail in Chapter 5, is ultimately a “watchdog” organization in the German nonprofit sector that focuses on deeming whether or not nonprofits are transparent. PHINEO is one of the most important organizations focused on transparency because it has been endorsed by “Der Spiegel,” an extremely well-known and reputable news magazine, and PHINEO’s transparency “seal of approval” has been sought out by over 700 nonprofit organizations in Germany.<sup>7</sup> The organization uses a comprehensive logarithmic evaluation system that assesses potential impact of the project by looking at the project’s objectives and target groups, approach and concept, and quality development, as well as the performance of the organization by looking at its vision and strategy, management and human resource management, supervisory structures, financial office, and

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<sup>6</sup> Anheier, Hass, and Beller, 69.

<sup>7</sup> Andreas Rickert (CEO of PHINEO), e-mail message to author, January 15, 2015.

transparency and public relations.<sup>8</sup> For each category listed, PHINEO has a variety of questions that must be sufficiently answered before the organization receives its rating in that category.<sup>9</sup> Each category can receive a rating from 0 to 5 stars, with 0 meaning “inadequate,” 1 meaning “in need of development,” 2 meaning “acceptable,” 3 meaning “good,” 4 meaning “very good,” and 5 meaning “outstanding.” In order to receive the PHINEO “seal of approval,” the organization being evaluated must receive at least three stars in each of the project-related criteria, as this is the only way to be sure of the potential for high impact. The rules for the organization-related criteria are less strict, with organizations only needing 13 out of 25 stars. The performance-related criteria are important points of long-term success and can easily be altered to foster transparency and success; however, it is much more difficult to change the vision and approach of the organization as a whole in the project-related criteria section. If an organization receives 3-stars overall, then it fully meets PHINEO requirements for effective work and transparency.<sup>10</sup>

The analysis of both the project- and performance-related criteria occurs in three stages: an initial online questionnaire, the dissemination of organizational materials and documents, and an on-site visit by PHINEO experts.<sup>11</sup> This comprehensive analysis consists of both quantitative and qualitative data that helps PHINEO determine if a project should receive its “seal of approval.” This “seal” indicates an organization’s excellence in transparency and potential impact. Organizations may then use this “seal” in their public relations work, often allowing them to receive more funding and resources since social investors trust PHINEO and its scientifically-based analysis method.<sup>12</sup> Based on this information about PHINEO, I determined

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<sup>8</sup> “Analyse mit Herz & Verstand: die PHINEO-Methode.” PHINEO. Accessed February 24, 2015.  
<http://www.phineo.org/phineo/analysemethode>

<sup>9</sup> “Analyse mit Herz & Verstand: die PHINEO-Methode.” PDF Download “Engagement mit Wirkung.”

<sup>10</sup> “Analyse mit Herz & Verstand: die PHINEO-Methode.” PDF Download “Engagement mit Wirkung.”

<sup>11</sup> “Analyse mit Herz & Verstand: die PHINEO-Methode.” PDF Download “Engagement mit Wirkung.”

<sup>12</sup> “Analyse mit Herz & Verstand: die PHINEO-Methode.” PDF Download “Engagement mit Wirkung.”

which of the organizations studied had received this “seal” and analyzed their rankings to determine how professional and transparent the organization is as well as which aspects of transparency require improvement.

## **Historical and Linguistic Analyses**

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Lastly, I have conducted a historical analysis of the term “transparency” to determine when it entered into nonprofit discourse in Germany. In order to do this I have looked at scholarly articles as well as two German nonprofit organizations credited with influencing transparency, the Deutsches Zentralinstitut für soziale Fragen (DZI) and Transparency International. This historical analysis is an important step in determining the origins of transparency and to find out if transparency is a modern concept or not, which may help provide insight into what factors are influencing nonprofit transparency and professionalization, if any. Along with this historical analysis, I have also conducted a linguistic analysis of the Civil Society Transparency Initiative document (Appendix C) that many nonprofit organizations in Germany are signing. I have looked for key terms that are similar to transparency, finance, structure, impact, social accountability, and data in order to determine if Transparency International views professionalization and transparency in the same way that I have defined professionalization in Chapter 1.

The combination of a survey, website analysis, the utilization of the PHINEO evaluation and rating system, and a historical and linguistic analysis provide this thesis with a strong basis of qualitative data. Including financial data provides some quantitative data to support the qualitative findings. This focus on a qualitative analysis recognizes the fact that all nonprofits function differently depending on their type, subsector, size, structure, and funding mechanisms.

## CHAPTER 3: HISTORY OF TRANSPARENCY

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### Political Transparency

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This chapter will be dedicated to tracking the history of the term “transparency” when it became a salient political term in post-WWII Germany, as transparency is one of the main features of professionalization. As mentioned earlier, transparency is defined as the state in which an organization is open, honest, and accessible to the general public and its constituents. Organizations achieve transparency by making documents regarding its funding, decision-making processes, goals, vision, and other relevant information available in order to help generate trust among stakeholders and foster greater participation. According to the etymology of the German word, “Transparenz” entered the German language at the beginning of the 18<sup>th</sup> Century.<sup>1</sup> Rapid industrialization in the 1850s also fueled an interest in social responsibility among working men.<sup>2</sup> However, the term “transparency” in Germany is a fairly recent political term and did not enter into political discourse until after World War II. During this time, the term received its symbolic significance between 1945 and its renewed significance after the reunification of Germany in 1989. Twentieth-Century German history, including Hitler’s dictatorship, the Holocaust, and World War II, influenced West Germany to develop alternatives to traditional state architecture.<sup>3</sup>

After these historical and political events, West Germany began to equate transparency with democracy,<sup>4</sup> causing a transparency ideology to emerge in postwar Germany. West Germany had goals for postwar political renewal and the Federal Republic began to move

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<sup>1</sup> Barnstone, Deborah. *The Transparent State: Architecture and Politics in Postwar Germany*. 1st ed. Routledge, 2005.

<sup>2</sup> Barnstone, 35-36.

<sup>3</sup> Barnstone, 233-234.

<sup>4</sup> Barnstone, xi.



towards transparency through supporting “open public access to the political process especially [through] elected representatives, active public participation in the political system, an open market economic system, a free press, and guaranteed civil liberties.”<sup>5</sup> This drive toward transparency was ultimately a weapon against the past that was intentionally incorporated into the West German constitution in order to protect against totalitarianism, state-sponsored racism, and a closed society that was characteristic of Germany in the past.

Transparency, in this case, is a metaphor for a desired political condition that is characterized by openness, accessibility, pluralism, and articulated goals for the West German state.<sup>6</sup> The West German constitution recognized that increased transparency in the government and civil society was absolutely necessary to regulate politics in order to prevent many of the transgressions that occurred during the Third Reich (1933-1945).<sup>7</sup> Transparency was seen as a way to strengthen the democratic nature of institutions as well as the public’s confidence in administration and the government.<sup>8</sup>

After the fall of the Berlin Wall in 1989, the term transparency reflected the underlying tensions between East and West Germany as it symbolized a pluralistic, open, and participatory democracy.<sup>9</sup> The removal of the Berlin Wall offered promises of greater transparency in East German political, economic, social, cultural, and psychological life in the form of a more liberal society.<sup>10</sup> Architecture became the way to display such transparency to German citizens,<sup>11</sup> as transparency could be symbolized through building materials, particularly glass. People believed that a democratic Parliament building must symbolize openness through its architectural features.

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<sup>5</sup> Barnstone, 1.

<sup>6</sup> Barnstone, 30.

<sup>7</sup> Barnstone, 61-62.

<sup>8</sup> Miller, Vaughne. *Openness and Transparency in the European Union*. House of Commons Library, 1994.

<sup>9</sup> Barnstone, 63.

<sup>10</sup> Barnstone, 88.

<sup>11</sup> Barnstone, 2.

This link between architectural transparency and an accessible government was made in the early 20<sup>th</sup> Century with the rehabilitation of the Bauhaus architectural design, as a large number of public buildings contained glass features.<sup>12</sup> However, this idea did not become significant until the fall of the Berlin Wall in 1989. With the reunification of Germany and the decision to move the German capital from Bonn back to Berlin, the Reichstag building was re-designed by Norman Foster to emphasize transparency and a united Germany.<sup>13</sup> Glass seems to be one way to symbolize political transparency, as glass signifies pluralistic openness, which in turn, condemns authoritarianism.<sup>14</sup> Foster's use of glass in the construction of the Reichstag dome was one of the most appropriate ways to symbolize transparency and support the idea that parliamentary democracies are in need of interaction between citizens and their representatives in order to ensure greater accountability.<sup>15</sup> This physically transparent architecture of the Reichstag dome is meant to convey, at least symbolically, that the Reichstag is a center of openness and democracy.<sup>16</sup> This transformation of the Reichstag architecture is not only meant to emphasize openness, transparency, and accountability, but to also seek to provide a positive view of German government and politics despite the many discontinuities that have occurred in the history of Berlin, such as Hitler's regime and the building of the Wall.<sup>17</sup>

Yet, the process of European Union (EU) integration has also impacted transparency. Members of the European Union signed the Maastricht Treaty in 1992 and this treaty pushed for

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<sup>12</sup> Wise, Michael. *Capital Dilemma: Germany's Search for a New Architecture of Democracy*. New York: Princeton Architectural Press, 1998.

<sup>13</sup> Koepnick, Lutz. "Redeeming History? Foster's Dome and the Political Aesthetic of the Berlin Republic." *German Studies Review* (2001): 303-323.

<sup>14</sup> Koepnick, 312.

<sup>15</sup> Koepnick, 309.

<sup>16</sup> Koepnick, 310-311.

<sup>17</sup> Koepnick, 309 & 315.

greater transparency within EU law and politics.<sup>18</sup> The treaty had a declaration attached to it that stated that everyone should have “the right of access to information.”<sup>19</sup> Although access to EU documents is important, transparency and openness also required the EU to develop a more active policy of spreading information.<sup>20</sup> In this way, the idea of “decision-making as close to the people as possible” was circulated.<sup>21</sup> The Maastricht Treaty contained a declaration of transparency that stated, “the Conference considers that transparency of decision-making process strengthens the democratic nature of the institutions and the public’s confidence in administration.”<sup>22</sup> Improved access to information was seen as a way of promoting discussion on openness, stimulating more informed and involved debate of EU policy, and creating participatory opportunities between EU nations.<sup>23</sup> Transparency was meant to improve the dissemination and content of information by making it more simple, user-friendly, and clearer for the general public.<sup>24</sup> In order to do this, relations with the media were improved.<sup>25</sup> Transparency was viewed not only as a way of creating more visible, accessible, comprehensible, and tangible documents for interested parties, but also as a way to assess impact, as transparency is seen to be necessary to increasing efficiency.<sup>26</sup> Although the Maastricht Treaty attempted to increase transparency and openness among the EU, it seems as though they have only made legislation accessible, but have not enhanced the transparency of

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<sup>18</sup> Deckmyn, Verlee, ed. *Increasing transparency in the European Union?* European Institute of Public Administration, 2002.

<sup>19</sup> Deckmyn, 1.

<sup>20</sup> Deckmyn, 2.

<sup>21</sup> Lodge, Juliet. "Transparency and Democratic Legitimacy." *JCMS: Journal of Common Market Studies* 32, no. 3 (1994): 343-368.

<sup>22</sup> Lodge, 349.

<sup>23</sup> Lodge, 350.

<sup>24</sup> Lodge, 349 & 360.

<sup>25</sup> Lodge, 353.

<sup>26</sup> Lodge, 353.

EU policies themselves, indicating room for improvement.<sup>27</sup> In this way, transparency becomes linked with concepts of subsidiarity, efficiency, and democracy.<sup>28</sup>

Based on this information, it is clear that transparency entered into political discourse as a way to push the government into more transparent practices and to foster democracy after various political conflicts, including the reign of Hitler, World War II, and the integration of nations into the European Union. With pressure on the government to become more transparent, this pressure also spread into the business and nonprofit sectors. In 1998, the German Corporate Governance Reform came into existence as a law on control and transparency in business.<sup>29</sup> This law was created after the media called attention to the failure of supervisory boards in Germany and sought for more transparency and accountability of the boards in order to foster more ethical business.<sup>30</sup> It is unclear when transparency specifically began to enter into nonprofit discourse, as both accountability and transparency requirements in the German nonprofit sector are relatively low and largely a part of formal reporting to tax authorities.<sup>31</sup> As mentioned earlier, nonprofits are only obligated to disclose information to the tax authorities about their goals, activities, revenues, and expenditures and are protected by tax secrecy that excludes wider public interest.<sup>32</sup>

Although transparency is not necessarily a legal mandate, it is becoming an unofficial mandate by the public.<sup>33</sup> International relations scholars began to define transparency as a norm of behavior and public value for nations and nonprofit organizations beginning in the 1990s.<sup>34</sup> New professionals, however, understand the close connection between information management,

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<sup>27</sup> Lodge, 354.

<sup>28</sup> Lodge, 366.

<sup>29</sup> Seibert, Ulrich. "Control and Transparency in Business (KonTraG): Corporate Governance Reform in Germany." *European Business Law Review* 10, no. 1 (1999): 70-75.

<sup>30</sup> Seibert, 70-75.

<sup>31</sup> Anheier, Hass, and Beller, 70.

<sup>32</sup> Anheier, Hass, and Beller, 71.

<sup>33</sup> Ball, Carolyn. "What is transparency?" *Public Integrity* 11, no. 4 (2009): 293-308.

<sup>34</sup> Ball, 297.

public relations, and legitimacy, causing them to pay attention to transparency and professionalism and join voluntary initiatives,<sup>35</sup> such as the Civil Society Transparency Initiative, which will be discussed later in this chapter. The need for transparency within civil society suggests that corruption exists and offers the solution of providing information to the public by open decision-making, accountability, and the open preparation and execution of budgets,<sup>36</sup> indicating that active participation of citizens in civil society is necessary for transparency; it is not enough for nonprofits and the government to simply publish information.<sup>37</sup> Nonprofit transparency is motivated primarily by accountability, efficiency, and effectiveness, and only secondarily as a mechanism to generate trust.<sup>38</sup> With this, transparency is a result of clear goals and clear impact, which is most likely to occur when information about the organization is easily attainable.<sup>39</sup> German nonprofit organizations are willing to integrate ethical criteria into their social responsibility decisions since Germany, as a country, is dedicated to sustainable development through the intergenerational and intra-generational responsibility of individuals and society.<sup>40</sup> As we can see, transparency has many different facets and is voluntary, aside from tax law requirements, within the nonprofit sector.

## **Transparency Organizations**

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### *Transparency International:*

One of the most important organizations driving transparency within civil society in Germany is Transparency International. Founded in 1993, Transparency International (TI) is a politically independent nonprofit organization that employs principles of integrity,

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<sup>35</sup> Anheier, Hass, and Beller, 76.

<sup>36</sup> Ball, 296.

<sup>37</sup> Ball, 298.

<sup>38</sup> Ball, 298.

<sup>39</sup> Ball, 293 & 301.

<sup>40</sup> Schäfer, Henry. "Ethical Investment of German Non-Profit Organizations - Conceptual Outline and Empirical Results." *Business Ethics: A European Review* 13, no. 4 (2004): 269-287.

accountability, transparency, and participation.<sup>41</sup> The aim of TI is to raise public awareness about the harmful consequences of corruption and to strengthen national and international integrity systems by developing coalitions between the government, business, and civil society.<sup>42</sup> Leading by example, TI publishes its latest audit, annual report, governance process, code of conduct, and ethics polity on its website ([www.transparency.de](http://www.transparency.de)).<sup>43</sup> This organization has a legally binding document on its website called the Civil Society Transparency Initiative that organizations are able to download and sign (Appendix C).<sup>44</sup> By signing this document, organizations are voluntarily committing to transparency through agreeing to disclose information on the name, location and foundation of the organization, its statutes and shareholder agreements, tax office notifications, names and functions of key decision-makers, reports on activities and personnel structure, and information on sources and intended uses of funding.<sup>45</sup> This voluntary transparency initiative is becoming more popular as recent research estimates that over 1,000 organizations have signed this legally-binding document.<sup>46</sup> Signing this document will be used as one of the criteria that help determine the level of transparency of the organizations under analysis in the next chapter.

### *Deutsches Zentralinstitut für soziale Fragen*

Finally, the Deutsche Zentralinstitut für soziale Fragen (German Central Institute for Social Issues, also known as the DZI) is another organization that has been driving transparency. Founded under the name “Deutsche Gesellschaft für ethische Kultur” (German Society for Ethical Culture) in 1893, the DZI has been dedicated to providing information about welfare

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<sup>41</sup> “Über Transparency Deutschland.” Transparency International Deutschland. Accessed February 24, 2015. <http://www.transparency.de/UEber-uns.44.0.html>

<sup>42</sup> “Über Transparency Deutschland.”

<sup>43</sup> Ball, 297.

<sup>44</sup> “Initiative Transparente Zivilgesellschaft.”

<sup>45</sup> “Initiative Transparente Zivilgesellschaft.”

<sup>46</sup> “Über Transparenz Deutschland.”

organizations to all interested parties for over 100 years. In 1957, the organization's name was changed to the DZI in order to more accurately convey its legal form as a civil law foundation and the fact that they were collecting and archiving information about the activities and donations of *charities*, a specific subsector of associations. However, the DZI's vast utilization of the web and focus on its own transparency has only occurred in the past 30 years,<sup>47</sup> as a result of the changing civil society landscape. In the 1980s, the DZI began developing an extensive database that houses documents and information about social work in Germany.<sup>48</sup> All of this information is accessible to the general public in order to inform donors about the seriousness of nonprofit organizations and to warn against unfair practices.<sup>49</sup> Organizations are awarded the DZI seal if they meet certain transparency requirements. This seal was introduced in 1992 and is the highest quality mark of nonprofit trustworthiness.<sup>50</sup> Over 430 organizations have applied for the seal, with only 262 receiving it, indicating that approximately 30% of initial applicants are unsuccessful in receiving the "seal."<sup>51</sup> Organizations that receive the DZI "seal" collect approximately 1.2 billion euros (approximately \$1.3 billion USD) in donations annually as a result of the "seal" alone,<sup>52</sup> demonstrating the value society places on transparency. The DZI is a central point of inquiry for the media and politics,<sup>53</sup> indicating its credibility and reliability.

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<sup>47</sup> "Geschichte." Deutsches Zentralinstitut für soziale Fragen. Accessed March 7, 2015.  
<http://www.dzi.de/dzi-institut/das-dzi/geschichte/>

<sup>48</sup> "Stiftung Deutsches Zentralinstitut für soziale Fragen Home Page." Deutsches Zentralinstitut für soziale Fragen. Accessed February 24, 2015. <http://www.dzi.de/>

<sup>49</sup> "Stiftung Deutsches Zentralinstitut für soziale Fragen Home Page."

<sup>50</sup> "DZI Home Page." Deutsches Zentralinstitut für soziale Fragen." Accessed February 24, 2015.  
<http://www.dzi.de/dzi-institut/>

<sup>51</sup> "Spenderberatung FAQ." Deutsches Zentralinstitut für soziale Fragen. Accessed February 24, 2015.  
<http://www.dzi.de/spenderberatung/haufig-gestellte-fragen-faq/>

<sup>52</sup> "Spenderberatung FAQ."

<sup>53</sup> "Spenderberatung FAQ."

The DZI has also signed the Civil Society Transparency Initiative document,<sup>54</sup> further showcasing the DZI's commitment to transparency within civil society.

Both the DZI and Transparency International are organizations that are seeking to increase transparency in civil society by encouraging collaboration between civil society and individuals, businesses, and the government. The fact that the DZI has been considered a reputable organization for almost 100 years and has only recently begun focusing on its own transparency standards lends credibility to the more recent foundation of other voluntary initiatives focused on transparency, such as Transparency International and the Civil Society Transparency Initiative. From this, we can gather that civil society has been experiencing new expectations throughout the late 20<sup>th</sup> and early 21<sup>st</sup> Centuries, in which transparency is heavily defined by the Internet, media, and social media. In this way, civil society is transforming how transparency can and should be approached and expressed.

This drive for transparency is ultimately a modern phenomenon and result of post-World War II ideals associated with democracy and an open government. This pressure on the government to become more transparent has caused both businesses and nonprofits to utilize a variety of different tactics (i.e., laws, voluntary initiatives, etc.) to become more transparent as well. This indicates that transparency cannot occur in one sector alone; transparency must occur through the active support of society, the government, media, business, and nonprofits.<sup>55</sup> All of these facets intertwine to generate transparency, mimicking the neo-corporatist structure of German society where the public sector, the business sector, and the nonprofit sector function in relation to one another, rather than as separate institutional sectors.

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<sup>54</sup> "DZI Initiative Transparente Zivilgesellschaft." Deutsches Zentralinstitut für soziale Fragen. Accessed February 24, 2015. <http://www.dzi.de/dzi-institut/das-dzi/initiative-transparente-zivilgesellschaft/>

<sup>55</sup> Ball, 302.



## CHAPTER 4: DATA AND ANALYSIS

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This chapter will provide the analysis of seven nonprofit organizations in accordance with the approach and methods section. I have organized the analysis of these organizations by nonprofit subsector, beginning with an analysis of PHINEO, a “watchdog” organization that has rated the transparency and impact of some of the other organizations under analysis. Next, I will analyze two social services organizations, as they account for a majority of nonprofit services in Germany. The first will be Caritas, a Catholic nonprofit, which will be followed by the Bertelsmann-Stiftung, a general foundation that provides monetary funds to a variety of projects that correspond to its mission. Then, I will discuss two cultural organizations: AFS Interkulturelle Begegnungen, which fosters intercultural exchange, and the Goethe-Institut, an educational organization for those learning German. Lastly, I will focus on BUND, an environmental organization, and the Evangelisches Krankenhaus Paul Gerhardt Stift, a Protestant hospital.

### PHINEO

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Founded in 2009, PHINEO is a legally recognized nonprofit organization in Germany whose goal is to create a civil society that is characterized by impact-oriented action and to ensure successful cooperation of nonprofit organizations, the business community, government actors, and other networks.<sup>1</sup> PHINEO is a fairly small analysis and consulting firm with approximately 30 employees<sup>2</sup> that helps nonprofit organizations and their investors, such as foundations and companies, engage in civil society more effectively through the dissemination of knowledge regarding successful and effective organizational strategies and transparency

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<sup>1</sup> “Über PHINEO.” PHINEO. Accessed March 7, 2015. <http://www.phineo.org/phineo>

<sup>2</sup> Rickert, Andreas. PHINEO. Surveyed by Katherine Fitzpatrick. Informational Online Survey. December 5, 2014.

practices.<sup>3</sup> The belief that publishing information about the use of funds and the impact of nonprofit work is a driving force of PHINEO's mission and vision to encourage individuals and the business sector to actively and more effectively engage with civil society.<sup>4</sup> In order to discuss PHINEO's transparency, I will draw on analyses of my survey completed by the organization's CEO, the organization's web presence, and the fact that PHINEO has been highlighted in the prestigious German news source "Der Spiegel."

In order to prove that PHINEO itself is committed to transparency, the organization has joined the Civil Society Transparency Initiative by signing a legally-binding document, which was explained earlier in Chapter 3. This document and the "answers" to its questions and demands for transparency are clearly stated and easily accessible on PHINEO's website under the link "Transparenz,"<sup>5</sup> which is translated as "Transparency." All information about the source of funds, use of funds, personnel structure, work and research results, and key decision-makers and committee structures are publicly available on the PHINEO website. PHINEO also publishes annual reports each year detailing its mission, structure, vision, goals, funding, and future direction.<sup>6</sup> One is able to easily navigate the site and is provided with links throughout that direct you to other relevant information or documents that relate to what is currently being viewed. One is able to download all financial and annual reports as well as other studies and reports, the organization's evaluation methods, and the results of PHINEO's transparency analyses.<sup>7</sup> The website also has separate and easy-to-find tabs, in which one can find the abovementioned publications under the link "Publikationen" as well as the profiles of each nonprofit organization

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<sup>3</sup> "Gutes noch besser tun – dafür setzt sich PHINEO ein." PHINEO. Accessed March 7, 2015.  
<http://www.phineo.org/phineo/ueber-uns>

<sup>4</sup> "Gutes noch besser tun – dafür setzt sich PHINEO ein."

<sup>5</sup> "Initiative Transparente Zivilgesellschaft." PHINEO. Accessed March 7, 2015.  
<http://www.phineo.org/phineo/transparenz>

<sup>6</sup> "Publikationen." PHINEO. Accessed March 7, 2015.  
<http://www.phineo.org/phineo/publikationen>

<sup>7</sup> "Publikationen."

program that has been analyzed and awarded the PHINEO seal of approval for transparency under the tab “Empfohlene Projekte,”<sup>8</sup> translated as “highly recommended projects.” The ability to easily navigate the PHINEO website as a result of its many clearly labeled links and web pages, the ability to download and examine all relevant documents regarding the organization and its practices, and the fact that PHINEO has joined the Civil Society Transparency Initiative demonstrate PHINEO’s overall dedication to transparency and data-driven results, thus indicating a push toward nonprofit professionalization.

Also contributing to PHINEO’s status as transparent, is the fact that “Der Spiegel,” a well-known news source in Germany that is read by over 1 million people each week,<sup>9</sup> commissioned the organization to conduct a study and rank the 50 most transparent nonprofit organizations in Germany, which they (“Der Spiegel”) then published.<sup>10</sup> “Der Spiegel” is one of the most highly regarded media outlets in Germany. Even after the “Spiegel Affair,” in which the magazine was accused of treasonous actions after the fall of the Berlin Wall and during the Cold War, this news outlet has done well for itself, not just economically, but also publicly, as its reputation has continued to remain stellar, being called “a bastion of independent investigative journalism.”<sup>11</sup> The “Spiegel Affair” refers to when the West German authorities arrested the editors of the magazine “Der Spiegel” in 1962 for allegedly revealing state secrets in a way that “endanger[d] the security of the Federal Republic as well as the safety and freedom of the

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<sup>8</sup> “PHINEO empfiehlt.” PHINEO. Accessed March 7, 2015. <http://www.phineo.org/phineo/publikationen>

<sup>9</sup> “Frequently Asked Questions: Everything You Need to Know About DER SPIEGEL.” Spiegel Online International. Accessed March 7, 2015. <http://www.spiegel.de/international/frequently-asked-questions-everything-you-need-to-know-about-der-spiegel-a-789851.html>

<sup>10</sup> Diekmann, Florian, and Hans Sayami. “Rangliste: So Transparent Arbeiten Die Großen Spendenorganisationen.” *Der Spiegel*, November 28, 2014. Accessed March 7, 2015. <http://www.spiegel.de/wirtschaft/service/transparenz-test-ranking-der-50-top-spenden-organisationen-a-1005164.html>.

<sup>11</sup> Marek, Michael, and Birgit Görtz. “A Scandal Rocks the Young Federal Republic.” *Deutsche Welle*, October 10, 2012. Accessed January 28, 2015. <http://www.dw.de/a-scandal-rocks-the-young-federal-republic/a-16295037>.

German people.”<sup>12</sup> When the public found out about the arrests, there were protests from journalists, publishing associations, and university students. These groups protested against the fact that the government was denying the freedom of the press. Journalists suggested that “in a time when warfare is outmoded and inconceivable, it is not only the right, it is an ethical duty, to reveal so-called state secrets.”<sup>13</sup> In other words, the citizens of West Germany commended “Der Spiegel” for its honesty and integrity, despite the treason charges against its editors. They believed that investigative journalism and honesty from the press during times of distress was necessary to maintain a democracy. The affair ultimately benefitted this magazine as its circulation increased dramatically and it became famous internationally for its coverage of news events, thoughtful and truthful analysis, and concise writing style.<sup>14</sup> As a result, “Der Spiegel” became an extremely credible publication, functioning, in a sense, as a “watchdog of democracy.”

With “Der Spiegel’s” stellar reputation, it follows that it would commission a study regarding nonprofit transparency. The fact that it chose PHINEO to conduct the research demonstrates the credibility and transparency of PHINEO as a nonprofit organization. This study specifically focused on how transparent nonprofits are, rather than on how effective their efforts are; but according to PHINEO, transparency is a strong indicator of effectiveness.<sup>15</sup> “Der Spiegel” links transparency to meaningful actions. According to “Der Spiegel,” model organizations have all organizational information available and easily accessible to the public,

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<sup>12</sup> Bunn, R. F. (1966). The Spiegel affair and the West German press: The initial phase. *Public Opinion Quarterly*, 30(1), 54-68.

<sup>13</sup> Bunn, 57.

<sup>14</sup> Gunkel, Christoph. "50th Anniversary of the 'SPIEGEL Affair': A Watershed Moment for West German Democracy." *Spiegel Online International*, September 21, 2012. Accessed January 28, 2015. <http://www.spiegel.de/international/germany/50th-anniversary-of-the-spiegel-affair-a-857030-2.html>.

<sup>15</sup> "Rangliste: So Transparent Arbeiten Die Großen Spendenorganisationen."

including financial data, a review of the organization's activities, and quantifiable impact.<sup>16</sup> The way in which "Der Spiegel" discusses transparency supports PHINEO's mission and analysis methods. Two organizations that will be analyzed in the following section, Caritas and BUND, ranked within this study on the top 50 most transparent organizations in Germany.<sup>17</sup> This demonstrates pressure from the media for organizations to remain transparent since media outlets, especially well-respected ones, such as "Der Spiegel," can have a huge impact on the image of nonprofit organizations and their work, thus emphasizing how the media is figuring into the newfound transparency expectations of modern civil society in Germany.

There are over 600,000 nonprofit organizations in Germany,<sup>18</sup> yet according to a study conducted by PHINEO in 2012, only about 50% of organizations are working toward transparency.<sup>19</sup> According to PHINEO, of these 600,000 nonprofit organizations, only about 600 organizations have signed the Civil Society Transparency Initiative,<sup>20</sup> indicating their legal dedication to increased transparency among nonprofit organizations. These unexpected statistics clearly demonstrate the need for an organization like PHINEO to function as a "watchdog" over the German nonprofit sector. After conducting numerous studies and receiving feedback from social investors and private donors who turn to PHINEO for guidance when determining which organizations will receive their donations, PHINEO concluded that these two groups find comprehensive information about an organization's finances, impact, and overall structure and operation to be of high importance.<sup>21</sup> For example, 74% of private donors and 71% of foundations find information about the use of finances to be important when making decisions

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<sup>16</sup> "Rangliste: So Transparent Arbeiten Die Großen Spendenorganisationen."

<sup>17</sup> "Rangliste: So Transparent Arbeiten Die Großen Spendenorganisationen."

<sup>18</sup> "Gutes noch besser tun – dafür setzt sich PHINEO ein."

<sup>19</sup> "Gutes noch besser tun – dafür setzt sich PHINEO ein."

<sup>20</sup> "Gutes noch besser tun – dafür setzt sich PHINEO ein." *Bedarf.*

<sup>21</sup> "Gutes noch besser tun – dafür setzt sich PHINEO ein." *Bedarf.*

about where to donate their money.<sup>22</sup> 90% of foundations, however, find the effect, or expected impact, of a nonprofit organization's work to be key, while only 71% of private donors find this to be relevant.<sup>23</sup> Although private donors and foundations have high standards of efficiency and effectiveness, it seems that private donors value transparency and turn to PHINEO for information on where to donate, with 94% of them wanting comprehensive information about the structure and operation of the organization as well as information on the use of donations and the past performance of the nonprofit before deciding to donate.<sup>24</sup> The above information suggests the importance that socially responsible donors who are familiar with PHINEO, such as social investors, private donors, or foundations, place on nonprofit transparency and effectiveness, which has an overall impact on how much money and how many resources nonprofit organizations receive.

After carefully analyzing PHINEO's financial data, the organization's annual budget is 2.5 million euros, or approximately \$2.8 million U.S. dollars (USD).<sup>25</sup> The government provides PHINEO with less than 20,000 euros (approximately \$22,600 USD) per year, helping pay for project funding. There has been no change in government funding in the past 10 years and according to the CEO of PHINEO, the organization feels the most pressure from their donors and business partners to remain transparent, rather than pressure from the government.<sup>26</sup> Between the years 2011 and 2013, PHINEO has received a large portion of funding from donations, grants, and social sponsoring, with private donations making up the smallest proportion.<sup>27</sup> Social sponsoring is when a company provides resources, such as money, property, or services, to a

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<sup>22</sup> "Gutes noch besser tun – dafür setzt sich PHINEO ein." *Bedarf*.

<sup>23</sup> "Gutes noch besser tun – dafür setzt sich PHINEO ein." *Bedarf*.

<sup>24</sup> "Gutes noch besser tun – dafür setzt sich PHINEO ein." *Bedarf*.

<sup>25</sup> Survey completed by Andreas Rickert.

<sup>26</sup> Survey completed by Andreas Rickert.

<sup>27</sup> "Publikationen." PHINEO Jahresbericht 2011, PHINEO Jahresbericht 2012, PHINEO Jahresbericht 2013.

social organization and this support promotes the company's image, making this a mutually beneficial partnership for the company and the social organization.<sup>28</sup> This funding from donations, grants, and social sponsors has increased from approximately 1.8 million euros (\$2.03 million USD) in the year 2011 to approximately 2.6 million euros (\$2.9 million USD) in the year 2013.<sup>29</sup> Social sponsorship and grants, in particular, are on the rise, accounting for approximately 70% of revenue since 2010.<sup>30</sup> Private donations have been fluctuating between 3% and 5% of overall incoming money to the organization during this same time period.<sup>31</sup>

Nonprofit organizations voluntarily turn to PHINEO for a comprehensive evaluation of their programs to determine their level of transparency and social accountability, which can help them receive more resources and funding from social investors. PHINEO is able to provide its services free of charge because of the dedication of its funders, including the Bertelsmann Foundation, the German Stock Exchange Group, the Mercator Foundation, and other accounting and consulting firms.<sup>32</sup> Of the approximately 700 organizations analyzed, only about 180 organizations have been awarded the PHINEO seal of approval for transparency, which is a sign of recognition for effective engagement in civil society in Germany.<sup>33</sup> This "seal" is awarded to charitable projects that have the potential to be particularly effective and contribute to the solution of a specific social problem.<sup>34</sup> The website details the vigorous scientific analytical process that each organization is subjected to, which includes both "hard" quantitative data and

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<sup>28</sup> Adapted from the "Social Sponsoring Definition." Duden Wörterbuch Online. Accessed March 7, 2015. [http://www.duden.de/rechtschreibung/Social\\_Sponsoring](http://www.duden.de/rechtschreibung/Social_Sponsoring)

<sup>29</sup> "Publikationen." PHINEO Jahresbericht 2013.

<sup>30</sup> "Publikationen." PHINEO Jahresbericht 2010, PHINEO Jahresbericht 2011, PHINEO Jahresbericht 2012, PHINEO Jahresbericht 2013.

<sup>31</sup> "Publikationen." Jahresberichte.

<sup>32</sup> "Häufige Fragen zu PHINEO." PHINEO. Accessed March 7, 2015. <http://www.phineo.org/phineo/faq>

<sup>33</sup> "Häufige Fragen zu PHINEO."

<sup>34</sup> "Häufige Fragen zu PHINEO."

qualitative data.<sup>35</sup> In order to measure the performance of the organization and its potential impact on society, the PHINEO scientific method analyzes these main criteria: objectives and target groups, approach and concept, quality development, vision and strategy, leadership and HR management, overall supervision (i.e., executive director, president, etc.), finance and controlling departments, transparency, and public relations.<sup>36</sup> PHINEO relies on surveys, feedback, storytelling, statistical analyses, and reports in order to best serve its constituents and publish results that are available to the general public.<sup>37</sup> After having surveyed the organizations that have received the PHINEO seal of approval for transparency, 50% stated that they have received additional support from donors, whether that is in the form of money, volunteer commitment, pro bono work, or other resources.<sup>38</sup> Organizations that have successfully integrated the PHINEO “seal” into their fundraising activities and public relations have noticed an even greater increase in donor support.<sup>39</sup>

Although the organizations that have been awarded the PHINEO “seal” have benefitted from PHINEO’s services, it also seems that the organizations that have been analyzed, but have not received the “seal” have also gained valuable insight from PHINEO. Of all the organizations that have sought out PHINEO’s services, 56% have stated that they have made changes regarding the transparency of their organization and 19% have specifically focused more on monitoring and data-driven analyses of their organization, indicating a movement toward professionalization.<sup>40</sup> After having received the PHINEO analysis, 31% of organizations made changes in the structure and function of their management and supervisory bodies and 25%

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<sup>35</sup> “Analyse mit Herz & Verstand: die PHINEO-Methode.”

<sup>36</sup> “Analyse mit Herz & Verstand: die PHINEO-Methode.” PDF Download “Engagement mit Wirkung.”

<sup>37</sup> “Und wie wirkt PHINEO?” PHINEO. Accessed March 7, 2015. <http://www.phineo.org/phineo/unsere-wirkung>

<sup>38</sup> “Und wie wirkt PHINEO?”

<sup>39</sup> “Häufige Fragen zu PHINEO.”

<sup>40</sup> “Gutes noch besser tun – dafür setzt sich PHINEO ein.”



altered their activities and strategies in order to become more effective.<sup>41</sup> The fact that even organizations that did not receive the “seal” of approval for transparency are making changes to become more transparent and effective in civil society indicates the effectiveness and success of PHINEO and an overall drive for nonprofit organizations to improve transparency.

PHINEO’s analyses have proven valuable not only to nonprofit organizations, but also to social investors and donors who are seeking information about where their money will be the most useful in civil society. With PHINEO’s focus on transparency, financial reports suggest that this has led to more donations and social sponsorship money. With this overall increase in social sponsor, grant, and donor money, it makes sense that PHINEO’s transparency helps them receive funding from private donors and a variety of companies and foundations looking to function as social sponsors or to provide PHINEO with grant money. Supporting this claim is data from PHINEO’s CEO who filled out the survey that I distributed, indicating that, for some donors, whether they are social investors, companies, foundations, or the socially responsible German citizen, annual reports with financial data and information regarding societal impact are the main reason that they choose to donate to PHINEO.<sup>42</sup> The financial reports PHINEO provides on its website have helped shed light on the fact that donors and business partners are huge drivers in transparency. The financial reports, however, fail to acknowledge the government, as there is no indication if the grants being received by the organization are governmental in nature. Therefore, it is still possible that the government is playing a role in pushing the organization, and others, toward transparency and professionalization, despite the fact that PHINEO receives less than 20,000 euros (\$22,600 USD) per year from the government.<sup>43</sup> The government obviously requires financial transparency from nonprofit organizations as was mentioned in the

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<sup>41</sup> “Gutes noch besser tun – dafür setzt sich PHINEO ein.”

<sup>42</sup> Survey completed by Andreas Rickert.

<sup>43</sup> Survey completed by Andreas Rickert.

“Background Information” chapter; whether or not the government is pushing this financial transparency to the public is another question that the financial and organizational data provided by PHINEO is unable to concretely answer.

It is also possible that the media is a new force in driving transparency at PHINEO with the publication of the recently esteemed study of the 50 most transparent nonprofit organizations in Germany commissioned by “Der Spiegel.” More concrete evidence and data must be discovered in order to make the generalization that “all media” is impacting nonprofit professionalization and transparency. However, it is safe to say that the media is playing a role in PHINEO’s continued dedication to transparency. “Der Spiegel’s” interest in transparency and PHINEO indicates that portions of civil society are coming to rely on the media and modern technology to portray their transparency to the general public. Civil society, in this way, is becoming more intertwined with the media. PHINEO’s success and effectiveness seems to make it a major force behind a trend toward increased transparency and professionalization among civil society organizations with their increased dependence on quantitative and results-driven data.

## Social Services

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# CARITAS

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Caritas is an international professional charity that provides services to help a diverse group of people who are facing difficult situations. As an affiliate of the Catholic Church, Caritas functions as a social services provider and a lawyer and partner for the disadvantaged in over 160 countries.<sup>1</sup> With over 8,250 legally independent carriers, Caritas unites them in service to those in need.<sup>2</sup> The transparency and professionalization of this Catholic welfare association will be examined primarily through its web presence as well as through an analysis of financial reports and its programs that have received the PHINEO seal of transparency.

Similar to other nonprofit organizations that will be analyzed later in this thesis, the Caritas home page is filled with a variety of news articles detailing current projects and other information regarding Caritas as an organization.<sup>3</sup> There is a search bar and five main tabs on the home page: “Hilfe und Beratung” (“Help and Advice”), “Spende und Engagement” (“Donations and Commitment”), “Magazin” (“Magazine”), “Die Caritas” (“Caritas”), and “Für Profis” (“For Professionals”). These labels do not make it entirely clear what information will be presented under each tab; however, if one puts his or her cursor over each label, one will see what subcategories are under each heading. The “Die Caritas” tab is comparable to the “Über Uns” (“About Us”) tabs on other websites and is the tab that will prove most valuable in this particular transparency analysis. The subcategories under “Die Caritas” that will be focused on are: “Wofür

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<sup>1</sup> “Die Caritas in Deutschland und Weltweit.” Caritas. Accessed March 2, 2015.

<http://www.caritas.de/diecaritas/wofuerwirstehen/>

<sup>2</sup> “Transparenz und Finanzen.” Caritas. Accessed March 2, 2015. <http://www.caritas.de/diecaritas/transparenz/>

<sup>3</sup> “Caritas Home Page.” Caritas. Accessed March 2, 2015. <http://www.caritas.de/>

wir stehen” (“What we stand for”), “Caritas von A-Z” (“Caritas from A-Z”), and “Transparenz und Finanzen” (“Transparency and Finances”).

The “Wofür wir stehen” tab includes information about who the organization is and what it does. There are two infographics that describe these two aspects of the organization very simply so it is easy for people to understand the organization at a glance.<sup>4</sup> One is able to easily download these infographics as well. However, one is also able to click on other links that go into more detail than the infographics give, if the visitor is interested. From this tab, we also learn that the organization is a charity organization, a mission of the church, and organized professional assistance for those in need. Next, the “Caritas von A-Z” tab is a glossary that includes key concepts and commonly used vocabulary throughout the website in order for the visitor to understand the mission, work, and vision of the organization more clearly.<sup>5</sup> For example, the glossary defines the term “Transparenz,” or “transparency,” by focusing on the goals of the Civil Society Transparency Initiative, in which organizations should publish standardized information about themselves, such as their key decision-makers, sources and use of funds, and personnel structure. This glossary definition mentions the additional transparency standards that Caritas and Diakonie, another church-affiliated social services nonprofit organization, put into place in 2010. These will be discussed in more detail in the next paragraph. The glossary definition of “Transparenz” also includes the fact that Caritas received the DZI “seal” in 2011,<sup>6</sup> indicating the organization’s trustworthiness. The DZI is a nonprofit organization that informs donors about the practices and trustworthiness of civil society

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<sup>4</sup> “Die Caritas in Deutschland und Weltweit.”

<sup>5</sup> “Die Caritas von A-Z.” Caritas. Accessed March 2, 2015. <http://www.caritas.de/diecaritas/glossarcaritas/>

<sup>6</sup> “Die Caritas von A-Z.”

organizations in Germany<sup>7</sup> and this organization is often a central point of inquiry for researchers, the media, and politics.<sup>8</sup> This glossary provides a lot of information about the organization, its standards, and its values. This particular definition of transparency reveals the importance that Caritas places on social accountability, which will be looked at more closely next.

Caritas places high value on transparency and social accountability as is showcased in their “Transparency and Finances” tab.<sup>9</sup> Not only has Caritas received the DZI “seal,” but it is also a member of the Civil Society Transparency Initiative and has developed its own set of transparency standards. This DZI “seal” indicates the organization’s trustworthiness and showcases the fact that advertising and administrative expenditure is below 10%,<sup>10</sup> indicating that the majority of funding is being used for the implementation of programs, rather than “overhead” costs. In regards to the Civil Society Transparency Initiative, Caritas has published the document and its responses on the website, providing links on where to find each specific element as well as a link to the Civil Society Transparency Initiative website.<sup>11</sup> Along with the Civil Society Transparency Initiative’s standards for transparency, Caritas and Diakonie have developed their own set of transparency standards with a basis in theology and ethics, stemming from their relationship with the church.<sup>12</sup> One is able to download the document online and read the transparency standards that these two organizations have set for themselves. This document

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<sup>7</sup> “Stiftung Deutsches Zentralinstitut für soziale Fragen Home Page.” Deutsches Zentralinstitut für soziale Fragen. Accessed March 2, 2015. <http://www.dzi.de/>

<sup>8</sup> “Das DZI – Deutsches Zentralinstitut für soziale Fragen.”

<sup>9</sup> “Transparenz und Finanzen.”

<sup>10</sup> “Caritas von A-Z.”

<sup>11</sup> “Initiative Transparente Zivilgesellschaft.” Caritas. Accessed March 2, 2015.

<http://www.caritas.de/diecaritas/deutscher Caritasverband/verbandszentrale/transparenzinitiative/transparenz>

<sup>12</sup> “Transparenzstandards von Caritas und Diakonie.” Caritas. PDF Download

“Transparenzstandards für Caritas und Diakonie.” Accessed March 2, 2015.

<http://www.caritas.de/fuerprofis/presse/stellungnahmen/11-30-2010-transparenzstandards-von-caritas-und-diakonie>

discusses that Caritas and Diakonie are remaining transparent for potential program users, self-help groups, donors, funders, sponsors, federal and state funding bodies, communities and churches, service providers, the general public, and the media.<sup>13</sup> These transparency standards include reports on structural data, performance, economics, donations, volunteering, the environment, intellectual capital, special events and activities, and much more (Appendix D).<sup>14</sup> These “extra” transparency standards indicate how seriously the organization is dedicated to transparency and professionalization, as it is focusing on measurable data in a variety of different areas. This document’s target groups also give insight into which types of people are pushing transparency, specifically donors, the government, the church, and the media.

This website also contains a vast amount of information on financing. Caritas is primarily funded by public grants and subsidies from the European Union, the federal government, the state government, and local governments, social security insurance, donations, service payments by those who utilize programs, and church taxes. This information is portrayed in a simple infographic that is easily downloadable; but one also has the option of clicking on a link to learn about each funding area more in depth.<sup>15</sup> Financing goes toward programs that provide services for children and youth, families, the elderly, the sick, those in need of care, and people with disabilities. In 2010, former Caritas CEO Niko Roth, signed an agreement that the organization would publish all of its financial information on its website since the organization receives a large amount of public funding.<sup>16</sup> Caritas finds it important to go beyond the legal transparency

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<sup>13</sup> “Transparenzstandards von Caritas und Diakonie.” PDF Download “Transparenzstandards für Caritas und Diakonie.”

<sup>14</sup> “Transparenzstandards von Caritas und Diakonie.” PDF Download “Transparenzstandards für Caritas und Diakonie.”

<sup>15</sup> “So finanziert sich die Caritas.” Caritas. Accessed March 2, 2015.  
<http://www.caritas.de/diecaritas/transparenz/finanzierung/ueberblick>

<sup>16</sup> “Glaubwürdig und wettbewerbsfähig bleiben.” Caritas. Accessed March 2, 2015.  
<http://www.caritas.de/fuerprofis/fachthemen/caritas/glaubwuerdig-und-wettbewerbsfaehig-bleib>

requirements that already exist under tax law in order to remain competitive and strengthen their credibility among constituents and donors. Even though the organization is unable to make general statements about the proportions of government funding received since each locality receives a different amount,<sup>17</sup> it still publishes information regarding organizational structure, the use of donations, and funding. Caritas remains true to its promises of financial transparency, as one is able to find annual reports from 2008-2013 by utilizing the search bar. On the financial FAQ page, we learn that in 2013, Caritas received 59.9 million euros (approximately \$64.5 million USD) from the federal government, 2.5 million euros (approximately \$2.7 million USD) from the European Union, and approximately 8.5 million euros (approximately \$9.2 million USD) from the church.<sup>18</sup> These large chunks of funding indicate that the church and the government may be influencing Caritas to increase its transparency standards.

Ranked number fifteen out of fifty in PHINEO's report on the top-most transparent nonprofit organizations in Germany published by "Der Spiegel," Caritas has also received the PHINEO "seal" for two of its programs, showcasing that it has been empirically examined and analyzed for transparency. The Caritas Association in Mannheim has been commended for its efforts in its electricity savings program for low-income citizens and its "Kisiko" program that offers support for children whose parents are struggling with addiction. The energy savings program has received either 4-stars ("very good") or 3-stars ("good") for each impact and performance measure.<sup>19</sup> The "Kisiko" program has received the same ratings, but with a 5-star ("outstanding") rating for the "goals and target group" category, with their target group being

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<sup>17</sup> "So finanziert sich die Caritas."

<sup>18</sup> "Häufig gestellte Fragen zur Finanzierung der Caritas." Caritas. Accessed March 2, 2015. <http://www.caritas.de/diecaritas/transparenz/faq/>

<sup>19</sup> "Kisiko – Kinder sind kompetent – Caritasverband Mannheim e.V." & "Stromspar-Check – Caritasverband Mannheim e.V." PHINEO. Accessed March 2, 2015. <http://www.phineo.org/empfohlene-projekte>

children whose parents have addiction problems.<sup>20</sup> The fact that two Caritas programs have received the PHINEO “seal” demonstrates the organization’s truly transparent nature.

The Caritas website contains valuable structural, organizational, and financial information, contributing to its transparency. Caritas’s positive review by PHINEO also reveals that the organization is quite transparent and striving to implement new strategies in order to become even more transparent. The organization’s website is well-organized and easy for viewers to skim and navigate. Infographics about the organization’s structure and financial data allow viewers to understand the organization at its most simple level, with opportunities to determine what they find most important and what they want to learn more about. The fact that Caritas has signed the Civil Society Transparency Initiative Document, received the DZI “seal” of trustworthiness, and generated its own transparency standards clearly demonstrate Caritas’s focus on transparency and social accountability, while also showcasing the organization’s desire to improve transparency standards and dedication to its constituents.

After reviewing the website and financials, it seems as though the government, the church, and the media are having a large impact on the organization’s transparency. The church and the government are both large funders of the organization and its programs. The church may hold Caritas to high standards of transparency because of religious beliefs and morality.<sup>21</sup> It is

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<sup>20</sup> “Kisiko – Kinder sind kompetent – Caritasverband Mannheim e.V.”

<sup>21</sup> Catholic charitable/nonprofit organizations are not under a general directive to divulge information about their finances to the public. However, many dioceses are beginning to publish annual reports and balance sheets in order to show how much church money is being given to charitable organizations. The largest archdiocese in Germany is in Cologne, which has 3.35 billion euros (approximately \$3.63 billion USD) in assets, with the majority of these being securities and real estate. Vicar General Stefan Heße reports that the church’s promise of transparency is fulfilled by the publication of its accounts that have been audited by a professional auditor. The wealth of the Catholic Church often arouses suspicion, making it imperative that the church remains open in regards to its finances in order to prove that the church is dedicated to serving its constituents and that church assets serve pastoral and social tasks of the church.

Kaiser, Stefan. "Immobilien, Aktien, Beteiligungen: Erzbisum Köln Legt Milliardenvermögen Offen." *Der Spiegel*, February 2, 2015. Accessed March 7, 2015. <http://www.spiegel.de/wirtschaft/soziales/kirche-erzbisum-koeln-legt-vermoegen-offen-a-1018989.html>



highly probable that Caritas’s presence on the PHINEO website and in “Der Spiegel” also helps facilitate transparency as the media can have a huge impact on how the public views nonprofit organizations and civil society as a whole. The media, government, and church seem to be huge drivers of transparency at Caritas.

## BERTELSMANN-STIFTUNG

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The Bertelsmann-Stiftung, or Bertelsmann Foundation, was established in 1977 and is a private operating foundation that funds independently designed projects.<sup>22</sup> The Bertelsmann Foundation does not make grants or provide funding to third party organizations, but rather invests all of its financial resources in projects the foundation itself initiates and executes.<sup>23</sup> The organization has programs that monitor early childhood education, strengthen and connect European nations, help create new employment opportunities in Germany, and much more.<sup>24</sup> This organization’s goal is to strengthen civil society by working closely with public and private institutions as well as with experts from a variety of disciplines and industries.<sup>25</sup> The Bertelsmann Foundation believes that competition and civic involvement are essential for social progress.<sup>26</sup> An analysis of the Bertelsmann Foundation’s website and financial reports will aid in determining the organization’s level of professionalization.

When arriving at the website, it is clear that the website is straightforward and easy to navigate. There is a search bar and four main tabs on the home page: “Themen” (“Themes”),

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<sup>22</sup> “Motive des Stifters – Von der Welt lernen: Warum Reinhard Mohn die Bertelsmann Stiftung gründete.” Bertelsmann Stiftung. Accessed March 7, 2015. <https://www.bertelsmann-stiftung.de/de/ueber-uns/was-uns-bewegt/motive-des-stifters/>

<sup>23</sup> “Aus der Projektarbeit: Ein Blick in die Werkstatt.” Bertelsmann Stiftung.” Accessed March 7, 2015. <https://www.bertelsmann-stiftung.de/de/unsere-projekte/>

<sup>24</sup> “Unsere Projekte von A-Z.” Bertelsmann Stiftung. Accessed March 7, 2015. <https://www.bertelsmann-stiftung.de/de/unsere-projekte/projektuebersicht/von-a-z/>

<sup>25</sup> “Motive des Stifters – Von der Welt lernen: Warum Reinhard Mohn die Bertelsmann Stiftung gründete.”

<sup>26</sup> “Über Uns.” Bertelsmann Stiftung. Accessed March 7, 2015. <https://www.bertelsmann-stiftung.de/de/ueber-uns/>

“Unsere Projekte” (“Our Projects”), “Über Uns” (“About Us”), and “Publikationen” (“Publications”). Various articles and interviews are posted on the home page detailing some of the foundation’s current work, giving visitors the opportunity to explore projects more in-depth or to read about topics that interest them. The “About Us” tab contains information about the organization’s mission statement, principles, partners, history, and board members.<sup>27</sup> The “Grundsätze” (“Principles”) tab indicates the organization’s purpose: “to promote science and research, religion, public health, the youth and elderly, art and culture, adult education and vocational training, welfare services, international cultural exchange, democratic policy, and civil engagement.”<sup>28</sup> The organization has over 60 current projects and over 300 highly-qualified employees. These employees are experts in their specific fields and they are the ones who relay information to the media and the wider public in order to ensure transparent and clear communication. Despite the fact that it is not legally required to do so, the Bertelsmann Foundation provides the public with the essentials about the organization, its activities, and its economic information because it feels that it has a responsibility to society.<sup>29</sup> The Bertelsmann Foundation uses the Association of German Foundations as its guiding framework for good practices.<sup>30</sup> The website provides a link to the Association of German Foundations’ website so that visitors are able to gather information regarding this foundation’s practices as well.

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<sup>27</sup> “Über Uns.”

<sup>28</sup> The original German: “Zweck der Stiftung ist die Förderung von Wissenschaft und Forschung, Religion, öffentlichem Gesundheitswesen, von Jugend- und Altenhilfe, Kunst und Kultur, Volks- und Berufsausbildung, Wohlfahrtswesen, internationalem Kulturaustausch, demokratischem Staatswesen und bürgerschaftlichem Engagement.”

“Grundsätze: Prinzipien unserer Arbeit.” Bertelsmann Stiftung. Accessed March 7, 2015. <https://www.bertelsmann-stiftung.de/de/ueber-uns/was-uns-bewegt/grundsaeetze/>

<sup>29</sup> “Grundsätze: Prinzipien unserer Arbeit.”

<sup>30</sup> “Grundsätze: Prinzipien unserer Arbeit.”

The website also provides a list of partners, indicating that the Bertelsmann Foundation works closely with PHINEO as well as its sister foundation in the United States.<sup>31</sup> The fact that the Bertelsmann Foundation works closely with PHINEO suggests that the organization is meeting many of the transparency standards that PHINEO sets. This seems likely since working with a non-transparent organization could have negative implications for PHINEO. The website also has a brief description of all the foundation's partners as well as links to the partner websites. Information on the board of directors and board of trustees<sup>32</sup> as well as the contact information of all employees<sup>33</sup> is available on the website under the "Wer Wir Sind" ("Who We Are") tab. From this, we learn that there are four board members that make fundamental decisions for the organization, while the board of trustees helps make developmental and management decisions.<sup>34</sup> One is able to read biographies of each board member and an organizational chart of board member responsibilities is available to download.<sup>35</sup>

One is also able to download the 2013 annual report as well as a variety of books, studies, and media (videos, photos, infographics, press releases) under the "Publications" tab.<sup>36</sup> The annual report and some other documents are available to download in both English and German, which makes sense since the organization has an affiliate in the United States. According to the 2013 financial report, the Bertelsmann Foundation invested approximately 67 million euros (approximately \$72.6 million USD) in projects, with administration costs being only around

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<sup>31</sup> "Partner: Schwester- und Tochterorganisationen." Bertelsmann Stiftung. Accessed March 7, 2015. <https://www.bertelsmann-stiftung.de/de/ueber-uns/was-uns-bewegt/partner/>

<sup>32</sup> "Unsere Organisation: Handeln und gestalten." Bertelsmann Stiftung. Accessed March 7, 2015. <https://www.bertelsmann-stiftung.de/de/ueber-uns/wer-wir-sind/organisation/>

"Mitarbeiterliste." Bertelsmann Stiftung. Accessed March 7, 2015. <https://www.bertelsmann-stiftung.de/de/ueber-uns/wer-wir-sind/ansprechpartner/mitarbeiterliste/>

<sup>34</sup> "Unsere Organisation: Handeln und gestalten."

<sup>35</sup> "Organigramm Programme." Bertelsmann Stiftung. Accessed March 7, 2015. [https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Corporate/Organisation/Organigramm\\_BertelsmannStiftung\\_20131023.pdf](https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Corporate/Organisation/Organigramm_BertelsmannStiftung_20131023.pdf)

<sup>36</sup> "Publikationen." Bertelsmann Stiftung. Accessed March 7, 2015. <https://www.bertelsmann-stiftung.de/de/publikationen/>

8,000 euros (approximately \$8,675 USD). Although this annual report contains valuable financial data, I was unable to determine any patterns in financing that might have an impact on transparency since no previous annual reports were available online. The majority of the organization's income comes from investments of the foundation's indirect holdings.<sup>37</sup> It is important to recognize that this could potentially cause problems for the organization as a whole if the German economy collapsed. If this were to happen, then it is extremely possible that the Bertelsmann Foundation would lose its real estate investments and fail to fulfill its overall mission. This could ultimately affect the organization's credibility and even cause German citizens to lose faith in civil society as a whole. Perhaps, in this way, the Bertelsmann Foundation's organization type and structure may not be considered transparent, as there are unknown factors that could lead to its demise.

The Bertelsmann Foundation website's easy navigability and clean design as well as the fact that one has the ability to save web pages as a PDF, send them via e-mail, share them on social media, or print them, indicates that the foundation is trying to remain transparent, or provide important data, for website users. However, the Bertelsmann Foundation is not a member of the Civil Society Transparency Initiative and it is difficult to locate all financial data, therefore, making it difficult to determine what is driving the organization's mission and belief that it should be held accountable to the public. Based on the above observations, it seems as though PHINEO may be a driving force in the Bertelsmann Foundation's attempt at transparency as they are close partners and PHINEO's overall goal is to encourage organizations to utilize transparent practices. It is unclear whether or not other transparency or professionalization forces

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<sup>37</sup> "2013 Annual Report." Bertelsmann Foundation. Accessed March 7, 2015. [https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/Infomaterialien/IN\\_BSt\\_AnnualReport\\_2013.pdf](https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/Infomaterialien/IN_BSt_AnnualReport_2013.pdf)

are at play for the Bertelsmann Foundation, indicating that there is quite a bit of work that the Bertelsmann Foundation must do in order to achieve full transparency.

## Cultural

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# AFS INTERKULTURELLE BEGEGNUNGEN

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AFS Interkulturelle Begegnungen, translated to AFS Intercultural Encounters, is an international, independent nonprofit volunteer organization that provides intercultural exchange programs in order to generate an understanding between different cultures around the world. This understanding promotes respect for human rights and dignity regardless of race, gender, sexual orientation, religion, disability, or social status.<sup>1</sup> With over 60 years of experience<sup>2</sup> and more than 40,000 volunteers worldwide,<sup>3</sup> this organization aims to help those who participate in its student exchange, homestay, and summer school programs acquire the ability to confidently deal with unfamiliar situations, develop intercultural competence, and improve their foreign language skills.<sup>4</sup> From the organization's foundation in 1948, approximately 28,000 German students have participated in exchange programs and 18,000 international students have been welcomed as guests in Germany through AFS.<sup>5</sup> Once again leveraging on data from the AFS website, financial documentation, and a survey completed by the National Director of AFS, I will analyze the organization's level of transparency.

First, I will delve into an analysis of the AFS Interkulturelle Begegnungen website. The website is very well organized and easy to navigate with clearly labeled tabs that allow one to find the exact information that he or she is looking for. Clicking on the "AFS" tab brings up a

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<sup>1</sup> "Mission von AFS: Grundsatzklärung von AFS." AFS Interkulturelle Begegnungen. Accessed March 7, 2015. <https://www.afs.de/mission.html>

<sup>2</sup> "AFS: Interkulturelle Kompetenz." AFS Interkulturelle Begegnungen. Accessed March 7, 2015. <https://www.afs.de/interkulturelle-kompetenz.html>

<sup>3</sup> "AFS Weltweit." AFS Interkulturelle Begegnungen. Accessed March 7, 2015. <https://www.afs.de/afs-weltweit.html>

<sup>4</sup> "AFS: Interkulturelle Kompetenz."

<sup>5</sup> "Die Geschichte von AFS." AFS Interkulturelle Begegnungen. Accessed March 7, 2015. <https://www.afs.de/geschichte.html>

menu of other options, including “Über Uns” (“About Us”), “Geschichte” (“History”), and “Transparenz und Qualität” (“Transparency and Quality”) tabs. These different tabs provide information regarding the organization’s democratic structure, offices, financing and bylaws, transparency, and donations. The “Transparency and Quality” tab reveals quite a bit of information regarding AFS’s commitment to transparency. For example, it indicates that AFS continuously collects and compares the satisfaction of program participants in order to provide future participants with the best experience possible.<sup>6</sup> AFS has received the QUIFD (Quality in Volunteer Services) “seal,” indicating that the organization maintains high standards of service provision.<sup>7</sup> UNESCO also honored AFS in 1989 for its commitment to peace and international understanding,<sup>8</sup> indicating the quality and positive impact of the organization’s work. Lastly, this tab shows that AFS has signed the Civil Society Transparency Initiative document by providing links to the Civil Society Transparency Initiative’s website and the details of AFS’s commitment.<sup>9</sup> AFS’s dedication to transparency through the Civil Society Transparency Initiative provides easy access to structural and financial data of the organization. The organization, therefore, makes the information stated in the document readily available on their website, as indicated above.

PHINEO has also awarded the International Youth Exchange program of AFS with its transparency “seal.”<sup>10</sup> PHINEO indicates that this specific program’s impact has been successful, with its measurements of goals and target groups, approach and concepts, and quality

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<sup>6</sup> “AFS: Transparenz & Qualität.” AFS Interkulturelle Begegnungen. Accessed March 7, 2015. <https://www.afs.de/transparenz-qualitaet.html>

<sup>7</sup> “AFS: Transparenz & Qualität.”

<sup>8</sup> “AFS: Transparenz & Qualität.”

<sup>9</sup> “AFS Transparenz & Qualität: Initiative Transparente Zivilgesellschaft.” AFS Interkulturelle Begegnungen. Accessed March 7, 2015. <https://www.afs.de/initiative-transparente-zivilgesellschaft.html>

<sup>10</sup> “Einschätzung des Wirkungspotenzials Leistungsfähigkeit des Projekts: Internationaler Jugendaustausch.” PHINEO. Accessed March 7, 2015. <http://www.phineo.org/empfohlene-projekte/engagementfoerderung/internationaler-jugendaustausch/statistik/back-12/sub-1>

development all receiving a 4-star rating, indicating that they are “very good.” The International Youth Exchange Program also received 4-stars in the categories of vision and strategy, leadership and management, and financial plan and fundraising. They received a 5-star rating (“outstanding”) for public relations and a 1-star rating (“in need of development”) for supervisory structures. PHINEO suggests that the potential impact of this project is extremely high, but would be even higher if the supervisory structure was improved. Given the large size of the organization, PHINEO suggests that AFS should have another supervisory body as well as an annual assembly of delegates to more effectively govern the organization.<sup>11</sup> This perhaps suggests that the organization could benefit from a more professionalized structure.

Further exemplifying the point that AFS has a large impact on society is the fact that many program alumni have chosen to stay in contact with the organization for a lifetime, whether it is through ongoing relations with their former host country or through volunteering.<sup>12</sup> The fact that an AFS program received the PHINEO transparency “seal” as well as extremely high ratings on a majority of the measurement criteria suggests that this particular AFS program is highly transparent and worthy of donations and sponsorships. It is important to keep in mind that this particular program may be more transparent than other aspects of the organization, as it deals with the exchange of youth over international geographical boundaries, making it extremely important for AFS to remain credible so that parents feel that their children are safe when traveling internationally.

With regard to financial information, the AFS annual budget is approximately 17 million euros (approximately \$18.4 million USD), with between 1 million and 5 million euros

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<sup>11</sup> “Internationaler Jugendaustausch AFS Interkulturelle Begegnungen e.V. Projektporträt als PDF.” PHINEO. Accessed March 7, 2015. [http://www.phineo.org/uploads/tx\\_phineoprojects/PHINEO\\_Integration\\_AFS\\_Jugendaustausch\\_Portr%C3%A4t\\_01.pdf](http://www.phineo.org/uploads/tx_phineoprojects/PHINEO_Integration_AFS_Jugendaustausch_Portr%C3%A4t_01.pdf)

<sup>12</sup> “AFS Alumni.” AFS Interkulturelle Begegnungen. Accessed March 7, 2015. <https://www.afs.de/alumni.html>



(approximately between \$1.08 million USD and \$5.4 million USD) being provided by the government.<sup>13</sup> This amount of government funding has not changed in the past 10 years<sup>14</sup> and grants only account for approximately 10% of annual income,<sup>15</sup> suggesting that the government may not be having a large effect on transparency in this case. Membership fees from 3,500 members help support the association.<sup>16</sup> However, it is unclear how much income is generated from membership fees, as I was unable to find annual reports detailing financial data on the AFS website after thoroughly examining the website and using the available search bar with a variety of search words. Although the survey indicates that the organization files financial reports that provide figures about participation in AFS exchange and intercultural training programs as well as research studies on program impact, there is no indication if these studies or annual reports are available to the public. This, as well as the fact that the National Director of AFS indicated that the organization does not feel pressured to act in a transparent manner,<sup>17</sup> perhaps suggest that the organization is less transparent than previously indicated by its easy-to-navigate and informational website and stellar PHINEO evaluation.

The vast amount of information on the AFS website, PHINEO's positive evaluation of the Youth Exchange Program, and the fact that AFS has signed the Civil Society Transparency Initiative document suggests the organization's dedication to transparency. However, being unable to access financial data and study results about impact and the notion that the organization does not feel that increased transparency is a concern indicates otherwise. The most concerning part of all of this is that the organization believes there is no need for them to become

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<sup>13</sup> Petersmann, Mick. AFS Interkulturelle Begegnungen e.V. Surveyed by Katherine Fitzpatrick. Informational Online Survey. December 19, 2014.

<sup>14</sup> Survey completed by Mick Petersmann.

<sup>15</sup> "AFS Transparenz & Qualität: Initiative Transparente Zivilgesellschaft."

<sup>16</sup> "Mitglieder bei AFS." AFS Interkulturelle Begegnungen. Accessed March 7, 2015.  
<https://www.afs.de/mitgliedschaft.html>

<sup>17</sup> Survey completed by Mick Petersmann.

more transparent, indicating that they think they have achieved the highest degree of transparency possible. This is certainly not the case, since financial data, annual reports, and impact research is not readily available to the public. It, however, must be taken into account that this survey was filled out by a single person and may be somewhat biased, so it is possible that the organization as a whole feels pressure to remain transparent and is continuing to develop tactics to become more transparent.

With this said, it appears that the government is not having a large impact on the organization's transparency since its funding has remained unchanged and only accounts for a small amount of the AFS annual budget. There is very little information regarding AFS media presence, making it difficult to determine if the media is a driving force in transparency. All of these factors undermine AFS's transparency and professionalization. Although AFS is transparent in theory with its declaration of dedication to the Civil Society Transparency Initiative and PHINEO seal of approval, this organization still has quite a bit of work to do before it can be recognized as a fully transparent nonprofit organization. A more in-depth inquiry into why AFS has dedicated itself to transparency is necessary to determine the driving forces behind the organization's decision to sign the Civil Society Transparency Initiative. However, it is clear that AFS is not as professional and transparent as it might be, which is exemplified by the fact that they have an inadequate supervisory structure that must be strengthened before the organization can address other transparency issues and achieve a higher level of transparency and professionalism overall.

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# GOETHE-INSTITUT

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The Goethe-Institut is an international cultural institution that promotes the knowledge of the German language abroad and fosters cultural cooperation.<sup>18</sup> Dedicated to diversity, curiosity, and openness, the Goethe-Institut provides cultural and educational programs that encourage intercultural dialogue and enable cultural involvement in order to strengthen the development of structures in civil society and foster worldwide mobility.<sup>19</sup> With a staff of approximately 3,200 people<sup>20</sup> and partnerships with leading institutions and individuals in over 90 countries,<sup>21</sup> the Goethe-Institut has been in operation for over 60 years, often functioning as the first point of contact to Germany for many.<sup>22</sup> The Goethe-Institut website, a survey completed by the Head of Information at the Goethe-Institut, and a review of the organization's financial data will be analyzed to determine the Goethe-Institut's level of professionalization and transparency.

Upon first arrival to the website it is clear that the rest of the website will be well-organized and easy to navigate. The home page consists of a variety of news articles that one can browse in order to gain a sense of Germany's interactions with the rest of the world. The top of the home page has five clearly labeled tabs, "Start" ("Start/Homepage"), "Deutsche Sprache" ("German Language"), "Kultur" ("Culture"), "Über Uns" ("About Us"), and "Standorte" ("Locations"). Each tab is broken up into subsections to make finding the information one wants easier. There is also a search bar located on the right-hand side of the website that is extremely easy to utilize. After clicking on the "Über Uns" link, a variety of headings that encompass important data regarding the organization appear. We will focus on the "Organisation"

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<sup>18</sup> "Über Uns: Organisation." Goethe-Institut. Accessed March 7, 2015. <https://www.goethe.de/de/uun/org>

<sup>19</sup> "Über Uns: Organisation."

<sup>20</sup> Krischok, Klaus. Surveyed by Katherine Fitzpatrick. Informational Online Survey. December 1, 2015.

<sup>21</sup> "Über Uns: Organisation."

<sup>22</sup> Survey completed by the Goethe-Institut.

(“Organization”), “Publikationen” (“Publications”), “Förderer” (“Sponsors”), and “Presse” (“Press”) links.

First, the “Organization” tab includes information regarding the history of the organization, the president and board of directors, other supervisory bodies, and partners of the organization.<sup>23</sup> One finds biographies, photos, and interviews of each of the board members so that one is able to easily identify who are the key decision-makers are as well as who is responsible for what aspects of decision-making;<sup>24</sup> this fulfills one of the various requirements listed in the Civil Society Transparency Initiative document. For example, the president supervises business and decides on fundamentally important issues. The General Assembly meets semi-annually to discuss conceptual issues and there are 10 other advisory boards, which meet annually.<sup>25</sup> The specifics of each boards’ members and functions are described in more detail on the website. One can also download a diagram of the structure of the organization to more clearly understand who is in charge of decisions.<sup>26</sup> One can also view a list of the organization’s partners with links to each partner website if he or she wants further information.<sup>27</sup> These links make it clear that the Goethe-Institut is transparent in the sense that it makes known who its key actors are and acknowledges the organizations that support its work.

Next, the “Press” tab shows that the Goethe-Institut has a large media presence. There are links to photo galleries, interviews, press releases, and press reviews. This page also provides the contact information for the organization’s two press officers and indicates that they can be

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<sup>23</sup> “Über Uns: Organisation.”

<sup>24</sup> “Gremien: Präsidium, Mitglieder-Versammlung und Beiräte.” Goethe-Institut. Accessed March 7, 2015. <https://www.goethe.de/de/uun/org/gre.html>

<sup>25</sup> “Präsident und Vorstand.” Goethe-Institut. Accessed March 7, 2015. <https://www.goethe.de/de/uun/org/pr.html>

<sup>26</sup> “Goethe-Institut Organigramm.” Goethe-Institut. Accessed March 7, 2015.

[https://www.goethe.de/resources/files/pdf11/Organigramm\\_des\\_Goethe-Instituts.pdf](https://www.goethe.de/resources/files/pdf11/Organigramm_des_Goethe-Instituts.pdf)

<sup>27</sup> “Gremien: Präsidium, Mitglieder-Versammlung und Beiräte.”

contacted regarding any media questions.<sup>28</sup> Providing contacts shows that the organization is dedicated to being transparent in its work, not only to its constituents, but also to the media. This strong media presence may be driving transparency in order for the Goethe-Institut to remain a reputable organization for teaching the German language. The “Publications” tab contains annual reports, the Goethe-Institut magazine, information about learning German, a list of the classes the organization offers, and articles about Germany in the world that are available for download.<sup>29</sup> Upon first glance, it looks as though one is only able to download the annual report from the most current year, 2013. However, if one utilizes the search bar, one can find annual reports dating back to 2009, with an option to order earlier reports online, including reports written in English.<sup>30</sup> The fact that these reports are fairly easy to find indicates that the Goethe-Institut is transparent in its financials, another major stipulation of the Civil Society Transparency Initiative. Yet, the organization could become even more transparent with just a single change by making the financial reports even easier to find on the website.

With this, we learn that the organization’s annual budget is approximately 351,000,000 euros (approximately \$397 million USD).<sup>31</sup> The government provides 208,000,000 euros (approximately \$235 million USD) annually, with a 20 million euro (approximately \$23 million USD) increase in the last 10 years.<sup>32</sup> This money comes from the German Foreign Office and is a huge portion of the organization’s total annual budget. Over the past 5 years, the organization’s total budget as well as its total numbers of employees has increased.<sup>33</sup> This expansion speaks to the organization’s success. The financial annual reports also include administration costs,

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<sup>28</sup> “Presse.” Goethe-Institut. Accessed March 7, 2015. <https://www.goethe.de/de/uun/prs.html>

<sup>29</sup> “Publikationen.” Goethe-Institut. Accessed March 7, 2015. <https://www.goethe.de/de/uun/pub.html>

<sup>30</sup> “Annual Report 2013/2014.” Goethe-Institut. Accessed March 7, 2015. <https://www.goethe.de/en/uun/pub/20378153.html>

<sup>31</sup> “Jahrbuch 2013/2014.” Goethe-Institut. Accessed March 7, 2015.

[https://www.goethe.de/resources/files/pdf26/Jahrbuch-Goethe-Institut\\_20141.pdf](https://www.goethe.de/resources/files/pdf26/Jahrbuch-Goethe-Institut_20141.pdf)

<sup>32</sup> Survey completed by Klaus Krischok.

<sup>33</sup> “Annual Report 2013/2014.”

showing that the majority of funding is being used for programs, rather than personnel costs (“overhead”).<sup>34</sup> The fact that this data is recorded shows that the organization is leaning toward professionalization, as it is taking the time to document where all of its money is going so that it can remain accountable to its constituents and civil society as a whole. The documentation of “overhead” in the United States is a major factor that influences whether or not people will donate, since donors want their money going toward program funding. The Goethe-Institut’s documentation of “overhead” demonstrates the importance the organization places on quantitative data, indicating a move toward professionalization. Lastly, the survey filled out by the Head of Information suggests that the Goethe-Institut’s transparency is most influenced by the government since the organization receives a substantial amount of funding from the federal government. Also contributing to Goethe-Institut’s transparency is the fact that the German Foreign Office and the Goethe-Institut have agreed on quantitative and qualitative measurements that will be reported for a period of four years, starting in January 2015.<sup>35</sup>

Although the Goethe-Institut has not received the PHINEO “seal” and has not signed the Civil Society Transparency Initiative, it is still apparent that they have made efforts to become transparent. The Goethe-Institut has not formally signed the Civil Society Transparency Initiative, but is still fulfilling many of its stipulations. Their user-friendly website with a plethora of information regarding the organization and what it does makes it easy for their constituents to find the information they need. The organization makes financial and structural data readily available, thus increasing its credibility in society. It is clear that the government is heavily influencing the Goethe-Institut’s transparency and consequent professionalization by requiring both quantitative and qualitative data reports. However, it is unclear if the government

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<sup>34</sup> “Annual Report 2013/2014.”

<sup>35</sup> Survey completed by the Klaus Krischok.

is requiring this information to be made accessible to the general public, or if it is primarily for governmental usage since they provide the Goethe-Institut with a substantial amount of money. This possibly stems from the fact that the government has been under significant pressure to become more transparent to German citizens after World War II and the fall of the Berlin Wall, as was explained in Chapter 3. Finally, it is also probable that the Goethe-Institut's regular media presence is encouraging its transparency in order to maintain its reputation as a leader in education and culture. Overall, the organization's dedication to transparency and move toward professionalization is showcased in its web presence and influenced by the government and the media. With such an extensive amount of government support, it seems unnecessary for the organization to need the credibility that the PHINEO "seal" and the Civil Society Transparency Initiative offer, suggesting that there are other legitimizing transparency mechanisms, such as transparency through government alliances.

## Environmental

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# BUND

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BUND (Bund für Umwelt und Naturschutz in Deutschland), translated as the Association for Environment and Nature Conservation in Germany, is a registered association founded in 1975 that is committed to protecting the natural environment so that it can remain habitable for future generations.<sup>1</sup> BUND views itself as the driving force of sustainable development in German society.<sup>2</sup> With over 500,000 members, donors, and sponsors from every German state, 500 employees in Germany alone,<sup>3</sup> and a 19 million euro (approximately \$21.6 million USD) budget in the national headquarters located in Berlin,<sup>4</sup> this organization is one of the leading environmental organizations in Germany, and arguably the world.

BUND is a membership organization, with 80% of funding coming from donations and membership fees.<sup>5</sup> BUND relies on the media to help inform the public of its lobbying activities. This organization not only makes political demands, but also chooses to lead by example by hiring people who are environmentally conscious both in public and in their private lives.<sup>6</sup> In order to discuss transparency and professionalization at BUND, I will be drawing on information from the survey I distributed that was filled out by the National Director of Policy and Communications at BUND, an analysis of the BUND website, a review of financial and annual reports, and a discussion surrounding the BUND projects that have received the PHINEO “seal.”

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<sup>1</sup> “Umwelt schützen. Natur bewahren: Der BUND.” BUND. Accessed March 7, 2015.  
[http://www.bund.net/ueber\\_uns/](http://www.bund.net/ueber_uns/)

<sup>2</sup> “Umwelt schützen. Natur bewahren: Der BUND.”

<sup>3</sup> “Umwelt schützen. Natur bewahren: Der BUND.”

<sup>4</sup> Bandt, Olaf. BUND. Surveyed by Katherine Fitzpatrick. December 19, 2015.

<sup>5</sup> “Umwelt schützen. Natur bewahren: Der BUND.”

<sup>6</sup> “Bundesgeschäftsstelle.” BUND. Accessed March 7, 2015.  
[http://www.bund.net/ueber\\_uns/bundesgeschaeftsstelle/](http://www.bund.net/ueber_uns/bundesgeschaeftsstelle/)



First, I will begin with a discussion regarding BUND and information relayed on its website. If one clicks on “Über Uns” (“About Us”) at the top of the home page, the first link underneath that is “BUND transparent.” This link is situated above the link “Leitbild,” or “Mission Statement,” thus pointing toward the extreme importance this organization puts on transparency. Under this link, we can see that BUND has signed the Civil Society Transparency Initiative, indicating that they are legally required to be as transparent as possible and to continue taking steps toward transparency.<sup>7</sup> The BUND website contains a link directly to the Civil Society Transparency Initiative website for those seeking more information,<sup>8</sup> which will allow any person browsing BUND’s website the opportunity to more fully understand transparency and what it means to them as donors and to the nonprofit sector in Germany as a whole. Providing this education to the average citizen looking to help generate environmental change could have huge implications for how people view civil society and where they choose to donate. Under this “BUND transparent” link, the organization provides their “answers” to the demands of the Civil Society Transparency Initiative. They also provide extra links within the document that bring you to other parts of their website that explain each aspect of the document in more detail.<sup>9</sup> The preamble of the Civil Society Transparency Initiative is also provided on a separate webpage for those who are interested in reading it.<sup>10</sup> The links provided on the website, although helpful in the sense that they allow one to visit other relevant webpages to more clearly explain aspects of the Civil Society Transparency Initiative document, are sometimes difficult to navigate as one must continually press the “back” button on their web browsers, rather than be directed to a new

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<sup>7</sup> “BUND transparent: Wir verpflichten uns zu Transparenz.” BUND. Accessed March 7, 2015.  
[http://www.bund.net/ueber\\_uns/bund\\_transparent/](http://www.bund.net/ueber_uns/bund_transparent/)

<sup>8</sup> “BUND transparent: Wir verpflichten uns zu Transparenz.”

<sup>9</sup> “BUND transparent: Wir verpflichten uns zu Transparenz.”

<sup>10</sup> “Initiative Transparente Zivilgesellschaft Präambel.” BUND. Accessed March 7, 2015.  
[http://www.bund.net/ueber\\_uns/bund\\_transparent/praeambel/](http://www.bund.net/ueber_uns/bund_transparent/praeambel/)

tab in the browser. This makes it difficult to look at two different pages at once, which in turn, makes it difficult to understand the connections that the website is trying to make for you by directing you to new pages and documents.

Also under the “About Us” tab is information regarding BUND’s mission statement (“Leitbild”), board of directors (“Vorstand”), federal office (“Bundesgeschäftsstelle”) history (“Geschichte”), successes (“Erfolge”), finances (“Finanz”), statutes (“Satzung”), and affiliates (for example, “BUNDjugend”).<sup>11</sup> Each of these other tabs provides many more links that discuss certain sub-categories within them. For example, among these tabs, there is information regarding how to become a member, the security and encryption of online donations, an extremely detailed and comprehensive history of the organization since its founding in 1975, and information detailing the organization’s high standards.<sup>12</sup> Although all of these tabs are helpful in understanding the organization to the fullest, there is an overwhelming amount of them, perhaps undermining BUND’s transparency because of the poor ability to easily navigate the site. Each of these tabs and links are strictly found under the “About Us” heading, meaning that there are hundreds of more links throughout the website that lead visitors to information regarding BUND projects, volunteer information, press presence, and downloadable documents. This continues to showcase the confusing organization of the BUND website. Although the BUND website contains a vast amount of information demonstrating its transparent nature and data-driven analyses of the organization’s impact, the sheer amount of web pages and the difficulty that users undergo when navigating them, may cause donors to undermine BUND’s transparency because they are either confused about the website’s configuration or do not want to “dig” around to find the information they are looking for.

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<sup>11</sup> “Umwelt schützen. Natur bewahren: Der BUND.”

<sup>12</sup> “Umwelt schützen. Natur bewahren: Der BUND.”

The website also contains a link to a large amount of publications, including the most recent 2013 annual report.<sup>13</sup> This is the only annual report directly linked under the “Jahresbericht” (“Annual Report”) tab.<sup>14</sup> However, there is a “Publication Data Bank” in which one can search for more annual reports and fairly easily find the annual reports from 2005-2013 as well as any other published document about any of BUND’s environmental themes and projects.<sup>15</sup> This is not clearly noted and it takes a bit of searching to figure out that this is an option. One also has the option of ordering certain hard-copy documents upon request. These documents are organized by theme and one must only provide his or her name, address, and e-mail address to receive these documents in the mail. One can also buy a variety of brochures about gardens, birds, insects, and other reading materials for only 2.2 Euros (approximately \$2.5 USD).<sup>16</sup> These documents do not necessarily contain information regarding BUND’s finances or impact, but the fact that BUND offers these documents showcases its dedication to its mission statement as the organization is actively disseminating knowledge about environmental issues to those who wish to learn more. With a variety of documents available to download, order, and buy, BUND is transparent in the sense that one is able to access any document that he or she may be interested in, but in order to increase its transparency and accessibility for members, donors, and sponsors, I think that BUND could benefit from re-organizing and simplifying its website as well as more clearly marking where to find specific information.

As mentioned in the previous paragraph, annual reports for the past nine years (2005-2013) are readily available on the BUND website.<sup>17</sup> Each of these documents explains where the

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<sup>13</sup> “Publikationen.” BUND. Accessed March 7, 2015. <http://www.bund.net/publikationen/>

<sup>14</sup> “Jahresbericht.” BUND. Accessed March 7, 2015. <http://www.bund.net/publikationen/jahresbericht/>

<sup>15</sup> “Publikationsdatenbank.” BUND. Accessed March 7, 2015. <http://www.bund.net/nc/publikationen/publikationsdatenbank/>

<sup>16</sup> “Publikationen bestellen.” BUND. Accessed March 7, 2015. [http://www.bund.net/publikationen/publikationen\\_bestellen/](http://www.bund.net/publikationen/publikationen_bestellen/)

<sup>17</sup> “Publikationsdatenbank.”

organization is receiving its income as well as what they are spending this income on. BUND's profit and loss account and a balance sheet detailing all financial transactions appear in each annual report, contributing to BUND's financial transparency. Of the 19 million euro (approximately \$21.6 million USD) income to BUND in 2013, administrative costs only account for 6.9% of total income, indicating that the majority of the money is being spent in accordance with BUND's mission on environmental and nature conservation projects.<sup>18</sup> One is even able to download information regarding BUND employee salary to confirm this statistic.<sup>19</sup>

The annual reports confirm the fact that BUND is primarily a membership organization, receiving the majority of its funds from membership fees and donations, with membership fees accounting for between 33% and 38% of annual income (on average, 35.9%) and donations accounting for between 33% and 45% of annual income (on average, 39.6%) for the past nine years.<sup>20</sup> Project grants have accounted for 7.9% of annual income in the past nine years, peaking in 2013 at 11.2%.<sup>21</sup> According to a survey I sent that was filled out by BUND's National Director of Policy and Communications, of these project grants, the government provides between 500,000 and 1 million euros (approximately between \$541,000 USD and \$1.08 million USD), which are mainly used to fund nature conservation projects.<sup>22</sup> Much of this money comes from the Federal Environmental Agency and the Federal Agency for Nature Conservation.<sup>23</sup> This survey also revealed that government funding has increased by a significant amount (500,000 euros, which is approximately \$541,000 USD) in the past ten years and 250,000 euros (approximately \$271,000 USD) in the past five years.<sup>24</sup> Apart from the requirement for BUND,

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<sup>18</sup> "Jahresbericht 2013." BUND. Accessed March 7, 2015. <http://www.bund.net/publikationen/jahresbericht/>

<sup>19</sup> "Publikationen."

<sup>20</sup> "Publikationsdatenbank."

<sup>21</sup> "Publikationsdatenbank."

<sup>22</sup> Survey completed by Olaf Bandt.

<sup>23</sup> Survey completed by Olaf Bandt.

<sup>24</sup> Survey completed by Olaf Bandt.

and all nonprofits in Germany for that matter, to submit their financial information to the government as is dictated by tax law, BUND's National Director of Policy and Communications did not specify the government as a driving force in the organization's transparency, as he clearly stated that the government, donors, and partners do not expect the organization's impact and financial information to be reported in any specific way to the public.<sup>25</sup> BUND fulfills its duty to the government and tax authorities, as the website states that BUND finances are frequently checked by the Berlin Tax Office.<sup>26</sup>

If the government is not a driving force in BUND's transparency, then what is? The previously mentioned survey, suggests that the media is a large driving force in BUND's dedication to transparent practices.<sup>27</sup> BUND heavily relies on the press to promote its projects, consequently having a strong media presence through its partnerships with media outlets, such as the ZDF Television Council, NDR, Bavarian Radio Broadcasting, the Broadcasting Council of Central German Radio (MDR), the Assembly of the State Institute for Private Broadcasting (LPR) in Hessen, and many others.<sup>28</sup> Media outlets are known for their honest and trustworthy reporting, making it imperative for BUND to remain transparent in order to maintain its reputation as a reputable organization and its working relationship with the media. Without the help of the media, BUND may not be able to publicize its lobbying activities or impact on the environment, therefore, transparency is key for the organization's voice to be heard.

BUND has also sought the help of PHINEO in elevating its transparent status, with BUND being ranked number 37 in PHINEO's study of the top 50 most transparent nonprofit

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<sup>25</sup> Survey completed by Olaf Bandt.

<sup>26</sup> "Finanzen." BUND. Accessed March 7, 2015. [http://www.bund.net/ueber\\_uns/finanzen/](http://www.bund.net/ueber_uns/finanzen/)

<sup>27</sup> Survey completed by Olaf Bandt.

<sup>28</sup> "Presse." BUND. Accessed March 7, 2015. <http://www.bund.net/presse/>

organizations in Germany<sup>29</sup> and PHINEO publishing stellar reports about two of BUND's projects.<sup>30</sup> These publications function as a source of media content that allows BUND to use the PHINEO "seal" in its public relations and speaks highly to BUND's reputation as a nonprofit organization. For example, the BUNDjugend was awarded the PHINEO "seal" for a program that sought to teach youth and adolescents about the environmental and social impact of their consumer behavior as well as what alternative courses of action they can take to minimize the negative effects of this behavior.<sup>31</sup> PHINEO particularly praised this project's goals and target audience, concept and approach, leadership, and public relations work.<sup>32</sup> The BUND National Association also earned the PHINEO "seal" for the "Berliner Energiecheck," translated as the "Berlin Energy Check," which is a program that works with low-income people to teach them how they can save money and energy, thus positively benefitting the environment, and in particular, slowing climate change.<sup>33</sup> Overall, this program earned 3 or 4 stars (3 indicating "good" and 4 indicating "very good) for all performance (vision and strategy, leadership and management, supervision, finance and controlling, transparency and public relations) and impact (goals and target groups, approach and concepts, quality development) measures.<sup>34</sup> PHINEO's one suggestion for BUND is to ensure that every consultation for low-income people is free. BUND can do this by extending its services to paying customers in households with higher incomes and small or medium-sized businesses.<sup>35</sup> Overall, PHINEO commends BUND for its

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<sup>29</sup> "Rangliste: So Transparent Arbeiten Die Großen Spendenorganisationen."

<sup>30</sup> "PHINEO empfiehlt."

<sup>31</sup> "TRIOlogisch! Und KonsumGlobal: Jugend im Bund für Umwelt- und Naturschutz Deutschland (BUNDjugend)." PHINEO. Accessed March 7, 2015. <http://www.phineo.org/empfohlene-projekte/umwelt/triologisch-und-konsumglobal>

<sup>32</sup> "TRIOlogisch! Und KonsumGlobal: Jugend im Bund für Umwelt- und Naturschutz Deutschland (BUNDjugend)."

<sup>33</sup> "Berliner Energiecheck: BUND Landesverband Berlin e.V." PHINEO. Accessed March 7, 2015. <http://www.phineo.org/empfohlene-projekte/klimaschutz/berliner-energiecheck>

<sup>34</sup> "Berliner Energiecheck: BUND Landesverband Berlin e.V."

<sup>35</sup> "Berliner Energiecheck Projektporträt als PDF." PHINEO. Accessed March 7, 2015. [http://www.phineo.org/uploads/tx\\_phineoprojects/PHINEO\\_Klimaschutz\\_BUND\\_Berlin.pdf](http://www.phineo.org/uploads/tx_phineoprojects/PHINEO_Klimaschutz_BUND_Berlin.pdf)

excellent programs, for providing donors with concrete examples of what donations can provide for the specific program, and for explaining the long-term effects of the programs to potential donors. Ultimately, PHINEO's publications comment on BUND's transparency and contribute to BUND's respectability in the German third sector.

Based on the analysis above, it is apparent that BUND is a highly transparent organization. However, they lack an abundance of data-driven analysis regarding their societal impact other than their evaluation by PHINEO, perhaps suggesting that although BUND is a transparent organization, it is not "professionalized," in the sense that it does not heavily rely on quantitative measures. This, however, does not necessarily mean that the organization is ineffective or unworthy of donations, as it has made major strides in informing the public about environmental issues and lobbying for environmental change. Although the BUND website contains a vast amount of information regarding the organization, from its history, finances, membership activity, projects, and much more, this makes the website overwhelming to the visitor and difficult to navigate. This, in some ways, weakens the organization's transparent nature as one is unable to easily find the information that he or she is looking for. This may suggest that an organization can be "too transparent," in the sense that if one is unable to easily find essential information, then transparency efforts may become ineffective. I would suggest that BUND simplify its website so that its transparency is not undermined. The organization's reliance on and partnership with the media has a huge impact on why it publishes annual reports and has signed the Civil Society Transparency Initiative. However, this may not be the only driving factor in the organization's transparency, but it is definitely a major one. I do not think that BUND would spend the time to publish all of this information if members and donors were

uninterested in it, indicating that donors and members may very well be a factor in BUND's effort at transparent practices.



## Healthcare

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# EVANGELISCHES KRANKENHAUS PAUL GERHARDT STIFT

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The Evangelisches Krankenhaus Paul Gerhard Stift, which is translated as the Evangelical Paul Gerhardt Hospital, was founded 130 years ago in Wittenberg, Germany as a church affiliate and academic teaching hospital of the Martin Luther University.<sup>1</sup> This hospital is fairly small with only 450 beds for the medical and nursing treatment and care of patients.<sup>2</sup> Providing a variety of services ranging from diabetic care, cancer treatments, and gynecological care for people of all ages, the Evangelical Paul Gerhardt Hospital is committed to respecting the dignity of every human being from the beginning to the end of life. This hospital prides itself on a holistic approach to medicine, in which doctors and nurses not only help the physical body heal, but also the mental body and soul.<sup>3</sup> In order to analyze this hospital's professionalization and transparency, I will draw on information from its website.

When visiting the hospital website, there is a drop-down menu on the right-hand side. Here, one is able to select a variety of different links including "Das Unternehmen," which is translated as "The Company."<sup>4</sup> This is the tab that I will be most closely focusing on. After clicking on "Das Unternehmen" one is presented with a variety of other links including "Über Uns" ("About Us"), "Unser Leitbild" ("Our Mission Statement"), "Leitung und Bereiche"

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<sup>1</sup> "Das Unternehmen > Über Uns > Herzlich Willkommen im Evangelischen Krankenhaus Paul Gerhardt Stift." Evangelisches Krankenhaus Paul Gerhardt Stift. Accessed March 7, 2015. <http://www.pgdiakonie.de/evangelisches-krankenhaus-paul-gerhardt-stift/ueber-uns/>

<sup>2</sup> "Das Unternehmen > Über Uns > Herzlich Willkommen im Evangelischen Krankenhaus Paul Gerhardt Stift."

<sup>3</sup> "Das Unternehmen > Unser Leitbild > Das Leitbild unseres Hauses." Evangelisches Krankenhaus Paul Gerhardt Stift. Accessed March 7, 2015. <http://www.pgdiakonie.de/evangelisches-krankenhaus-paul-gerhardt-stift/unser-leitbild/>

<sup>4</sup> "Startseite/Home Page." Evangelisches Krankenhaus Paul Gerhardt Stift. Accessed March 7, 2015. <http://www.pgdiakonie.de/evangelisches-krankenhaus-paul-gerhardt-stift/>

(“Leadership and Departments”), “Qualität und Zertifizierung” (“Quality and Certifications”), “Unsere Geschichte” (“Our History”), “Spenden und Helfen” (“Donations”), “Unsere Partner” (“Our Partners”), “Informationen für Medienvertreter” (“Information for the Media”).<sup>5</sup> These labels are very clear and indicative of what information will be on the corresponding webpages, suggesting, from the beginning, that the website will be easy to navigate.

First, looking at the “Unser Leitbild” page, we learn about the holistic medical approach that the hospital promotes. The last part of the hospital’s mission statement explains that it “help[s] sick people as a caring community and consciously use[s] resources.”<sup>6</sup> This is supported by the fact that the hospital seeks a holistic recovery for patients and uses community resources, such as volunteers and donations, to achieve its goals. Hospital employees are continually improving their knowledge and skills through both in-house and external training courses in order to comply with this mission.<sup>7</sup> These training courses indicate a level of professionalization, as the hospital is spending the time and money to help its employees better serve patients. Employees also value trust, mutual respect and aid, and constructive criticism. This allows employees to work together, address problems locally, and solve them together,<sup>8</sup> demonstrating that the hospital holds employees to high standards and is actively working to achieve its mission. This obvious dedication to the mission statement and the effort put into fulfilling the vision is a clear indication of the Evangelical Paul Gerhardt Hospital’s potential impact and transparency practices.

Further supporting the hospital’s transparent nature and professionalism are the “Leitung und Bereiche” and “Qualität und Zertifizierung” tabs. The “Leitung und Bereiche” tab lists all of

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<sup>5</sup> “Das Unternehmen > Über Uns > Herzlich Willkommen im Evangelischen Krankenhaus Paul Gerhardt Stift.”

<sup>6</sup> Original German “Wir helfen kranken Menschen als seine fürsorgliche Gemeinschaft und gehen bewusst mit unserem Ressourcen um.” “Das Unternehmen > Unser Leitbild > Das Leitbild unseres Hauses.”

<sup>7</sup> “Das Unternehmen > Unser Leitbild > Das Leitbild unseres Hauses.”

<sup>8</sup> “Das Unternehmen > Unser Leitbild > Das Leitbild unseres Hauses.”

the hospital's management staff. Each manager's name, picture, and position is available on the website. There are managers of financial accounting, revenue management, quality management, and press and public relations.<sup>9</sup> This is extremely important as the dissemination of financial data, quality, and relationships with the press tend to be indicators of transparency and professionalization. The "Qualität und Zertifizierung" tab states that the Evangelical Paul Gerhardt Hospital established its own quality management system in 2002, which is continuously being developed and improved.<sup>10</sup> This quality management system uses patient-oriented task structures and processes in order to create shorter waiting times and make the overall experience at the hospital better for patients. The hospital obtains surveys from patients, where each patient has the opportunity to fill out a questionnaire or have a personal interview in order to either praise or criticize the experience that they had at the hospital.<sup>11</sup> On the "Qualität und Zertifizierung" webpage, there is a direct link to another webpage with the title of "Lob und Kritik," which directly translates into "Praise and Criticism." This page provides a link to download the patient questionnaire. These anonymous questionnaires are continuously handled and evaluated. The contact information for the hospital's quality management manager is also provided if somebody wishes to contact her directly or has any questions regarding the feedback process.<sup>12</sup> The fact that the hospital actively solicits feedback to improve processes and patient satisfaction shows that it values data, one of the many important aspects of professionalization.

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<sup>9</sup> "Die Leitung und Bereichsleitung stellen sich vor." Evangelisches Krankenhaus Paul Gerhardt Stift. Accessed March 7, 2015. <http://www.pgdiakonie.de/evangelisches-krankenhaus-paul-gerhardt-stift/leitung-und-bereiche/>

<sup>10</sup> "Qualitätsmanagement im Evangelischen Krankenhaus Paul Gerhardt Stift." Evangelisches Krankenhaus Paul Gerhardt Stift. Accessed March 7, 2015. <http://www.pgdiakonie.de/evangelisches-krankenhaus-paul-gerhardt-stift/qualitaet-und-zertifizierung/qualitaet-in-medizin-und-pflege/>

<sup>11</sup> "Die Leitung und Bereichsleitung stellen sich vor."

<sup>12</sup> "Kritik, Lob und Anregungen sind und wichtig!" Evangelisches Krankenhaus Paul Gerhardt Stift. Accessed March 7, 2015. <http://www.pgdiakonie.de/evangelisches-krankenhaus-paul-gerhardt-stift/lob-und-kritik/>

The “Qualität und Zertifizierung” tab also provides a link to the Initiative Qualitätsmedizin (Initiative of Quality Medicine, also known as IQM), which uses routine data as well as transparency and peer review to enhance the quality of medicine. The hospital clearly outlines its services and treatments and makes results available to interested persons in an annual publication of quality data and methodology in accordance with IQM standards that is available to download.<sup>13</sup> IQM is an intermodal initiative open to all hospitals in Germany, Austria, and Switzerland with an aim to improve the quality of medical treatment for all patients.<sup>14</sup> The three major IQM principles are: quality measurements based on administrative data, transparency of the results through publication, and quality improvement through peer review processes.<sup>15</sup> Transparency and peer review are an expression of the IQM “open error culture,” which is necessary for sustainable improvements in medical quality.<sup>16</sup> IQM quality methods not only indicate the quality of treatment structures and processes, but also are associated with a high amount of documentation. Patients and referring physicians utilize these quality results for guidance when choosing a hospital, as they indicate the strengths and weaknesses of hospital procedures.<sup>17</sup> IQM demonstrates the Evangelical Paul Gerhardt Hospital’s dedication to its patients, the improvement of quality medical care, and professionalism.

The Evangelical Paul Gerhardt Hospital website does not include any information about finances. The hospital, however, is an affiliate of the Protestant Church and run under the

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<sup>13</sup> “Qualitätsmanagement im Evangelischen Krankenhaus Paul Gerhardt Stift.”

<sup>14</sup> “Qualitätskennzahlen nach IQM.” Evangelisches Krankenhaus Paul Gerhardt Stift. Accessed March 7, 2015. <http://www.pgdiakonie.de/evangelisches-krankenhaus-paul-gerhardt-stift/qualitaet-und-zertifizierung/unsere-iqm-daten/>

<sup>15</sup> “Startseite/Home Page.” Initiative Qualitätsmedizin. Accessed March 7, 2015. <http://www.initiative-qualitaetsmedizin.de/>

<sup>16</sup> “Qualitätsmethodik.” Initiative Qualitätsmedizin. Accessed March 7, 2015. <http://www.initiative-qualitaetsmedizin.de/qualitaetsmethodik/>

<sup>17</sup> “Qualitätsmethodik.”

Diakonie Foundation, which does have annual financial reports available on its website.<sup>18</sup> The reports, however, do not reveal the amount of funds given to the hospital. This suggests room for improvement in transparency, as the hospital itself should publish its own financial data. The hospital is also not a member of the Civil Society Transparency Initiative or PHINEO “approved.”

Although this is the case, it may be that health organizations and hospitals are held to different accountability and transparency standards than other nonprofit organizations, as they are dealing with the confidential health information of diverse individual people. This could possibly mean that there are other initiatives at play, as is demonstrated with the IQM. This may cause the hospital to focus, as they have been, on quality improvement and transparency among hospital staff and patients, rather than with the general public. The hospital is professionalized in the sense that it is committed to the data-driven analysis of quality of care and the clear dissemination of information among hospital employees as well as health professionals and patients. The website provides quite a bit of information about the hospital, its foundation, and its activities, vision, and goals, but would benefit from publishing its impact and financials as well as more clearly providing information on the organizational structure. Overall, the Evangelical Paul Gerhardt Hospital is extremely professionalized and transparent with its patients as it is continually trying to improve quality medical treatment and care; however, the hospital should take the measures previously mentioned in order to become more transparent with the general public. This could positively impact the organization by bringing in more donations and increasing the organization’s credibility.

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<sup>18</sup> “Diakonie Deutschland.” Diakonie. Accessed March 7, 2015. <http://www.diakonie.de/>

## CHAPTER 5: DISCUSSION AND CONCLUSION

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After carefully analyzing the history of the term “transparency” and its entrance into German political and social discourse as well as performing case studies on seven different nonprofit organizations through conducting a survey and an in-depth website analysis, examining financial reports and data, and understanding the PHINEO rating-system, we are able to better understand the complexity of nonprofit professionalization and transparency in Germany. The purpose of this thesis was to serve as an exploratory analysis of the main drivers of transparency and professionalization in German nonprofit organizations.

The German term “Transparenz” (“transparency”) did not enter into political and social discourse until after World War II. During this time, West Germany sought to establish a democracy, in which the government was held accountable for its decisions in order to prevent the tragedies that occurred during the Third Reich and the Holocaust under Hitler. Transparency became even more important after the fall of the Berlin Wall in 1989. Following the fall of the Wall, the new Reichstag building was constructed with glass to symbolize governmental transparency. It is clear that the drive toward transparency began with the government in order to create an honest and accountable democracy. The goal of transparency was to bring German citizens closer to the government and its decision-making processes.

Because of Germany’s parliamentary democracy, the state, business sector, and nonprofit sector all function together as a hybrid, rather than as separate institutional sectors. With the German government’s drive toward transparency, it is not difficult to understand that both for-profit and nonprofit organizations would begin to become more transparent as well.

Transparency entered the business sector formally in Germany with the creation of the German Corporate Governance Reform in 1998. Nonprofit organizations are only formally required to be

transparent to the tax authorities, rather than the general German citizenry as they are protected under tax secrecy. However, various voluntary transparency initiatives and organizations have been created in recent years, including PHINEO, Transparency International and the Civil Society Transparency Initiative, and the DZI “seal.” It seems as though the initial drive for transparency among nonprofit organizations was a result of societal pressures to render the government more transparent. Although the government itself has not necessarily implemented more legal mandates for nonprofits aside from the original mandate under the tax office, the government may indirectly be the initial driver of transparency among nonprofit organizations as nonprofits heavily rely on public donations and support from the government.

As society is demanding more transparency of the government it only makes sense that they would eventually demand transparency from all aspects of society, including nonprofit organizations. One of the ways in which the government became more transparent and accountable to the public was through making documentation more easily accessible to those who want it. In this way, nonprofits are following in the government’s footsteps and doing the same. If German citizens are interested in government documents, then they may demand the same of nonprofits in the future. In this way, it seems as though nonprofits are ahead of the game in the sense that they are adopting transparency standards by becoming more data and analysis driven before they have been legally required to do so. Nonprofits are doing this in order to receive more support by providing the general public (nonprofit donors) with valuable information about themselves.

Transparency seems to be a large factor in whether or not people, whether they are German citizens or social investors, wish to donate to a particular nonprofit organization. This became apparent when “Der Spiegel” commissioned and published the PHINEO study of the top

50 most transparent nonprofits in Germany. A vast majority of the German population highly respects “Der Spiegel” and reads this magazine regularly. In this way, people are beginning to believe in the importance of nonprofit professionalization and transparency, thus demonstrating the influence that the media is having on the public to expect transparency as well as on nonprofit organizations to increase transparency. With transparency being publicized in media, nonprofits must adhere to certain standards in order to receive positive press coverage. The behaviors and attitudes of the general public are highly influenced by the media, indicating that the media has the power to either contribute to the success or downfall of nonprofit organizations.

Many of the nonprofit organizations examined in this thesis are international organizations with affiliates in the United States. The United States has extremely high professionalization and transparency standards both formally and informally. Nonprofits are required to publish their financial data and information on the structure of the organization. There is a huge fixation on “overhead costs” and the fact that donors specifically want their money being used for programs, rather than administrative and advertising costs (although these “overhead costs” are imperative for the organization’s continued operation and impact). With this being said, it is possible that German nonprofit organizations are also influenced by their international affiliates, either as a way to standardize practices across countries or as a way to appease donors in the United States.

Another major factor contributing to transparency and professionalization in Germany is the church. German nonprofit organizations operate very closely with the church, as two of the largest and most important welfare associations (Caritas and Diakonie) are affiliated with the church as a result of the principle of subsidiarity explained in Chapter 1. Both Caritas and



Diakonie receive a large amount of funding from the church, indicating that the church may be influencing these organizations' transparency and professionalism. The church may also be an advocate of transparency as a result of moral and ethical obligations associated with religion, Catholicism in the case of Caritas and Protestantism in the case of Diakonie. The concept of subsidiarity allows the church to function within a special relationship with the state, in which religiously affiliated nonprofit organizations can be funded by the government, something that is unheard of in the United States as it operates in a context of separation of church and state. This could mean that the government is pressuring the church to become transparent or vice versa.

An increasing number of nonprofit organizations are looking to become transparent, whether more formally through seeking a PHINEO rating, becoming members of the Civil Society Transparency Initiative, or through less formal avenues, such as providing relevant documentation on their websites or encouraging the facilitation of information among employees. Transparency and professionalization are not driven by any one factor, but rather a complex interaction between the government, donors (funding), the general public, media, international affiliates, and the church. It may be that all of these factors are interacting to push transparency and professionalization in some organizations, while only a few are serving as a transparency mechanism in others. These are the main factors that I have identified as driving transparency; however, it is possible that more factors need to be identified.

With this being said, it is important to recognize that it is not feasible to simply transfer the American discussion around transparency and professionalization to Germany, as both countries operate quite differently. The definition of professionalization that was introduced at the beginning of this thesis is based off of how the nonprofit sector functions in the United States, as mentioned in Chapter 1. However, professionalization is more than just a term that

needs to be defined; it suggests a relationship between data-driven professionalism and transparency, with professionalization causing transparency in the United States. After more clearly understanding this relationship between professionalization and transparency, the history of transparency in Germany, and conducting the analysis of seven German nonprofit organizations, it seems as though a different relationship is true in Germany, with professionalization being a result of transparency, not a cause.

Based on my research, I have found that there are a variety of ways for nonprofit organizations in Germany to become transparent, which include taking steps to become more professional and open. German nonprofits have been focusing on becoming more transparent, rather than more professionalized as is happening in the United States. This is a result of pressures from the government, the public, media, the church, business partners, international affiliates, donors, foundations, and voluntary transparency initiatives that have recently appeared. German nonprofits have been working to become more transparent by seeking out quantitative data and becoming more professionalized. Ultimately, the U.S. is encouraging nonprofit professionalization through transparency, while Germany is encouraging nonprofit transparency through professionalism. These oppositional relationships between professionalization and transparency in Germany and the United States suggest that significant changes in both countries' civil society landscapes are imminent.

## Appendix A 1.1

### Background Information of Researcher

Hello,

My name is Katherine Fitzpatrick and I am in my final year of study for a bachelor's degree at the University of Michigan, studying German and Organizational Studies. These two majors have caused me to pursue writing an honors thesis, in which I will look at the changing behavior of nonprofit organizations in Germany. My interest in this topic arose out of an international nonprofits course that I took at the University of Michigan. I studied the difference between the nonprofit sector in the United States and Germany, finding many unique differences and some similarities. In the United States I noticed that many nonprofits are facing pressure from their donors and boards of directors to produce measurable data in order to quantify the impact they have on the community. This is causing nonprofits to become more business-like, and there is data suggesting that hybrid organizations will form in order to meet this demand of transparency.

I found this to be extremely interesting and started looking at it from a German perspective. Not many researchers have tackled the full range of nonprofit organizations in an international context to the extent that they might, or studied how nonprofits are responding to changes in the government and private sectors. In an effort to address this gap, I have dedicated my thesis to studying if nonprofit organizations in Germany are following a similar trend to the United States in measuring their impacts in quantifiable form and greater transparency. I am enclosing a fuller description of the thesis as an attachment if you would like more background on its goals and motivations.

As a part of my study, I am asking your organization to fill out a survey in order to begin my analysis of nonprofit professionalization trends in Germany. I am happy to provide you with my research findings when a final copy of my thesis is submitted in March. If you would like more information on my background, please visit <https://www.linkedin.com/in/katherineelizabethfitzpatrick>. If you have any questions, please feel free to reach out to me at [kathfitz@umich.edu](mailto:kathfitz@umich.edu).

Thank you,  
Katherine Fitzpatrick

## Appendix A 1.2

### Thesis Motivations

#### Motivations for Writing About the Professionalization of Nonprofit Organizations in Germany

Nonprofit organizations in the United States are currently undergoing various challenges as they are experiencing an increase in competition from for-profit organizations. In order to combat this competition, non-profit organizations are taking on a more professionalized role in society (Sandberg, 2011). They are beginning to focus on more measurable outcomes and are attempting to lower overhead costs in order to attract donors (Colby & Rubin, 2005). This, however, is controversial because many people believe that professionalization is causing nonprofit organizations to stray from their missions of providing the public with charitable services to a more profit-oriented structure that will change the way the nonprofit sector, as a whole, functions. There is speculation that nonprofit organizations will take on a hybrid form in the near future (Avdeev & Ekmekjian, 2012).

In general, nonprofit organizations in Germany seem to be more professionalized than those in the United States. For example, environmental, social services, and health organizations are highly professionalized because they are deeply integrated in the political-administrative system at all government levels (Zimmer & Toepler, 2000). Nonprofit organizations in Germany are vehicles of policy and government guidelines requiring the training of professional personnel in social services have created a trend toward nonprofit professionalization (Zimmer & Toepler, 2000). The German nonprofit sector's strong partnership with and reliance on the government has created a strong emphasis on performance standards and metrics (Aiken & Bode, 2009). It is possible that the structure of the German third sector – one that intersects the public, private, and not-for-profit spheres (Anheier & Seibel, 1993) – has pushed for the professionalization of German nonprofit organizations.

Although there is a substantial amount of literature on the nonprofit sector in the United States, this kind of research is very limited in other parts of the world, including Germany. Not many researchers have tackled the full range of nonprofit organizations in an international context to the extent that they might. I hope that this thesis will add to the body of literature on the German third sector, while emphasizing the increasing trend toward professionalization. More importantly, this thesis will create a more comprehensive analysis of how different governments and cultures influence the third sector, thus also contributing to literature on nonprofit comparative research. In order to completely understand a country, it is essential to have knowledge about how each sector – public, private, and nonprofit – contributes to its overall identity and position in both the world economy and world politics. This thesis would provide a view of the German third sector in order to contribute to a better understanding of Germany as a whole and the future of nonprofit organizations in Germany.

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## Appendix B: Survey

\*\* This survey was approved by the Institutional Review Board (IRB) before being sent to all seven nonprofit organizations being studied. However, only four organizations took the time to fill out the information. These organizations were PHINEO, AFS Interkulturelle Begegnungen, the Goethe-Institut, and BUND. \*

Q1. Do you give permission to have the name of your nonprofit organization published in the final copy of my thesis? If yes, please type your name in the box below. This will function as an electronic signature. If no, please continue onto the next question.

Q2. What is the name of the nonprofit organization that you are representing?

*(This information will be used solely for the purpose of identification during data analysis, unless you have given permission to publish the name of your organization by electronically signing the consent form in Question 1).*

Q3. How large is the organization? (Please indicate in number of employees).

Q4. What is the organization's annual budget? (Please provide a monetary answer, signified in euros).

Q5. How much money does the government provide to this organization annually?

- A)  $\leq 20,000$  €
- B) 20,000-50,000 €
- C) 51,000 - 100,000 €
- D) 101,000 - 500,000 €
- E) 501,000 - 1 million €
- F) 1.1 million - 5 million €
- G) 5.1 million - 10 million €
- H) Other:

Q6. Has government funding for your nonprofit increased or decreased in the past 10 years?

- A) Increased
- B) Decreased
- C) No Change

Q7. How much has this funding increased or decreased in the past 10 years?

*Please indicate increase/decrease with a monetary answer (in euros).*

Q8. Has government funding for your nonprofit increased or decreased in the past 5 years?

- A) Increased
- B) Decreased
- C) No Change

Q9. How much has this funding increased or decreased in the past 5 years?

*Please indicate increase/decrease with a monetary answer (in euros).*

Q10. What type of government funding do you receive? Please explain.

Q11. What types of measures are most appropriate to your organization's work and best capture the impact you have on society? Please explain.

*i.e., statistical analysis, annual reports, longitudinal study, etc.*



Q12. How important is it for donors and partners to see the impact your organization has on society?

- A) Not at all Important
- B) Very Unimportant
- C) Somewhat Unimportant
- D) Neither Important or Unimportant
- E) Somewhat Important
- F) Very Important
- G) Extremely Important

Q13. Is there an expectation from the government, donors, or partners for this impact to be reported in a specific way?

- A) Yes
- B) No

Q14. If you answered yes to the question above, please explain these expectations.

Q15. If your organization feels pressure to act in a more transparent manner (i.e., to disclose internal decisions and actions whenever possible), what do you think is responsible for this?

*You may choose more than one answer.*

- A) Government
- B) Donors
- C) International Affiliates
- D) Business Partners
- E) Increased transparency is not a concern.
- F) Other:

Q16. Do you think the German third sector as a whole is experiencing pressure to report impact and become more transparent? Please explain.

Q17. Are you able to provide me with annual reports from the last 5-10 years?

- A) Yes
- B) No

Q18. If these reports are made public, can you please provide me with instructions on where to locate them?



Q19. Are you willing to answer follow-up questions if necessary?

A) Yes

B) No

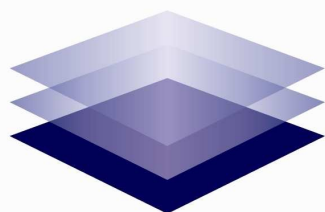
Q20. If yes, please provide me with the appropriate contact information for further follow-up questions.



## Appendix C 1.1

### Civil Society Transparency Initiative Document

This is the original German version of the Civil Society Transparency Initiative document that was downloaded from the Transparency International website ([www.transparency.de/](http://www.transparency.de/)).



Initiative  
Transparente  
Zivilgesellschaft

## Initiative Transparente Zivilgesellschaft

Wir verpflichten uns zu Transparenz!

Wer für das Gemeinwohl tätig wird, sollte der Gemeinschaft sagen: *Was* die Organisation tut, *woher* die Mittel stammen, *wie* sie verwendet werden und

*wer* die Entscheidungsträger sind.

## Initiative Transparente Zivilgesellschaft

### Präambel

Stärke und Vielfalt der Zivilgesellschaft sind gute Indikatoren für den Entfaltungsgrad moderner Bürgergesellschaften. Die Währung dieses Sektors heißt Vertrauen: Vertrauen von öffentlichen und privaten Geldgebern, Mitarbeitern, Ehrenamtlichen oder Begünstigten in die Handlungsfähigkeit und Rechtschaffenheit von Organisationen, die für das Gemeinwohl tätig werden. Diese Vertrauensstellung gilt es zu bewahren und weiter auszubauen. Dafür ist Transparenz ein wichtiger Schlüssel. Und so haben sich in den vergangenen Jahren viele Organisationen freiwillig verpflichtet, mehr Informationen öffentlich zu machen, als es der Gesetzgeber von ihnen verlangt. Ein gemeinsam anerkannter Transparenzstandard ist dabei allerdings nicht entstanden. Wie viel Transparenz von den ca. 550.000 Vereinen, 17.000 Stiftungen und zahllosen weiteren Organisationen, die für das Gemeinwohl in Deutschland tätig sind, generell erwartet wird, bleibt weiterhin unklar.

Das soll sich ändern. Ziel der *Initiative Transparente Zivilgesellschaft* ist es, ein möglichst breites Aktionsbündnis innerhalb der Zivilgesellschaft herzustellen, das sich auf die wesentlichen Parameter für effektive Transparenz einigt. Die Unterzeichner der Initiative verpflichten sich, zehn präzise benannte, relevante Informationen über ihre Organisation leicht auffindbar, in einem bestimmten Format der breiten Öffentlichkeit zugänglich zu machen. Damit sollen bestehende Standards nicht ersetzt, wohl aber eine Messlatte für die Eingangsvoraussetzungen effektiver Transparenz im gemeinnützigen Sektor festgelegt werden.

Während Kapitalgesellschaften in Deutschland seit Januar 2007 auf einer Internetplattform ihre Bilanz, Namen der Geschäftsführung, Anzahl des hauptamtlichen Personals und anderes mehr offen legen müssen, sind Organisationen der Zivilgesellschaft (ausgenommen gemeinnützige Kapitalgesellschaften wie gGmbHs oder gAGs) nicht verpflichtet, die Öffentlichkeit über die Herkunft und Verwendung ihrer Mittel zu informieren. Bei gemeinnützigen Organisationen besteht zwar gegenüber den Finanzämtern eine Auskunftspflicht, ein spezifisches und einheitliches Format existiert dafür jedoch nicht. Überdies unterliegen alle beim Finanzamt eingereichten Informationen (beispielsweise zur Erlangung des Gemeinnützigkeitsstatus) dem Steuergeheimnis und werden nur veröffentlicht, sofern die Organisationen dies freiwillig tun.

Die Unterzeichner der *Initiative Transparente Zivilgesellschaft* verpflichten sich, nach einem bestimmten Format offen zu legen, *welche Ziele* ihre Organisation verfolgt, *woher die Mittel* stammen, *wie sie verwendet* werden und *wer darüber entscheidet*. Sie stellen diese Informationen klar strukturiert und leicht auffindbar ins Netz. Für einige Organisationen ist dies bereits heute gängige Praxis. Für andere ist es ein großer Schritt. Vor allem lokale und regionale Organisationen werden durch die Initiative ermutigt, sich dem Thema Transparenz stärker zu widmen. Der Standard gilt solange, bis weitere Entwicklungen seine Überarbeitung notwendig machen.

Die Unterzeichner dieser Initiative rufen alle Organisationen der Zivilgesellschaft auf, die folgende Selbstverpflichtung verbindlich zu erklären, einzuhalten und zu verbessern. Gleichzeitig werden die Bürger aufgerufen, von dem Informationsangebot Gebrauch zu machen und den Dialog mit den Organisationen der Zivilgesellschaft zu verstärken.

Wo Engagement für die Gemeinschaft stattfindet, sollte Transparenz gegenüber der Gemeinschaft selbstverständlich sein.

Trägerkreis Initiative Transparente Zivilgesellschaft  
 c/o Transparency International Deutschland e.V.  
 Alte Schönhauser Str. 44  
 10119 Berlin  
 Fax: 030- 54 98 98 22  
 E-Mail: itz(at)transparency.de



## Selbstverpflichtung

Wir, ..... verpflichten uns, die nachstehend aufgeführten Informationen der Öffentlichkeit zur Verfügung zu stellen, indem wir sie mit dieser Erklärung leicht auffindbar auf unsere Website stellen oder auf Anfrage elektronisch bzw. postalisch versenden:

1. **Name, Sitz, Anschrift und Gründungsjahr** unserer Organisation
2. Vollständige **Satzung** oder **Gesellschaftervertrag** sowie weitere wesentliche Dokumente, die Auskunft darüber geben, welche konkreten **Ziele** wir verfolgen und **wie diese erreicht werden** (z.B. Vision, Leitbild, Werte, Förderkriterien)
3. Datum des jüngsten **Bescheides vom Finanzamt** über die Anerkennung als steuerbegünstigte (gemeinnützige) Körperschaft, sofern es sich um eine solche Körperschaft handelt
4. **Name und Funktion** der wesentlichen **Entscheidungsträger** (z.B. Geschäftsführung, Vorstand und Aufsichtsorgane)
5. **Bericht über die Tätigkeiten** unserer Organisation: zeitnah, verständlich und so um- fassend, wie mit vertretbarem Aufwand herstellbar (z.B. Kopie des Berichts, der jährlich gegenüber der Mitglieder- oder Gesellschafterversammlung abzugeben ist)
6. **Personalstruktur**: Anzahl der hauptberuflichen Arbeitnehmer und Arbeitnehmerinnen, Honorarkräfte, geringfügig Beschäftigte, Zivildienstleistende, Freiwilligendienst- leistende; Angaben zu ehrenamtlichen Mitarbeitern
7. **Mittelherkunft**: Angaben über sämtliche Einnahmen, dargelegt als Teil der jährlich erstellten Einnahmen- / Ausgaben- oder Gewinn- und Verlustrechnung, aufgeschlüsselt nach Mitteln aus dem ideellen Bereich (z.B. Spenden, Mitglieds und Förderbeiträge), öffentlichen Zuwendungen, Einkünften aus wirtschaftlichem Geschäftsbetrieb, Zweckbetrieb und / oder der Vermögensverwaltung
8. **Mittelverwendung**: Angaben über die Verwendung sämtlicher Einnahmen, dargelegt als Teil der jährlich erstellten Einnahmen- und Ausgaben- oder Gewinn und Verlustrechnung sowie der Vermögensübersicht bzw. der Bilanz

9. **Gesellschaftsrechtliche Verbundenheit** mit Dritten, z.B. Mutter- oder Tochtergesellschaft, Förderverein, ausgegliederter Wirtschaftsbetrieb, Partnerorganisation
  
10. **Namen von juristischen Personen**, deren jährliche Zuwendung mehr als zehn Prozent unserer gesamten Jahreseinnahmen ausmachen. Angaben zu entsprechenden Spenden von natürlichen Personen werden nach Zustimmung derselben veröffentlicht, in jedem Fall aber als „Großspenden von Privatpersonen“ gekennzeichnet.

Wir bestätigen, dass die Organe, welche für unsere Organisation bindende Entscheidungen zu treffen haben, regelmäßig tagen und dass die Sitzungen protokolliert werden. Anfragen an unsere Organisation werden in angemessener Frist beantwortet. Die Jahresrechnung wird namentlich durch einen Entscheidungsträger unserer Organisation abgezeichnet.

Bei Prüfung unseres Jahresberichtes wird die Einhaltung dieser Verpflichtung von unseren internen Prüfungsgremien (z.B. Kassenprüfer), dem vereidigten Buchprüfer oder dem Wirtschaftsprüfer kontrolliert.

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Ort, Datum

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rechtsverbindliche Unterschrift

Name und Funktion des/der Unterzeichners/in

## Appendix C 1.2

### Civil Society Transparency Initiative Document Translation

# Civil Society Transparency Initiative

We are committed to transparency!

Whoever is working for the common good, should tell the community:  
what the organization does, *where* its money comes from, *how* this  
money is used, and  
*who* the decision-makers are.

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## Civil Society Transparency Initiative

### Preamble

Strength and diversity of civil society are good indicators of the development of modern civil societies. The currency of this sector is trust: the trust and confidence of public and private donors, staff, volunteers or beneficiaries as well as the ability and integrity of the organizations that are working for the common good. This trust must be preserved and continually developed. To do this, transparency is key. And so many organizations have voluntarily agreed to make more information public, as has been required by legislature in recent years. However, a universally recognized standard of transparency has not been created. How much transparency is required, for the approximately 550,000 associations, 17,000 foundations, and countless other organizations working for the common good, is generally expected, but remains unclear.

This must change. The goal of the Civil Society Transparency Initiative is to produce a broad alliance for action within civil society in order to agree upon the key parameters for effective transparency. The signatories of the initiative commit to making precisely identified pieces of relevant information regarding their organization easy to find and accessible in a specific format to the general public. This should not replace existing standards, but function as a benchmark to help determine more effective transparency conditions in the nonprofit sector.

While corporations in Germany have been required to disclose their balance sheets, names of board members, number of full-time staff and more on an Internet platform since the year 2007, civil society organizations (except for nonprofit corporations, such as charitable limited liability companies or charitable joint-stock companies) are not required to inform the public about their origins and utilization of their budget. Although nonprofit organizations must provide this type of information to the tax authorities, a specific or consistent format does not exist. All submitted information to the tax office regarding tax matters (for example, to obtain charitable status) are



not public and will only be published if the organization does so voluntarily. This will be the accepted standard until new developments necessitate its revision.

The signatories of this Initiative call on all civil society organizations to make a binding commitment to comply with and improve the following declaration. At the same time, citizens are encouraged to make use of the information offered and to strengthen the dialogue with civil society organizations.

Where community engagement takes place, transparency should be natural to the community.

### **Self-Commitment**

We, \_\_\_\_\_, commit ourselves to comply with this declaration by providing the following information to the public, making it easily available on our website or to send it upon request electronically or by mail:

1. **Name, Registered Office, Address, and Founding Year** of our organization.
2. **Complete charter** and other important documents that provide information about which specific objectives we pursue and how they will be achieved (e.g., vision, mission, values, eligibility criteria).
3. Provide the date of the most recent **notification by the tax office** on its recognition of your organization as a tax-deferred (non-profit) corporation, provided that it is such a corporation (tax-exempt status).
4. **Name and function** of the key **decision-making bodies** (e.g., management, executive board and supervisory bodies).
5. **Report on the activities** of our organization: timely, understandably, and comprehensively at a reasonable cost to manufacture (e.g., a copy of the annual reports must be submitted annually to the members or shareholders).
6. **Personnel structure:** number of full-time male and female employees, freelancers, marginal employees, community service workers, volunteer service providers; information on volunteers.
7. **Source of Funds:** information on all income, presented as part of the annually revenue/expenditure or income statement, broken down by funding from the ideal range (e.g., donations, member contributions, and funding), public benefits, income from economic operations, purpose of operating and/or asset management.
8. **Intended use of funds:** information on the use of all income, presented as part of the annually revenue and expenditure or profit and loss account, and the balance sheet.

9. **Company law regarding solidarity/unity** with third parties, such as parent or daughter subsidiaries, aid/support associations, outsourced business operations, and partner organizations (institutional relationships).
10. **Names of legal entities** whose annual allowance is more than ten percent of our total annual revenue. Information on appropriate donations from individuals will be published after approval thereof, but in every case as a "major gift from individuals."

We confirm that the organs that have to make decisions binding for our organization meet regularly and that the sessions are logged. Questions are to be answered in our organization in a reasonable time frame. A particular decision-maker in our organization signs the annual accounts.

When examined in our annual report, the obligation by our internal audit bodies (e.g., auditors), the chartered accountant, or auditor shall be controlled.

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Place, Date

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Legally Binding Signature

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Name/Function of the Signatory

## Appendix D 1.1

### Transparency Standards for Caritas and Diakonie

#### Transparenzstandards für Caritas und Diakonie

<b>1.</b>	<b>Strukturdaten</b>
1.1	Name und Adresse des Rechtsträgers
1.2	Satzungsgemäße Aufgaben/Profil des Rechtsträgers
1.3	Rechtsform
1.4	Eintragungsbehörde und Ort
1.5	Registernummer
1.6	Angaben zur Anerkennung als gemeinnützige Körperschaft
1.7	Mitgliedschaften in Verbänden und anderen Organen
1.8	Kapazität und Leistungsangebot der Einrichtung
1.9	Statistische Angaben zu Mitarbeitenden
1.10	Angaben zur Corporate Governance
1.11	Angaben zur Organisationsstruktur
1.12	Beteiligungen an anderen Unternehmen

<b>2.</b>	<b>Leistungsbericht</b>
2.1	Beschreibung des Leistungsangebots
2.2	Beschreibung der Mitarbeiterschaft
2.3	Qualitätsbezogene Ergebnisse
2.4	Darstellung von Kooperationen mit anderen Leistungsanbietern
2.5	Zusammenfassende Darstellung externer Qualitätsberichte
2.6	Darstellung der Preise für die einzelnen Leistungsangebote
2.7	Abgeleitete Konsequenzen

<b>3.</b>	<b>Wirtschaftsbericht</b>
3.1	Daten aus der Bilanz
3.2	Daten aus der Gewinn- und Verlustrechnung
3.3	Angaben aus dem Anhang/Erläuterung zu Bilanz sowie Gewinn- und Verlustrechnung
3.4	Angaben aus dem Lagebericht/Erläuterungen zur wirtschaftlichen Lage
3.5	Kapitalflussrechnung
3.6	Kennziffern, die Aussagen zur Leistungsfähigkeit und Wirtschaftlichkeit beziehungsweise zu Verbindungen zwischen beiden zulassen
3.7	Testat des Wirtschaftsprüfers/der Wirtschaftsprüferin oder anderer Prüfinstitutionen
3.8	Kapitalanlagestandard

<b>4.</b>	<b>Spendenbericht</b>
4.1	Tätigkeitsbericht

4.2	Höhe und Struktur der Spendeneinnahmen
4.3	Mittelverwendung nach Förderbereichen
4.4	Informationen über wesentliche zukünftige Sachverhalte
4.5	Darstellung der Werbeausgaben
4.6	Darstellung der Verwaltungsausgaben
4.7	Spendensiegel/-zertifikat

<b>5.</b>	<b>Ehrenamtsbericht</b>
5.1	Tätigkeitsfelder der ehrenamtlich Mitarbeitenden
5.2	Anzahl und Umfang des Einsatzes der ehrenamtlich Mitarbeitenden
5.3	Aktivitäten des Trägers/der Einrichtung zur Gewinnung ehrenamtlich Mitarbeitender
5.4	Aktivitäten des Trägers/der Einrichtung für die ehrenamtlich Mitarbeitenden

<b>6.</b>	<b>Sozialbericht</b>
6.1	Entwicklung der Arbeitsbedingungen der Mitarbeitenden
6.2	Betriebliche Sozialleistungen für die Mitarbeitenden
6.3	Maßnahmen zur Förderung der Familienfreundlichkeit
6.4	Interne Fortbildungsangebote für Mitarbeitende
6.5	Zertifikat als familienfreundliches Unternehmen
6.6	Gleichstellung/Gender-Mainstreaming
6.7	Darstellung der Mitwirkungsmöglichkeiten der Mitarbeitervertretung
6.8	Spirituelle Angebote für Mitarbeitende

<b>7.</b>	<b>Umweltbericht</b>
7.1	Formulierung umweltpolitischer Grundsätze/Leitlinien
7.2	Aufstellung/Vorhandensein eines Umweltprogramms zur Konkretisierung der Leitlinien
7.3	Einführung/Weiterentwicklung eines Umweltmanagements
7.4	Hinweis auf die Erstellung eines Umwelthandbuches
7.5	Benennung von Umweltbeauftragten und Umweltmanagementbeauftragten
7.6	Darstellung spezieller Maßnahmen in Bezug auf dem Umweltschutz
7.7	Umweltbilanz und Umweltkennzahlen
7.8	Hinweis auf eine (Neu-)Zertifizierung

<b>8.</b>	<b>Weitere mögliche</b>
8.1	Wissensbilanz
8.2	Hinweise zur Vermeidung von Korruption
8.3	Sozialrechtlicher/leistungsrechtlicher Rahmen
8.4	Besondere Vorkommnisse und Aktivitäten
8.5	Datenschutz-Audit nach den entsprechenden kirchlichen Regelungen

## Appendix D 1.2

### Transparency Standards for Caritas and Diakonie Translation

#### Transparency Standards for Caritas and Diakonie

<b>1.</b>	<b>Structural Data</b>
1.1	Name and address of the legal entity
1.2	Constitutional duties and responsibilities/profile of the entity
1.3	Legal form
1.4	Registration authority and place
1.5	Registration number
1.6	Information for recognition as a nonprofit corporation
1.7	Memberships in associations and other institutions
1.8	Capacity and services offered by the institution
1.9	Statistical data on employees
1.10	Information on corporate governance
1.11	Information on the organizational structure
1.12	Investments in other companies

<b>2.</b>	<b>Performance Report</b>
2.1	Description of services provided
2.2	Description of the workforce
2.3	Quality-related results
2.4	Display collaborations with other providers
2.5	Summary of external quality reports
2.6	Display of the prices for the various services offered
2.7	Derived consequences

<b>3.</b>	<b>Economic Report</b>
3.1	Data from the balance sheet
3.2	Data from the profit and loss account
3.3	Data from the notes/explanations on the balance sheet and profit and loss account
3.4	Information from the status report/explanation of the economic situation
3.5	Cash flow statement
3.6	Figures that allow statements about the performance and economy or to links between the two
3.7	Reports from the auditors/the auditor or other test institutions
3.8	Investment standard

<b>4.</b>	<b>Donations Report</b>
4.1	Progress report
4.2	Amount and structure of donations

4.3	Use of funds by funding areas
4.4	Information about important future issues
4.5	Presentation of advertising expenditure
4.6	Presentation of administrative expenditure
4.7	Donations seal or certificate

<b>5.</b>	<b>Volunteering Report</b>
5.1	Activities of the volunteer staff
5.2	The number and scope of the use of volunteer employees
5.3	Activities of the volunteers/methods for obtaining volunteer employees
5.4	Activities of the volunteers/equipment for the volunteer staff

<b>6.</b>	<b>Welfare Report</b>
6.1	Development of working conditions of employees
6.2	Employee benefits
6.3	Measures to promote work/life balance
6.4	Internal training opportunities for employees
6.5	Certificate indicating a family-friendly company
6.6	Equality/gender mainstreaming
6.7	Presentation of the opportunities for employee participation
6.8	Spiritual offers for employees

<b>7.</b>	<b>Environmental Report</b>
7.1	Formulation of environmental policy principles/guidelines
7.2	Installation/existence of an environmental program for the specification of guidelines
7.3	Introduction/development of environmental management
7.4	Preparation of an environmental handbook
7.5	Appointment of an Environmental Officer and Environmental Management Supervisor
7.6	Report of special measures concerning the environment
7.7	Environmental performance and environmental indicators
7.8	(Re) certification

<b>8.</b>	<b>Other</b>
8.1	Intellectual capital
8.2	Recommendations for the prevention of corruption
8.3	Legal social performance/legal framework
8.4	Special events and activities
8.5	Data protection audit in accordance with the appropriate ecclesiastical regulations

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\*\* Note: Just the home pages of websites are listed in the references section. However, I reference precise web pages throughout the thesis in footnotes. \*\*