Accounting for stakeholders in a Catholic charity at the edge of the nineteenth century

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Abstract

Using the positive model of stakeholder theory, this study analyzes accounting and accountability in a charity founded in the late eighteenth century by the Catholic Church. The findings show that accounting was developed to satisfy the heterogeneous accountability demands of the salient stakeholders inside a particular sociocultural domain where Catholic beliefs were prominent, accounting and business rationales were embedded in everyday life, and Enlightenment and liberal ideas flowed among the population. Particularly salient stakeholders conferring legitimacy and funds were the beneficiaries (poor sick people) and donors (believers), who had rights to demand information about the charity’s activities and achievements.

The findings also suggest that (1) ecclesiastics attributed to accounting the ability to promote religious fervor, binding together the poor and donors as believers; (2) accounting disclosure also played a major nonspiritual role reflecting the alignment of the Church with Enlightenment principles, supporting the Church’s position in the public aid system, and favoring the interests of both the charity and stakeholder groups; and (3) the Church used accounting to support its traditional influence on social groups’ status and promotion.

Keywords: stakeholder theory, accountability, accounting, charities, Catholic religion
Introduction

Accounting practice is widely considered as a social activity with potential to further special interests by constructing calculative and administrative apparatus. Accounting history methods have been proposed to elucidate how accounting intertwines with its specific sociocultural setting (Hopwood, 1985). This perspective has viewed accounting as an artifact that although working inside business organizations belongs to the wider social domain (Hopwood, 1987). Nonetheless, most accounting historians have preferred to study firms, at the expense of other organizations more specifically engaged in social control and welfare systems (Daniels, Braswell, & Beeler, 2010; Walker, 2004, 2008); so accounting and accountability in not-for-profit organizations has been largely underresearched, particularly in religious organizations (Hardy & Ballis, 2013).

To the extent that accounting practices classify and communicate, they have a special potential for (re)constructing the identities of individuals implicated in welfare provision (Miley & Read, 2016; Walker, 2008). This accounting ability developed importantly in the eighteenth century, when Enlightenment thought, with its emphasis on economic rationality, favored the use of statistics to quantify and govern people. Every enlightened administration needed to number people, goods, activities, etc.; and this will to quantify extended beyond state agencies to individuals who gathered this kind of information in journals. Thus numbers, specialist knowledge, and professional techniques became implicated in political debate (Rose, 1991). In Spain, this importance of numbers promoted the use of accounting to manage populations within government-supported organizations (Álvarez-Dardet, Baños, & Carrasco, 2002; Baños et al., 2005).

Several researchers have argued that accounting’s potential for quantifying people and their social circumstances was useful for the moral persuasion and control of individuals involved in various charities operating in England, Wales, and Scotland in the eighteenth and
nineteenth centuries (Holden, Funnell, & Oldroyd, 2009; Jackson, 2012; Walker, 2008). However, this literature lacks in-depth historical consideration of the religious beliefs and the charity activity of the church, despite the high social and economic importance that religious organizations had in the past (Carmona & Ezzamel, 2006), churches being the earliest and most important predecessors of the modern welfare state (Fix & Fix, 2002). To the extent that they consider disclosure practices (Irvine, 2002), studies of religious charities could also deepen our understanding of accounting’s role in the sacred sphere (Booth, 1993; Laughlin, 1988). Such studies are necessary not only because of the social importance and ubiquity of religious organizations, but especially because accounting and accountability can manifest pressures exerted by religion itself (Mutch, 2016; Quattrone, 2004).

Addressing calls by authors such as Quattrone (2004), Carmona and Ezzamel (2006), and Hardy and Ballis (2013) for research into account rendering in religious organizations, this study analyzes accounting and accountability in a charity founded at the end of the eighteenth century by the Catholic Church, Hospitalidad Doméstica (Home Hospital Care). This institution operated in one of the most important cities at that time for the transoceanic trade: Cádiz, a melting pot of tradesmen from all over the world (Bustos, 1990), where forward-looking accounting practices could arise and early reporting practices may be observable before the advent of promulgated standards (Daniels et al., 2010), and also a cosmopolitan center whose famous intellectual salons made it a very fertile ground for liberal ideas (Martínez, 1977). On the whole, this context makes this location an interesting place for accounting history research (Carnegie & Napier, 2002).

This study is based on the positive model of stakeholder theory, under which accountability is a purposive means that organizations use when seeking support from stakeholders to protect their own self-interests (Dhanani & Connolly, 2012). We contribute to accounting literature in two main ways. First, given the lack of empirical evidence regarding the factors that influence
the extent of disclosure and reporting practices, especially in not-for-profit organizations (Atan et al., 2012; Othman & Ali, 2012), our research provides an opportunity to examine the development of formal and informal external accounting communication in a charity. The fact that the paper focuses on a religious organization facilitates observing different forms of accountability (Payer-Langthaler & Hiebl, 2012), because in this setting disclosure and reporting practices could be affected by religious beliefs (Yasmin, Haniffa, & Hudaib, 2015) as well as by stakeholder salience (Moggi et al., 2016). We analyze how accounting was developed in order to satisfy the heterogeneous accountability demands of the salient stakeholders inside a wide sociocultural domain where Catholic beliefs permeated life, accounting and business rationales were entrenched, and Enlightenment and liberal ideas flowed throughout the population (Martínez Quinteiro, 1977). In particular, we highlight the importance of beneficiaries (Cordery & Barkerville, 2011) and donors (Connolly & Hyndman, 2013) as salient stakeholders giving legitimacy and funds, and having rights to demand information about the charity’s activities and achievements: poor people as beneficiaries and believers as donors were central to the Home Hospital Care’s social and spiritual mission.

Second, our findings contribute to the debate about the sacred/secular role played by accountability and accounting in faith-based organizations, especially when these organizational practices are implemented to put “belief into action” (Mutch, 2016, p. 940). Regarding the sacred role, our evidence suggests that ecclesiastics attributed to accounting the ability to promote religious fervor, connecting poor people and believers. Concerning the secular role, our findings also suggest, on the one hand, that accounting disclosure reflected the alignment of the Church with Enlightenment principles by supporting the Church’s position in the public aid system. On the other hand, accounting disclosure favored the interests of both the charity itself and stakeholder groups. Accountability conferred legitimacy
that allowed the charity to obtain social, cultural, and economic resources, but this accountability also helped stakeholders achieve their own socioeconomic goals. That is, accounting constituted a useful mechanism employed by Church to support its traditional influence on social groups’ status and promotion.

The remainder of the study is organized as follows. The next section describes the basics of stakeholder theory relevant to this research. The methods section explains the sources we used in the empirical research. After outlining the ideological, religious, and charitable context of the study, we describe the economic situation in late-eighteenth-century Cádiz and the charity, focusing on its accounting system, changes in this system, and the accounting information disclosed. We then analyze and discuss the available evidence and draw some conclusions.

**Theoretical framework**

Stakeholder theory is a well-established perspective for analyzing charity reporting and therefore applicable to studying how accounting is implicated in the satisfaction of demands for information (Connolly & Hyndman, 2013). Accounting and accountability are intimately linked, since charity organizations must provide appropriate accounting and reporting to stakeholders in order to maintain their confidence. A stakeholder is any group or individual “who can affect or is affected by the achievement of the organisation’s objectives” (Freeman, 1994, p. 46). The positive model of stakeholder theory proposes that organizations require the support of their stakeholders, which managers try to obtain through the legitimation of organizational practices, accountability being in turn a key mechanism of legitimation (Dhanani & Connolly, 2012).

Legitimacy is “a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p. 574). Managers can actively seek and develop legitimacy since, when it is gained, organizations increase their chance of obtaining resources
and hence success (Díez, Prado, & Blanco, 2013), for both market-oriented and socially oriented organizations (Samkin & Schneider, 2010; Sarpong & Davies, 2014). To obtain it, organizations often adopt taken-for-granted practices because they are compulsory, because professionals are conforming to expectations for rationalized management, and/or because they fit a broader cultural framework of beliefs (Johnson, Dowd, & Ridgeway, 2006).

Accountability is a very complex concept that is hard to define precisely. In general, it is “the duty to provide an account of the actions for which one is held responsible” (Gray et al., 1997, p. 334); for individuals, groups, or organizations, accountability is related to a sense of responsibility for what has been done, and for disclosing the results transparently. Connolly and Hyndman (2013) state that for a charity accountability implies two main questions: to whom is the charity accountable? and what form should that account take? The former question involves determining who managers consider to be salient stakeholders, which in turn depends mainly on whether the stakeholders and above all their claims have legitimacy (Neville, Bell, & Whitwell, 2011). That is to say, these stakeholders are individuals, groups, or organizations with rights to the account, so that the account is prepared for them (Cordery & Baskerville, 2011; Gray et al., 1997).

For charities accountability and transparency are key to attracting external support; they “need to explain which are their social, ethical and value-driven motives and […] how they work towards achieving them and the extent to which they have been achieved” (Connolly & Dhanani, 2013, p. 112). Organizations can use both external and internal and both formal and informal mechanisms for such explanations (Samkin & Schneider, 2010). Public discourse about organizational activities, performances, and outcomes is one key strategy (Connolly & Dhanani, 2013; Dhanani & Connolly, 2012; Samkin & Schneider, 2010). External accounting communication takes a wide variety of forms, such as numbers, tables, graphs, text, and pictures, and can be deemed a social practice that collaborates in producing/reproducing
shared meaning and reality (Merkl-Davies & Brennan, 2017). Among internal mechanisms organizations can adopt whatever processes, systems, and structures stakeholders demand, although these adoptions should be communicated in some way to stakeholders (Dhanani & Connolly, 2012).

**Methods**

This study uses a qualitative research method based on a historical interpretative perspective, sensitive to the context (Merino & Mayper, 1993), to approach a charity founded in Cádiz (Spain) in the late eighteenth century, promoted by the Church. Enlightenment thought prominently influenced this charity, some of whose founders were renowned traders at the forefront of the accounting knowledge of the time. Secondary sources have helped to contextualize the case in the contemporary beliefs and specific circumstances of the city and its population.

The evidence collected represents the period between the charity’s foundation in 1792 and the death in 1810 of the first secretary and right hand of the founder bishop. Several local archives preserve the documentation examined for this paper, especially the Biblioteca de Temas Gaditanos, Biblioteca Provincial de Cádiz, and Archivo Diocesano de Cádiz. We have adopted a broad concept of archival material (Carnegie & Napier, 1996), so that not only accounting information is considered. This allows us to understand what the accounts included and excluded and how these accounts were prepared and used. In chronological order, the documents considered are the following:

- The founding minutes, explaining the details about the foundation and the rules that would govern this institution in the future. Some of these rules had accounting implications.
The parishioners’ books, planned to include data on people who were chosen to collaborate for set terms with the charity. Although these documents have not survived, their existence is known thanks to other primary material such as the founding minutes.

The annual accounts published for the years 1798 and 1809, where statistics and priests’ discourses can be found.

A document reporting the number of copies of the 1798 annual accounts circulated among individuals, institutions, and parishes of the city.

A couple of printed documents associated with dramatic circumstances that affected the population of Cádiz: a printed sermon given by a Cathedral priest in March 1799, asking for more alms during the English blockade of Cádiz; and a public announcement addressed to the Cádiz population at the end of 1810, when the city was besieged by the French army.

Catholic religion, poverty, and the Enlightenment in Cádiz at the end of the eighteenth century

In the Western world, at least from the Middle Ages, Christians began to think of poverty as a sacred condition. Accordingly, the church became an essential mediator between the rich and the poor. However, the schism initiated by Luther in the sixteenth century resulted in Protestants’ arguing that an individual can be justified only by the free gift of God, whereas Catholics maintained belief in a more active role for individuals in approaching God. Catholics argued that an institutional church was still needed to provide papacy, priesthood, sacraments, saints, and indulgences. Aiming to secure the Catholic doctrine, the Council of Trent promoted the value of good works in general and the charity principle in particular (Davidson, 1987). This perception of poverty remained predominant in countries like Spain until the twentieth century, so that poor relief was assumed as a responsibility of local communities, charity arising more from compassion than from the state (Kahl, 2005).
However, the sacred character of poverty coexisted with other perceptions related to the threat posed by beggars, which even Catholics recognized (Woolf, 1986). Accordingly, around the sixteenth century in Western Europe there began to be movements toward the civil control of poverty or at least the coordination of charitable efforts. In order to eliminate idleness, reduce social disorder, and impede the public display of illness, a treatise writer of that time, Miguel de Giginta, proposed creating shelters that would classify people by sex, age, and sickness, and enlist them in work (De la Iglesia, 2006). Woolf (1986) argues that these efforts should be understood as constitutive elements of a social order based in values of family, status, honour and deference.

While in European Protestant countries workhouses were founded that aimed to force paupers to work, this practice was difficult to transfer to Catholic countries, given the belief in the sacred character of poverty. Moreover, Catholics rejected it because this relief formula anonymized the relation between donor and recipient (Kahl, 2005). A paradox is present in this behavior: the Catholics tried to follow the gospel that Jesus preached—“when you give alms, do not let your left hand know what your right hand is doing”—while at the same time seeking the neighborhood’s acknowledgement (Imízcoz, 2001, p. 247).

But in the eighteenth century, the Enlightenment gave paramount importance to reason and public interest, in Spain favoring the introduction of state reforms to regenerate the national economy (Palacio, 1964). Economic publications, translations, and reprints increased in Spain, in accord with the increasing interest throughout Europe in public discussion of economic matters (Llompart, 2000). Population statistics emerged as a key technology for producing the knowledge needed to govern, and were published in the press (Rose, 1991). The Spanish press was composed in late eighteenth century by two official newspapers—the Mercurio and the Gaceta—that behaved as main instruments of governmental power and began to coexist with an incipient private press. In the last two decades of the century, the first
enlightened newspapers appeared and the press became a social need, thanks to an institutional support not always unanimous. Civil and ecclesiastical authorities were not unconnected to the power of the press; in particular, members of the clergy frequently subscribed to the official press, collaborated with the government in disseminating it among the people, and even practiced journalism. Cádiz was an enlightened city with several private theaters and art galleries where this journalistic explosion had a special echo. Social gatherings and reading cabinets gave Cádiz the largest number of subscriptions among Spain’s provincial capitals (Larriba, 2013). Between the end of 1780 and 1791, Cádiz boasted three local newspapers (Sánchez, 2007).

In this enlightened context, poverty became not only a religious problem, but a social, political, and economic one. The uselessness and dangerousness of paupers as well as the autonomy and turmoil of the existing charities, dispersed through different religious institutions such as hospitals, brotherhoods, foundations, etc. inherited from the past, were considered threats to the state. Contradictory ideas coexisted and overlapped in the mentality of Spaniards. Although they were trained in Catholic religion, their thirst for intellectual improvement exposed them to new cultural tendencies that challenged their religious beliefs. At the same time, an emerging bourgeois mentality demanded that all facets of human life should be economically rationalized, aiming at material and earthly prosperity (Palacio, 1964). In this context, happiness was conceived as “that state of abundance and convenience that every government should procure for its citizens” (Jovellanos, 1781).

The ideal of the aristocratic life, although deeply rooted in Spanish society, began to be considered as an obstacle to the promotion of industry, leading to antinobility feeling. Although previously regarded as the leader class, nobles began to be scorned for idleness. Their contempt for administration and their irresponsibility regarding debts invited reprimands from religious moralists and even the enactment of a 1784 regulation to limit this
financial fecklessness (López-Manjón, 2004, 2009). Although socially accepted and supported by Christian morality, they still needed to demonstrate their honesty and their practice of the religious virtues. At the same time, as the honor of people involved in trade and industry was in question, new regulations were enacted trying to dignify them in an attempt to make noble status compatible with this kind of activity and to increase the common welfare (Anes, 2001).

As a result, throughout the eighteenth century, as the commercial trade with America increased capital, many merchants settled in Cádiz started to climb the social ladder in search of titles. The first stage was a knighthood. After that, they needed to prove their merit before the king—and involvement in charitable works was a common way to show how the applicant had helped society (Anes, 2001).

The Catholic Church next became the object of criticism and was removed from the management of some charities. The need for virtue among the clergy was stressed. According to Enlightenment ideology, religion could be useful in returning a sense of dignity to the masses, given two conditions (Sarraiñ, 1957): (1) a revival of the sense of the good and of moral perfection, moving people away from nonrational behaviors, and (2) a reconciliation between religion and reason. According to the Catholic Enlightenment thinker Gregorio Mayáns, the intellectual training of the bishop was essential to reform the Spanish church and culture (Mestre, 1968).

From the decade 1770–1780 onwards, baroque religiosity definitively weakened in Cádiz, and the Catholic Church’s influence in the life of the city declined. After 1777, its diocese’s bishops pressed towards an “enlightened Christianity” in which only a minority could take part (Morgado, 1989). As also happened in other parts of Spain, the relief of paupers was put ahead of more superficial demonstrations of religiosity (Mestre, 1979), these bishops being involved in projects and material improvements in their respective dioceses at their own expense (Sarraiñ, 1957).
At that time, bishops of Cádiz took leading parts in defending the church’s role in this new enlightened society. In particular, Antonio Martínez de la Plaza, who headed the Diocese of Cádiz from 1790 to 1800, stood out for his interest in charitable activity and the opening of schools and workshops. He also took part in founding a *Sociedad Económica de Amigos del País* (Economic Society of Friends of the Country). He personally sponsored the opening of a new religious institution for the relief of poor sick people at home, Home Hospital Care. Francisco Javier Utrera, bishop after Martinez de la Plaza’s death, supported Home Hospital Care in the same way.¹

**Life in Cádiz between 1785 and 1810: the ecclesiastical charitable model to solve poverty**

In the last third of the eighteenth century, Cádiz suffered the gradual suppression of its traditional privileges in the trade with Spain’s American colonies. Nevertheless, from 1778 on, Cádiz witnessed a spectacular expansion facilitated by the removal of legal obstacles and fiscal levies, and the increase in the number of American ports to trade with. Moreover, Cádiz traders’ background and the good geographic location of its port gave it advantages over other Spanish ports under these new circumstances, allowing it to retain its supremacy over the remaining Spanish ports (García-Baquero, 1972; Solís, 2012). From 1783 onwards, the Treaty of Versailles signed with England increased the safety of overseas transport, and the number of domestic and foreign trading houses increased in the following years, with bigger cargos freighted each year until 1786, when the markets finally crashed (De la Cruz y Bahamonde, 1997; Solís, 2012). In this period Cádiz had been governed by Count de O’Reilly, who implemented numerous changes in the city, promoting public works, safety, and health, and specifically relaunching the hospice of Cádiz in 1784 (De Castro, 1858). Cádiz trade reawakened after 1787, and, in spite of some episodes of trade interruption, generally

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¹ In 1808, during the Independence War against France and on José Bonaparte’s instructions (Rodríguez, 2007), the Cádiz bishopric was declared vacant, leaving this institution in the hands of the Chapter of Canons. Hence the last lines of the document shown in Figure 2.
favorable conditions lasted until 1810. However, life in the city was difficult because of successive epidemic outbreaks over the decade 1800–1810. In 1800, roughly twenty percent of the Cádiz population died of yellow fever.

Its importance as a port made Cádiz a place where state-of-the-art commercial and accounting practices could be acquired and interchanged (Capelo, Araújo, & Álvarez-Dardet, 2005). Many Cádiz traders belonged to general partnerships to which they contributed both capital and working time; also very common were non formalized associations between traders who aimed to purchase/sell goods in a particular place (Carrasco, 1996). As previous studies have shown, in both cases, accounts were rendered only to those partners actively involved in the business (Álvarez-Dardet & Capelo, 2003; Capelo, Araújo, & Álvarez-Dardet, 2015). However, there is evidence of some interest in making accounting information available to other people related to the organization. For example, although much less common than the types listed above, there were also companies in which some of the partners provided only capital (Carrasco, 1996), such as the Compañía Gaditana de Negros, which, after recurrent financial problems, reformed its internal regulations, seeking to ensure that the books would be available to all its shareholders (Torres, 1973).

The traditional ecclesiastical charity model: Home Hospital Care

The reorganization of the hospice of Cádiz, launched in 1784, implied a threat to Church power and more specifically to the Church monopoly over rents applied to charitable ends. This threat, together with the economic crisis of the 1790s, prompted the introduction of an extensive relief system organized by the clergy and contrasting with the hospice’s focus on confinement (Morgado, 2008).

Home Hospital Care (henceforth, HHC) was a congregation set up on December 20, 1792, which began its activity at the beginning of 1793. It had been promoted by the bishop of Cádiz, Antonio Martínez de la Plaza, who ordered priests to spread the idea among their
parishioners. HHC was an opportune answer to the economic crisis the city was then suffering, resolving the problem of relief to sick parishioners at the least possible expense (Antón, 1994).

The foundational meeting on December 13, 1792 was attended by 38 people, including the bishop, 15 other ecclesiastics, 2 municipal officers, 2 knights, and at least 6 reputable traders of the city. José de Echea worked as the secretary of HHC from its foundation until his death in 1810. The bishop expressed to the founders his wish to have some rules to order the practice of the establishment, in line with what they had previously discussed. The rules approved included 33 items. The foundational meeting agreed that the original copy of the founding minutes was to be preserved in the Cathedral archive, and several printed copies were to be kept in each parish and given out to parishioners.

The aim of HHC was “to relieve sick defenceless people of both sexes; distinguishing between those who because of their good breeding” could not go to a hospital and those who did not go out of “‘neglect or ignorance.” HHC could help with the journey to a hospital or with care at the sick person’s own place of residence.

The bishop was the superior authority, the perpetual benefactor of this institution, and he would chair the general and particular meetings, to which the founding members would always be summoned. The priests would chair the parochial meetings and the general ones if the bishop needed their assistance. In each parish, a parishioners’ book would be kept with the aim of facilitating the election of four or more ecclesiastics or secular delegates for each month of the year, “‘so every parishioner could attain the merit of this good work” (Rule V). Priests and the monthly delegates performed the daily work in collaboration with doctors and pharmacists.

In the foundational meeting, the bishop promised 1,000 reales de vellón monthly, and the founding members committed to let everybody in the city know what they had agreed, with
the aim that believers, driven by their faith, would give alms for these charitable ends. HHC needed a specific collection box situated next to the door of each parish church, on the wall that had the most public traffic. The collection boxes would have the following sign: “Here we receive alms for relieving poor sick people belonging to this parish and notice of their addresses” (Rule XVIII). Occasional donations would also be accepted. But the bishop told the founding members that collections and subscription drives would be prohibited, as “only the sign on the collection box must speak to people’s hearts” (Rule XXII), alms being the more secure source of income by God’s providence (Rule XIX). In 1793, the first year, HHC collected 51,915 reales de vellón, and the following year almost tripled this amount. Together, the disclosure of the rules, the book recording parishioners’ elections, and the collection box constituted different means of disclosure conceived from the beginning to evoke parishioners’ attention and interest in collaborating with HHC, no matter what their position in Cádiz society.

The parish priest and delegates recruited a doctor who worked selflessly, and sick people who received in-kind donations were to be inspected—a practice that, like others of this institution, “look[ed] to multiply private charities so that a public one resulted” (Rule XXVI). Through this specific rule and its reference to the public, the religious charity was trying to align with the enlightened ethos and its search for the public welfare.

Delegates were not to give their own money, the monthly surplus money of any parish being applied to cover the deficit of another. When all the parishes had the bare minimum for survival, if there was money remaining, the assistance given would be augmented. Again, the rules are sending a message to the public that shows the compatibility between enlightened aims regarding the increase of public welfare and Christian values focused on love for one’s fellow. To conclude, rule XXXII stated that alms “depend on the mercy of believers who must trust in the prize that is promised to those who give them.”
In each parish, every day, one of the monthly delegates had to collect the money from the collection box and to hand it over to the priest, who would open with his key a little box to put the money inside and would record the amount in the accounting book, preserved also inside the little box. In a similar way, the delegates with the help of the priest withdrew money for expenses and made an accounting entry. This procedure assured the safeguarding of the funds (Heier, 2016) and allowed fulfilling the rule that required a monthly report of the income from alms and the expenses incurred to the secretary of the HHC. In an intellectual and trading city like Cádiz, where the importance of mathematics was discussed in social gatherings (Martínez Quinteiro, 1977), by making this procedure known to the public the charity was proving the presence of reason in spiritual matters and thus trying to get the endorsement of the enlightened. These records facilitated the preparation of the annual account, which reported the income of each parish and how it was used for home care. This document was to be printed and delivered to the parishioners “so that they would be aware of everything and their fervor would be augmented” (Rule XII). In a similar way, rule XXXI insisted that these copies were “for the public to be instructed and come together in their piety.” This use of accounting to promote religious fervor is similar to the evidence provided by Miley and Read (2016) about the utilization of the sermons by a foundling hospital to publicly demonstrate its success in achieving the charity’s aim. However, in this case, the rule went further, assuring that the printed annual statements were available not only to selected people, as in the case studied by Miley and Read, but to all the possible stakeholders, and recalling a rule developed in a contemporary company of the same city to assure the availability of accounting documents to all shareholders (Torres, 1973).

For the period studied here, only the annual accounts that José de Echea prepared for the years 1798 and 1809 have been preserved (see Figures 1 and 2). As Echea explained to the bishop, the annual account elaborated for the year 1798 was shorter than the previous ones: “I
have reduced the statement for the sake of economy and considering that [people] usually do not read it in an extended way and so they inform themselves just with a look.” For this same year, the primary source available shows that 770 flyers with the 1798 annual account were printed and circulated among parishes, ecclesiastical and municipal governing bodies, religious congregations, and other prestigious institutions like the city’s Tribunal of Commerce (see Table 1 with the addressees of this information). As Heier (2016) has found for a twentieth-century religious charity in the United States, with these accounting disclosures HHC was going beyond the professional/official requirements of the time.

Other instruments were also used to promote HHC’s collection of alms, such as the sermon given in 1799, when the blockade of Cádiz by the English fleet interrupted maritime trade and the number of people in need increased enormously. The priest reminded the parishioners that more public alms were necessary: “the boxes of the HHC silently clamor for you without ceasing.” In the same discourse, he insisted that he knew and everybody would know their selflessness in a time of trading losses. In exchange, he promised eternal life.

The Notice (Aviso) published in Cádiz on December 27, 1810, played a similar role. Through this leaflet, the HHC told the public that because of exceptional circumstances a group of people would go across the city asking for alms. The document summarized the kind of aid donors had provided in the past—foodstuff, doctors, and medicines—and the number of people who had received aid—up to that time, more than 54,000. The Notice ended by remarking that a donation “‘honors God, is coherent with Christian principles, relieves sick
people, indirectly eradicates begging and vices, and attracts rewards and blessings from heaven.”

Home Hospital Care’s annual accounts

The annual accounts used a numerical chart with a line for each parish to report the number of sick people relieved, thus reducing the poor people relieved at their homes to mere figures (Miley & Read, 2016). This practice could seek to avoid embarrassing them publicly. This statement also reported the alms collected and the various expenditures in which these amounts were invested, such as pharmacy and doctors’ services, bleeding, and in-kind deliveries. For some parishes, some of these services were marked as gratis, that is, pro bono. In this way, the chart gave very visual information about the sort of public welfare provided, but also about collaborators’ mercy. A last row totalled all the items for all the Cádiz parishes. In a similar way, the annual accounts summarized the number of sick people relieved and the funds spent since the foundation of HHC, specifying the data at least for the closing year (see Figures 1 and 2).

The annual accounts insisted on the priests’ involvement in accounting. In the annual account for 1798 a footnote explained that the “chart has been drawn up from the book carried out by the priests, ecclesiastical and secular delegates,” but in the 1809 the text referred only to priests: “The preceding chart and its explanation were drawn up from the accounting rendered by the priests” (see Figures 1 and 2). At the same time, the Church claimed a role in state affairs: “piety has not forgotten this praiseworthy work focused on relieving respectable sick people, in which both the State and God’s service are interested.” The involvement of priests and other ecclesiastics in accounting was enhancing HHC’s image and role before the parishioners in general and the enlightened in particular.

Several paragraphs added information to the chart, identifying the main contributions and specifying who had provided a certain service, for example, “the pharmacy service is free
from Mr. Pedro de Robles” (annual account of 1798) or “[the alms] have not been enough to pay for the doctor” (annual account of 1809). HHC’s accounts were shown as proof of the parishioners’ mercy, assuring their reward. For 1798, among the alms collected, the narrative highlighted the bishop’s contribution and the three legacies received, especially that from the count of Quinta Alegre, who bequeathed money to all the parishes. This year’s account also noted, “To bear in mind: In the Cathedral the expenses have been 706 reals higher than the alms collected, provided by the priest, Mr. Antonio Cabrera.”

Depending on the circumstances, these narratives were used to extol the contributions received or to demand more effort from parishioners. Comparisons among accounting figures were especially useful to emphasize the parishioners’ collaboration:

A comparison of the years convinces us that in the last year, 1797, in the harshness of the war, the alms exceeded those collected in 1795, when we had not suffered its effects; fervor and charity toward the poor emerging in 1798, the proof of which is the alms collected in spite of the general backwardness that all trade has experienced.

References to war and scarcity were integrated in the accounting discourse trying to elicit an emotive answer (Langton and West, 2016). This is also especially evident in the annual account elaborated for 1809 (see Illustration 2), when each of parish’s priests tried to show the lack of funds and the great regret that this implied for them. In an effort to stimulate the parishioner’s mercy, they began the exposition expressing their opening balance and continued explaining the origin of each known contribution.

Analysis and discussion

Mashaw (2006, p. 118) proposes six linked questions to address when researching accountability: “who is liable or accountable to whom, what they are liable to be called to
account for, through what processes accountability is to be assured, by what standards the putatively accountable behavior is to be judged and what the potential effects are of finding that those standards have been breached.” We apply this general approach, already used by Hardy and Ballis (2013) in their study of a faith-based organization, with the aim of explaining the nature of the accountability we find.

Our evidence indicates that HHC recognized a number of salient stakeholders and their claims as legitimate in the organization’s particular sociocultural context. The poor as beneficiaries were strongly influenced by HHC’s actions and were also its stated raison d’être. As Connolly and Dhanani (2013) argue, charities may achieve legitimacy by taking account of their downward stakeholders. Although HHC did not disclose information to beneficiaries, it included them in the information disclosed as an operational output (number of sick persons attended), referring to the resources devoted to relieving them, and as a main objective in its discursive narrative (sermons and texts), thus improving its accountability discharge (Cordery & Bakerville, 2011). Parishioners (believers in general) were also influenced by HHC’s behavior; in fact, its other ultimate goal, because of its Catholic nature, was the salvation of the souls of the believers, which could be achieved by means of relieving the poor. Accounting connected believers and the poor. Through almsgiving, the believers became (mainly anonymous) donors, their support being required to fulfill HHC’s mission not only in terms of values and beliefs but also economically. Connolly and Hyndman (2013) argue that donors are key stakeholders although not direct beneficiaries, but in the HHC case, donors/believers could achieve the greatest benefit possible in their sociocultural context: salvation and eternal life. Therefore, accounting played a paramount role making visible to society the proper social and religious use of resources, and donors/believers recognized themselves through accounting as good people before God.
Religious rhetoric or discursive processes played a role in legitimation (Sidani & Showail, 2013). HHC often referred to God, trying to satisfy both the donors and the sick people. The report for 1798 remarked that “The donors should expect a thousand blessings from heaven, as they are offered to those who give alms and exercise the supernatural virtue of mercy.” Similarly, the account for 1809 included one parish priest’s statement about his trust in God’s providence, this time addressed to sick people.

Founders (eclesiastics, civil authorities, traders, and knights) influenced and were influenced by HHC’s actions and demanded information about its activity and about their collaboration with the charity. Simply establishing objectives aligned with spirituality (poor relief as a means for the salvation of souls) and with the national interest as defined by the enlightened ethos (struggle against poverty and begging) surely legitimated the organization in the eyes of eclesiastics and civil authorities (Suchmann, 1995). The social, political, and legal power enjoyed by these groups enabled HHC to identify them, even before the foundation, as salient stakeholders. Traders, as the holders of economic power in a commercial city like Cádiz, and knights, as the holders of social capital, dying embers of the Ancien Régime, were also considered salient stakeholders. In inviting all these stakeholders to participate in its managerial processes as founders (the bishop and parish priests also being managers), HHC impressed on its formal structure an element legitimated by the local context of the time (Scott, 1991), allowing it to obtain cognitive and pragmatic legitimation (Suchman, 1995), and to receive strong support from social, economic, political, and legal powers.

Another strongly legitimated element was impressed on HHC’s structure: accounting. The relevance that Cádiz contemporary society attributed to accounting, together with the eclesiastics’ interest in appearing as rational people, surely promoted the implementation of HHC rules related to accountability, clearly reflecting HHC’s alignment with taken-for-
granted elements and giving it cognitive legitimacy. The founder bishop stood out because of his direct influence, as he appointed the secretary as his right hand and partner to lay down the rules. To the bishop’s Enlightenment ideas, the secretary added his experience as a reputable and wealthy Cádiz trader (Ruiz, 1988) directly involved in trade with the American colonies (José de Echea’s will). His business background and prominence can be inferred from the fact that he had been designated by the city’s Tribunal of Commerce as one of the commissioners charged with preparing a report for the government regarding the consequences of the 1778 Regulations for Free Trade (García-Baquero, 1999). Since characteristics impressed at the time of the foundation are usually retained over time, they affect cognitive frameworks shared by organizational participants and hence influence later behaviors (Scott, 2001; Tolbert & Zucker, 1983). Once HHC was working, its public mission also made it subject to scrutiny or observation by stakeholders, even the general public. HHC actively managed legitimation both through its actions and by means of accounting explanations about organizational results and behaviors.

From the beginning, both the rules archived in the parishes—focused on values such as mercy, helping one’s fellow man, or anonymity—and the delivery of more than six hundred flyers with the annual accounts to ecclesiastical governing bodies, congregations, and parishes (see Table 1) helped to demonstrate the Catholic behavior of those actively involved in HHC. Accountability was operationalized mainly through the annual accounts, in which the (non)monetary statistics and narratives accounted for the amount of alms collected, difficulties in achieving goals, particular donations, and expenditures on different kinds of aid. The narratives about the difficulty of relieving all the sick in periods of financial hardship were especially addressed to those who did not get aid from HHC, promising future help. This is clear in the 1809 annual account, which explained how parish priests suffered because of the shortage of alms to satisfy the huge numbers of sick people. In the same account, one
priest of the Cathedral reminded them that “God heard the cries of the poor and fulfilled their desires.”

In some cases the names of prominent donors were not mentioned, as Jesus preached anonymous charity, and the rules suppressed the donor’s name in the accounting books upon his/her request. Under extreme circumstances, HHC developed exceptional forms of accountability, such as the Notice published in 1810, where figures about sick people relieved were used to demonstrate the merciful behavior of the donors in the past. Altogether, the rules, the annual accounts, and exceptionally the Notice helped to prove that those actively involved in the charity had behaved according to Christian moral standards and that those who functioned as God’s representatives in spreading his mercy had correctly performed their responsibilities. This demonstration of compliance with Church rules and Catholic doctrine prevented a loss of trust in the Church and its authorities as well as a decrease in alms. That is, accounting allowed rationalizing past behaviors and so justifying future actions (Richardson, 1987).

HHC’s managers also felt the need to show alignment with the enlightened ethos. The HHC rules and the copies of the annual accounts submitted to the local government and the Tribunal of Commerce (more than fifty in total for the year 1798, see Table 1) contained relevant information about this alignment, as did the 1810 Notice. The rules’ emphasis on accounting and the active involvement of priests and ecclesiastics in bookkeeping and the use of statistics were shown as proofs of the prevalence of reason. This is especially evident to readers of the 1798 annual account, thanks to the footnote added to the first chart. In the annual account of 1809 this reference to the priests appeared again (see Figures 1 and 2). Moral perfection was demonstrated in the alms provided by some priests and the bishop, and contributions to the public welfare in the aid provided. The reference in the Notice to the usefulness of alms for the eradication of begging and vices played the same role. The
stakeholders would judge from the accounts whether HHC’s active collaborators had behaved in accordance with the enlightenment ethos. If they failed to do so, civil authorities and other enlightened people could withdraw their support from the diocese and the local Church.

The legitimating relationship between HHC and the founders as salient stakeholders was bidirectional. In return for the support received, through its own accountability HHC offered visibility about the participation of these stakeholders in its activities, allowing them to account for their particular behavior, and thus HHC helped stakeholders reinforce their social positions. The *bishop, parish priests, and other ecclesiastical founders* felt accountable as representatives of the diocese and local Church, to both the general public and ecclesiastical authorities. Through their participation as founders/managers and their compliance with Church rules and Catholic doctrine, they avoided a loss of position inside the Church; moreover, by showing alignment with enlightened ideas, they intended to maintain the Church’s position in the public aid system in an era when this position was beginning to be threatened by reason (López, 2005).

The *local civil authorities* felt accountable to the governor of the province, other authorities, and the local population regarding their struggle against poverty. The founding minutes containing the rules preserved in the Cathedral archives were the first proof of the participation of these founding members in HHC. In addition, ten flyers with the 1798 annual accounts were submitted to the governor, more than forty to the municipal governing body, and more than five hundred to parishioners (see Table 1). Both forms of documentation could be useful to prove to the local population in general the local civil authorities’ involvement in charity works, as was common among people of high status—a merit that might make them worthy of social promotion (Anes, 2001). However, civil authorities were also interested in showing (especially to other authorities) their alignment with enlightenment principles. The rules were useful in this respect because of their emphasis on accounting and public welfare.
The annual accounts could also help to prove the implementation of these same principles, through the use of many figures and statistics, comparisons between years, and cost breakdowns by parish for the different forms of aid: medicines, doctors, surgeons, and cash (see in Figure 1 the chart and the summary). In general, this enlightened discourse based on accounting helped them retain their power in the civil hierarchy.

*Other founders*, such as traders and knights, also felt responsible to society about their collaboration in HHC. Their social position depended greatly on the local society’s perceptions of their charity works. The founding minutes named them, improving their public image and therefore their social position (Imízcoz, 2001). Those who belonged to the aristocracy needed to prove their contempt for luxury, their industriousness, and their familiarity with administrative techniques in order to escape antinobility sentiment. The figures and explanations that shaped the annual accounts created rational arguments in a sacred context, satisfying the local enlightened people. The traders were specifically interested in pleasing the official institution that had jurisdiction over trading matters, the Tribunal of Commerce; hence the six copies of the 1798 annual accounts submitted to this tribunal. Men who succeeded in enhancing their position before the Tribunal of Commerce might even be hired as experts, as for example José Echea had been years ago.

*Prominent donors* belonging to respectable families usually bequeathed money in order to promote their kindred’s ascent up the social ladder (Imízcoz, 2001). This happened often, with entries made in the charity’s books and the annual accounts so that such pious behaviors could be socially appreciated and rewarded. For instance, the annual account of 1798 noted that all the parishes had received money from a known testator.

*Collaborators* in general, such as doctors, surgeons, and pharmacists, were necessary to achieve HHC’s goal, although they cannot be classified as salient stakeholders. These professionals supplied HHC with free in-kind resources, and the parish records and the annual
accounts documented their altruism, improving their social position. The first chart included in the 1798 annual accounts showed that doctors and bleeding services came for free for both the Cathedral and San Lorenzo parishes. Such publicity may have improved their contemporaries’ rather low opinion of the professional competencies of doctors and surgeons (Bustos, 1983).

Other people were chosen by HHC’s managers to collaborate as monthly delegates in the day-to-day affairs of the charity. In exchange they received some acknowledgment by having their names inscribed in the parish’s book. According to the founding rules, this book was open so that “every parishioner could attain the merit of this good work” (Rule VI).

All of these almsgivers felt accountable to God for their fulfillment of Catholic doctrine, especially regarding the exercise of mercy towards the poor. The figures for the amount of alms collected each year in each parish were proof of their mercy and a collective way to approach God, different from the individual one considered by Quattrone (2004). In return for behaving in accordance to Catholic doctrine, the Church guaranteed the donors “a thousand blessings from heaven, as they are offered to those who give alms and exercise the supernatural virtue of mercy”. As the evidence shows, the clauses of this contract were reinforced and propagated through the sermons given from the pulpit (López, 2005).

In 1802, after Francisco Javier Utrera was appointed as the new bishop of Cádiz, José de Echea wrote to him regarding the disclosure of HHC accounts and its effect on the people’s charity over the years 1793–1800. This letter shows the secretary’s interest in giving accounts to the new ecclesiastical authority regarding the outstanding work done in the previous years despite the difficulties. The content of the letter allows us to appreciate how benefactors and charitable accomplishments were highlighted in the local society:
Throughout the eight years of its establishment, annual accounts of the alms collected and their utilization have been prepared with the aim of stimulating charity and satisfying the public and donors, the success of which has been witnessed greatly until the last year by the number of sick people relieved in their homes and the huge amount invested in this work …

The charity of this HHC, without state aid nor collections for its subsistence, is admirable, although it has the more solid aid of Divine Providence, and it is surprising to everybody also that in spite of the general disaster and shortage of trade, which is the main furtherance of this local community, they do not forget to join together in giving alms. (Antón, 1994, p. 536)

**Conclusions**

This research is focused on a religious charity that operated in an unregulated context where the state was starting to participate as aid provider. The evidence obtained shows that accountability was purposively developed through the institution’s rules to guarantee the regular rendering of accounts before different groups of people related to the charity. Drivers of this development can be traced to the charity’s interest in achieving legitimation from donors but also to a wider cognitive social system related to social struggle against poverty, ideas rooted in Enlightenment thought, local accounting know-how, and the role of priests as essential intermediaries between God and believers according to Catholic doctrine.

According to the positive model of stakeholder theory, HHC had to meet multiple demands from its main stakeholders, so it was required to perform an accountability process towards them. More specifically, accountability was oriented, first, to obtaining critical resources through legitimation achieved by demonstrating conformity with salient stakeholders’ claims, accounting information being the means developed to give external visibility to the resources,
activities, and social and spiritual achievements of HHC. Second, accounting also gave visibility to the collaboration from salient stakeholders, conferring legitimacy and thus helping them achieve their own social goals and thereby their economic ones. As Dhanani and Connolly (2012) argued for contemporary charities, in our study accounting was used to shape outsiders’ perceptions about both HHC and stakeholders. Therefore, according to the findings, accounting is not only an instrument for the charity’s survival, but also an aim in itself from the stakeholders’ point of view.

The findings demonstrate the utilization of accounting for the spiritual construction of the individual (Jacobs & Walker, 2004) and show how accountability and accounting can play a sacred role (Álvarez-Dardet, López-Manjón, & Baños, 2006; Cordery, 2006; Jacobs, 2005; Jayasinghe & Soobaroyen, 2009) in spite of the sacred-secular divide asserted by Laughlin (1988) and Booth (1993). This study shows that ecclesiastics explicitly attributed to accounting the ability to promote religious fervor among population. However, the ecclesiastical interest in being accountable to powerful bodies of the city suggests that accounting disclosure also played a major nonspiritual role. Since Catholic beliefs permeated all of life in Spain, the Church traditionally enjoyed an influence on social structure (Irigoyen, 2011) that was especially evident in its role as a propaganda tool for the most powerful people, exhibited in all kinds of religious buildings and ceremonies (Chacón, 1995, 2011; Imízcoz, 2001). What is new in HHC is that it is accounting that supported this role of the Church as well as its general doctrine, substituting rational arguments for traditional religious images.

Under these beliefs and circumstances, accounting information was developed as a measure of Catholic behavior, efficacy in representing God, and implementation of enlightened principles. This required measuring the exercise of charity for each year, so that people appeared as calculable citizens in an enlightened nongovernmental environment.
Some limitations should be acknowledged when interpreting these results. First, the findings refer to a Catholic charity operating in a very specific context where accounting was embedded in many aspects of everyday life (Capelo, Araújo, & Funnel, forthcoming). More research is needed on the role of accounting in Catholic charities, especially those that operated in locations where accounting was less deep-rooted. Second, in this context, although there was no clash between religious beliefs and the enlightened ethos, religious beliefs prevailed in the management of the organization because it was led by ecclesiastics. It would be worthwhile to extend this type of study to a charity operating under similar accounting embeddedness and a similar involvement of both ecclesiastical and lay people, but with management led by lay people. This would allow knowing whether there was or not conflict between the sacred and the secular sphere and its possible effect on accounting and accountability.

Archival Sources

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– Documento para la Erección de la Congregación de Feligresías para la Hospitalidad Doméstica, Folleto 59, Carpeta 21.
– Cuenta anual de 1809, Folleto 14, Carpeta 95.

References

(Álvarez-Dardet, Baños, & Carrasco, 2002; Baños et al., 2005; Miley & Read, 2016; Rose, 1991).


Ruiz y Román, J. (1800). *Oración fúnebre que en las solemnes exequias que hicieron los Señores Deán y Cabildo de la Santa Catedral de Cádiz, con asistencia del Excmo Ayuntamiento, a la buena memoria de su ilustrísimo prelado el Sr. Don Antonio Martínez de la Plaza ...dixo en la misma Santa Iglesia, el día 2 de diciembre de 1800 ...* Manuel Ximénez Carreño: Cádiz. Quoted in P. Antón, *La Iglesia gaditana en el siglo XVIII* (Cádiz: Servicio de Publicaciones de la Universidad de Cádiz, 1994).


Table 1. Number of flyers delivered by HHC for the year 1799.

<table>
<thead>
<tr>
<th>Addressee</th>
<th>Number of flyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cathedral</td>
<td>90</td>
</tr>
<tr>
<td>San Antonio Parish</td>
<td>150</td>
</tr>
<tr>
<td>Rosario Parish</td>
<td>100</td>
</tr>
<tr>
<td>San José Parish</td>
<td>40</td>
</tr>
<tr>
<td>Santiago Parish</td>
<td>90</td>
</tr>
<tr>
<td>San Lorenzo Parish</td>
<td>100</td>
</tr>
<tr>
<td>Parishes</td>
<td>570</td>
</tr>
<tr>
<td>Governor</td>
<td>10</td>
</tr>
<tr>
<td>Secretary</td>
<td>6</td>
</tr>
<tr>
<td>Bishop</td>
<td>14</td>
</tr>
<tr>
<td>Ecclesiastical governing body</td>
<td>30</td>
</tr>
<tr>
<td>Municipal governing body</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>676</td>
</tr>
<tr>
<td>San Felipe Neri Congregation</td>
<td>9</td>
</tr>
<tr>
<td>Three convents</td>
<td>24</td>
</tr>
<tr>
<td>Tribunal of commerce</td>
<td>6</td>
</tr>
<tr>
<td>Others</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>722</td>
</tr>
</tbody>
</table>

Source: Caja 922, Secretaría, ADC
Figure 1. Annual account for the year 1798.

Source: Caja 922, Secretaría, Archivo Diocesano de Cádiz
Figure 2. Annual account for the year 1809.

Source: (Folleto 14, Carpeta 95, BTG)