

Philanthropy in Israel in the 21st Century: Motives and Barriers for Giving, Dilemmas, Challenges and Future Directions

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Aims of the Lecture

1. To describe the current situation of philanthropy in Israel and the changes that have taken place in recent decades.
2. To present the developing trends in Israeli philanthropy, and the transition from traditional philanthropy to "new" philanthropy.
3. To present the motives and barriers for giving among philanthropists and among the public at large.
4. To present the dilemmas faced in Israeli philanthropy.
5. To propose possible directions for the future development of philanthropy in Israel.

The Current Situation of Philanthropy in Israel

Israel is considered the largest importer of philanthropy money in the world, although there has been a decline in the scope of philanthropy from abroad over the past four years. Sixty percent of the philanthropic funds are contributions from overseas (mainly from the United States), and 40% are contributions from Israel.

Contributions from Israel, excluding contributions from overseas, amount to 0.6% of the GDP. By contrast, in the United States the rate of giving is over twice as high, and constitutes 1.7% of the GDP. Notably, Israel ranks second in the world after the United States, and the rate of giving is similar to the rates in England and Canada.

The change in Israel is reflected in a 21% increase in giving between 2009 and 2011, compared with an increase of 10% in the United States during that period.

The majority of philanthropic contributions in Israel are from households (71%), and the percentage of contributions from the business sector is relatively small (27%). By

comparison, in the United States 84% of the contributions are from households and 6% are from business corporations; 10% of the contributions in the United State derive from inheritance, compared with only 2% in Israel.

The rate of contributions from business corporations for the benefit of the community (defined as corporate social responsibility) is considered to be very low, despite the efforts of various organizations to encourage giving for social, educational, and community initiatives. The increasing tendency of many businesses, including banks as well as electronic and high-tech industries, is to provide in-kind services to the community such as equipment or volunteer assistance from their staff members. Although volunteer activity is an important value for workers, nonprofit organizations vie for money to strengthen their financial and organizational infrastructure, and they prefer monetary contributions. There are many who believe that the limited contribution of large corporations is lip service for community involvement which covers up for their large profits, which are often at the expense of their clients. In addition, contributions to the community are perceived as a way of promoting the public relations and marketing of corporations.

In Israel today, there are about 10,000 people who are considered billionaires, and their disposable income amounts to least one million dollars. Most of their contributions are below the accepted informal standard, which amounts to 1% of before-tax profits, and only a very small group of the billionaires in Israel make contributions above this standard. This suggests that in Israeli society, the potential of existing wealth has not been fully utilized, and the overall scope of giving could be much larger. The average rate of giving by wealthy citizens in Israel amounts to only 0.25% of their before-tax profits.

The total scope of Israeli philanthropy constitutes approximately 16% of the income of nonprofit organizations; 39% of the contributions are allocated to welfare institutions, 20% to educational and research institutions, 15% to religious institutions, 13% to philanthropic and voluntary organizations, 6% to environmental and human rights organizations, 4% to culture and sports; and 3% to health institutions.

The Transition from Traditional Philanthropy to New Philanthropy

The past 20 years have witnessed a transition from traditional Israeli philanthropy to new philanthropy. Whereas traditional philanthropy was emotional, romantic, and derived from a commitment to building the new state, new philanthropy is rational and task-oriented. This process includes a transition from giving that is considered to be charity to giving that is rational, strategic, goal-oriented, or designated. Most of the new philanthropists are business people who made their fortunes in the electronic and high-tech industries, and who perceive themselves as investing in an effort to influence the social and

political arena in Israel. They are more involved in the organizations they contribute to, and they expect a return on their investment. They seek to have an impact on the organizations and programs they contribute to. They are distanced from governmental agencies and the directors of those agencies, whom they perceive as lacking competence and imagination, and as bureaucratic clerks who impede new and innovative initiatives. The new philanthropists represent and implement new and advanced methods of management that are adapted to changing environments, and they consider the administrative processes of governmental agencies to be outdated. This situation has characterized the relationship between the philanthropists and the government for many years, and they hardly cooperate with each other. As such, distrust, suspicion, and lack of appreciation have characterized the behavior of both parties. This situation has changed slightly in recent years as a result of the “Round Tables” that have sought to convene the parties and create a dialogue between them.

Motives for Giving

A family tradition of giving, religious observance (religious people contribute more than secular people), altruism, gratitude, giving back to society, a significant event in the life of the donor or the donor's family, or in their life circumstances; social status or belonging to a certain social group; social pressure from active philanthropists; utilitarianism and promotion of personal and organizational interests; collective and patriotic identity; seeking meaning in life; and a sense of commitment to society.

Barriers for Giving

Organizational Barriers

1. Nonprofit organizations have a low public image. They are viewed as inefficient and as having high overhead; their directors receive excessively high wages, with large gaps between the directors' wages and the wages of professional staff; there is prevalent corruption and abuse of public funds.
2. The professional level of nonprofit organizations is considered to be relatively low; they have difficulty articulating their demands and raising funds in accordance with the goals and guidelines of the donors (individuals and foundations). These organizations have not yet absorbed the changes that have occurred among philanthropists, which base giving on defined areas of strategic activity and rely on exclusive areas of specialization.
3. There is an inherent tension between the donors and recipients of the contributions. The donors want to be involved in the organizations and the programs they contribute to, whereas the recipient organizations resist this involvement and intervention.

4. There is a problem with evaluation and measurement of the outcomes and impact of giving. The lack of measurable, quantitative, empirical information on the outcomes of giving weakens the motivation to give.
5. There are gaps between the organizational culture and organizational logic of philanthropists, government institutions, and nonprofit organizations. Philanthropy is considered to be proactive, whereas the government is perceived as reactive and conservative. At least some nonprofit institutions are bound by obsolete norms and work procedures, and they have not adapted themselves to the changing environments.
6. There is no systematic education for giving. No formal or informal programs exist that have made the topic of education for giving and volunteer activity a top priority. In recent years, there have been attempts to increase the social and community involvement of youth in schools and youth groups. However, these efforts are very limited.

Personal Barriers

1. Many people, especially in the middle class, feel the brunt of the government's reduced commitment to citizens. In addition, the middle class bears the burden of various obligations that many sectors of the populations do not fulfill, such as paying taxes, and serving in the compulsory army and reserve duty; however, they cannot afford to purchase an apartment, and they lack financial and economic stability. Moreover, the neo-liberal ideology promotes processes of privatization and encourages individualism at the expense of collectivism, and does not encourage people to give money.
2. The citizens' belief that financing of social, educational, health, and other enterprises and programs should be undertaken by the government and not by philanthropy. The government plays the role of "big brother".
3. There is cynicism and suspicion as well as lack of appreciation and respect for philanthropic giving. A public opinion survey on philanthropy revealed that most of the respondents (about 77%) believe philanthropists are motivated by utilitarian motives and have a desire for power, control, and respect as well as a desire to establish contacts with the ruling government. According to the respondents, philanthropists do not finance their contributions out of their own pocket. Rather, the funds they contribute derive from the business corporations that they own or manage.

Dilemmas

1. In Israel, legitimation for philanthropy is limited. On the one hand, the public is suspicious about philanthropists (as mentioned); on the other hand, the government has not yet formulated a clear policy for dealing with philanthropy. Does philanthropy supplement or substitute for government activities and programs? The decisions made in the "Round Table" have only been partially implemented due to lack of consistent governance in Israel. The extreme government officials believe that philanthropists should not participate at all in financing national programs and projects, and that these programs should be financed solely by the government. The more moderate government officials and some of the politicians themselves who head government agencies understand the potential inherent in cooperation between the government and philanthropists. Indeed, the findings of our study revealed a moderate change in the relationship between the government and philanthropy, from rivalry to cooperation.
2. Benevolent philanthropy encourages differentiation and segmentation. Philanthropy is sectoral by nature, and it has an impact on increasing inequality and social gaps. The very fact that philanthropists choose to support one initiative over another reflects discrimination between different target audiences, where some people benefit from the contributions and others do not.
3. With regard to autonomy, I believe philanthropy should not depend on government institutions. Philanthropists should be able to promote issues that concern them, according to their discretion. Nonetheless, in some cases, philanthropists need to coordinate and cooperate with the government, particularly in aspects relating to core government activities. In this context, the dilemma is: To whom are philanthropists accountable? On the one hand, the money is theirs, and they can do what they want with it. On the other hand, philanthropists operate in the public arena, which includes different interest groups and stakeholders. They interact with others, and exchange knowledge, information, experience, resources, and more. Hence, their autonomy is limited, and they are accountable to those who are their partners.
4. Regarding the low rates of giving by large businesses and corporations: Despite their abundant capital and assets, the rate of giving is relatively low in comparison with the rates of giving among households. By nature, businesses focus on maximizing profits, and they are less aware of social problems. The concept of poverty, for instance, is far from them, and they do not attribute importance to the struggle against it. Moreover, their contributions are symbolic. For the most part, they seek to ease their conscience in light of the high wages paid to directors of business corporations and the profits

they make at the expense of the public, as well as in light of the leveraged funds they receive from the state and the banks, and the debts that are erased at the expense of the citizens due to mutual power interests. The attempt to change the rate of contributions from businesses is an important and challenging task that can increase the scope of giving in Israel.

5. There is no proven way of evaluating and measuring the impact of philanthropic giving. Most philanthropists contribute to various projects, but their contributions are very limited, and they are not involved enough in large-scale national projects that effect significant changes. Given the importance that I attribute to giving and to philanthropy, the absence of such activity in large-scale projects that influence large populations raises questions about the impact of philanthropy on Israeli society. Thus, the main impact of philanthropists has been at the level of "first order" changes, and much less at the level of "second-order" or "third order" changes.

Future Directions

1. To invest more in educating the young generation to give, and in establishing networks for giving and volunteering.
2. To develop a new generation of involved philanthropists, who are exposed to the main problems facing Israeli society.
3. To establish government policies for encouraging and supporting philanthropy. These policies should focus on cooperation between the government and philanthropists in core areas of social and public services, while maintaining the autonomy of philanthropy.
4. To develop philanthropy based on venture capital funds that invest in the development of innovative projects and new models for services, as well as in thinking outside of the box, and in creating prototypes of educational, social, health, cultural, and other programs.
5. It is essential to change the attitudes of businesses and large corporations, so that they will provide larger and more substantial contributions.
6. To change the organizational culture of nonprofit organizations, and base it on modern principles of management that focus on preventing corruption and creating trust. All of this can increase the willingness of potential donors to give.
7. To invest in social enterprises as a channel for dealing more effectively with the needs of special populations.
8. To channel more contributions to advocacy, lobby organizations, and social change organizations in order to ensure the democratic nature of the country, freedom of expression, and freedom of association.

9. To develop new economic models for dealing more successfully with social problems, social inequality, and social gaps.