

Newsletter

ISRAELI CENTER FOR THIRD SECTOR RESEARCH

GUILFORD GLAZER SCHOOL OF BUSINESS AND MANAGEMENT

BEN-GURION UNIVERSITY OF THE NEGEV

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ICTR's 13th Annual Spring Conference Challenges in Research and Training in the Third Sector

ICTR is celebrating its "Bar Mitzvah" Conference and marking Prof. Gidron's remarkable work at ICTR upon his retirement from Ben-Gurion University.

In the thirteen years since the establishment of ICTR the place that the concept of the "Third Sector", and the phenomenon that it describes, has changed considerably in both academia and in the world of practice. When ICTR was established it was a new and obscure term, and now there is ever-growing recognition of its importance to the social service system in the realm of policy making, as well as of its role in developing communities and creating social capital.

Concurrent with the growing salience of the sector, various related issues were raised, including its governance and accountability, its complex relations with the private sector and the ethical ambiguity of corporate social responsibility, as well as criticism regarding its contribution to the dissolution of the welfare state. During these years ICTR

has published numerous studies and produced data about different aspects of the Third Sector, from volunteering to governance, and from fundraising to employment and government support.

As we learn more about the third sector and civil society, we discover how complex these phenomena are, particularly the blurry boundaries between the sector and other sectors or the community. These characteristics have immense implications for the research by which we examine the third sector and civil society. Thus for example, we have new concepts such as "hybrid organizations" "social investment" or "social return on investment" (SROI), that require us to question the notions that we have used so far, and redefine our research subjects, our research tools and theoretical traditions on which we rely to analyze them.

Obviously the issues mentioned continued on p. 4 ▶



Conference keynote speaker Prof. Benjamin Gidron will lecture on Promoting Civil Society in Third Sector Organizations through Participatory Management Patterns. See article on page 5

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Director's Column

Dr. Hagai Katz

The third sector is a social-organizational structure with roots traceable to the Biblical era. Over the centuries, the organizations of this sector were given diverse names and roles according to their time of existence and the faith of those who established them. Today we know them as voluntary, charitable or nonprofit organizations, tzedakah (Jewish) or Waqf (Moslem). But the academic and political preoccupation with the third sector is certainly a new phenomenon, that has grown from two major milestones on the two sides of the Atlantic in the 1970's. In Britain, the 1978 Wolfenden Report is considered a landmark in the academic interest in the voluntary sector. In the U.S., many note the Filer Commission which operated between 1973-1975, as a milestone with respect to the attention given to voluntary and philanthropic organizations as a group worthy of academic research. In addition, Yale's program on non-profit organizations - PONPO, established in 1978, advanced both research and thinking about this group of organizations and was the first academic framework to put the third sector at the focus of its research. In Israel it was the Israeli Center for Third Sector Research that identified the third sector as an important academic and public subject.

The last thirty years we have witnessed a vast increase in academic research on the third sector. All over the world, hundreds of centers for teaching and research programs on the third sector, managing non-profit organizations and philanthropy were established.

But this growth didn't bring about a maturation of the third sector as a concept, and there is yet little consensus about its

definition, boundaries, functions and social characteristics. One might think that with the increase in research, and the growing number of researchers and students studying the field we would see, after thirty years, a conceptual and theoretical crystallization. The question then is, "Why have we not reached this stage, and if it is indeed possible"? In fact the question can be rephrased, and one can simply ask: Is there really a "third sector"?

There are those who treat the substantial blurring of boundaries and the growing difficulty to determine the boundaries of the third sector in relation to the other two sectors - the business sector and public sectors, and even the realm of informal networks, communities and family. In this context, recent debate indicates the phenomenon of hybrid organizations, which combine aspects of third sector organizations, along with aspects of business and/or government structures. Our new publication which summarizes Prof. Benjamin Gidron and Dikla Yogev's research on such organizations, illustrates the growth in organizations that combine business models in third sector organizations, and the complexity involved in understanding and analyzing these hybrid organizations.

Another example of the blurring of boundaries between types of organizations can be seen in a process involving the Israeli government, the third sector and the business sector, sitting together in a permanent platform for tri-sectoral dialogue, a round table led by the Prime Minister's Office. This dialogue structure is defined as a Public, Social, Private Partnership (PSP), engaged in policy-making, professionalization, research and development of infrastructure and additional activities.

Another concept that crosses the boundaries between the third sector and business sector is the concept of social investment, one of its most prominent expressions is the Social Return on Investment - SROI model that uses business-financial concepts which are remodeled for the evaluation of social services.

A different opinion is expressed by those who claim that third sector organizations, and incidentally also the entire sector has unique roles which bear on the sector's organizations' characteristics and behavior. They consider functions such as the development of social capital, and the promotion of civil society. In his booklet "Good To Great In The Social Sectors", a sequel to his famous book "Good to Great", Jim Collins shows that business models cannot be simply transferred to the third sector, since the managerial logic of what he calls "the social sectors" is significantly different from those of the business world. In making this distinction, he also points to the uniqueness of nonprofit organizations.

What does this mean for the third sector research in general, and for ICTR in particular? Firstly. It means that we should avoid being bound to old concepts and be critical about our use of concepts, definitions and distinctions.

Secondly, it says that we must make an effort to examine the "borderlands" between the sectors, since these areas are where changes occur, and where new and interesting developments take place. That is where we can learn about these new developments, but also about the core features of the third sector.

Additionally, it means we should re-open the discussion in order to reach a coherent and mature conceptualization of the third sector, ►

▶ Director's column

delineate its boundary description and understand its relations with the other sectors, the community and the family. This has an effect on the organizations we study and on methods we use to study them. For example, our current research on social entrepreneurship of young people not only examines entrepreneurs with "pure" social motives, but also those who mix

social and business incentives. This also means that we must go beyond looking at the world of third sector organizations only through the prism of the Registrar of Associations, to examine the frameworks that are less formal or not officially recorded.

Our 13th Annual Conference, our Bar Mitzvah Conference, focuses on exactly these issues. The

morning sessions will examine the borderlands between the sectors, considering the future challenges we face in research and in preparing future managers and leaders for third sector organizations. In the afternoon session, Prof. Benjamin Gidron will present his soon to be published attempt to identify the core characteristics of third sector organizations and their theoretical and organizational implications. See an excerpt of his findings in an article on page 5.

The noon session will bring both of these sessions into an applied context, and the speakers will discuss the dynamics in the third sector in recent years from their experience on the ground, and what they see is the role for third sector research and training vis-à-vis these dynamics. The Conference will be attended by prominent scholars of the third sector, including Prof. Helmut K. Anheier from the University of Heidelberg and the Hertie School of Governance in Berlin, Prof. Dennis Young from the University of Georgia, Prof. Yehezkel (Zeke) Hazenfeld from the University of California, Los Angeles, and Prof. Margaret Harris from Aston University.

This conference is not only an academic event but also a farewell to Prof. Gidron who is retiring from the university. It will not be an overstatement to say that Benjamin is the most prominent and important entrepreneur of third sector and philanthropic research in Israel, and a prominent actor in these fields in the world. His vision and foresight which are embodied in the establishment of ICTR signify his unique ability to identify emerging social patterns.

On behalf of the ICTR staff and myself, I am inviting our global and local friends and community to participate in this exciting conference and farewell to Prof. Benjamin Gidron ●

New publication

Social Business organizations in Israel First findings on a new phenomenon

Prof. Benjamin Gidron and Ms. Dikla Yogev

The research draws the public's attention to a category of organizations with social mission similar to those of nonprofit organizations, but ones that make use of a business methodology to it. The development of such organizations is a new phenomenon in Israel and globally, having received a momentum due to the global economic crisis and the philanthropic crisis that followed it.

The book is on three different legal entities: (a) social cooperatives; (b) social businesses and; (c) business activities in the framework of nonprofit organizations. Common to all these organizations is the need to balance their social missions, such as rehabilitation of disabled or empowerment of women living in the periphery, and their ability to compete and sustain profitability in the open market. These are therefore, hybrid organization whose major characteristic is that they contend with a tension between their social goals and their business activities.

The research recognized 212 such organizations in Israel, and researched 31. the research found that such organizations are established "around" three major populations: youth in distress, women in periphery and disabled. Another category is organic food cooperatives.

Despite the current modest dimensions of the phenomenon, if we judge by what is happening in other countries, it has a definite potential to develop, if it will be supported by a government policy and at the investments which will turn philanthropists into "social investors". A special challenge facing the administrators of these organizations is to built an administration to support it, which incorporates its complexity.

the publication is currently available in Hebrew.



ICTR's 13th Annual Spring Conference

continued from p. 1 ►

above have great import for the training of directors and leadership in third sector organizations. Among the questions we are required to address are the penetration of business models into the social world, and whether this requires us to redefine the core values we try to instill in our students. We need to consider what should be the influence of privatization and government contracting on our curriculum. Should we teach our students small business management, or government/public budgeting?

These issues will be at the heart of our annual conference, that will take place on Tuesday, March 16th in our Beersheba Campus. I also want to take the opportunity to celebrate the retirement of Prof. Benjamin Gidron, who founded the center and headed it for 13 years. We thought that this makes an excellent occasion to look back at

our first 13 years, and look forward to the years ahead. What we want to do is take stock of our work thus far in the context of current and future challenges, and consider the future path for research and teaching on the third sector in general and in ICTR and our Nonprofit Management Masters program in particular.

The conference will consist of three Plenary Sessions. The first will be on the challenge in researching the third sector in the midst of constant changes. Guest speakers are Professors Helmut Anheier, Margaret Harris and Joseph Katan. Prof. Anheier is the Director of the Center for Social Investment at the Heidelberg University and Dean of Hertie School of Governance in Berlin. He will examine the term "social investment" - and its significance for researching philanthropy, foundations, and program evaluation. Prof. Harris from Aston University will examine the implications of the blurring of boundaries between the third and business sectors on research of the third sector. Prof. Joseph Katan from Tel-Aviv University will examine the accelerated process of privatization of social services and the deepening contract culture, and how this affects third sector research.

In the second Plenary session three prominent leaders of the Israeli Third Sector in recent years will speak: Director of Sheatufim Mr. Shlomo Dushi, former Director General of the Prime Minister's Office, Mr. Raanan Dinur who was the driving force behind the Tri-Sectoral Round Tables, and Ms. Ruth Sinai, an esteemed journalist who has been covering the social affairs section in Israeli newspapers for many years. They will indicate, each in his specialized area, what the challenges facing the third sector in the next decade

are, and the roles that they see for ICTR and the nonprofit management program at Ben-Gurion University Guilford Glazer School of Business Management vis-à-vis these challenges.

At the third plenary session, Prof. Benjamin Gidron will present his current work in which he attempts to characterize the "core" features of the third sector, examine what it's unique characteristics tell us about training of directors and leadership training in the third sector (see article by Prof. Gidron on the subject on page 5).

Three prominent scholars will serve as commentators regarding Prof. Gidron's speech, each from his own field of specialization. Prof. Yeheskel (Zeke) Hasenfeld from the School for Public Affairs at UCLA will examine the relevance of Prof. Gidron proposals for training of community workers. Prof. Dennis Young, head of the Nonprofit Studies Program at the University of Georgia will focus on the implications of the model presented by Prof. Gidron on the training of leaders in the third and business sectors alike. Dr. Rita Mano, head of the Department of Human Services, at Haifa University, will examine Prof. Gidron's conceptualization in light of the training of leadership in human service organizations from the public and third sectors.

The conference is, as always, a great place to network, and exchange information and knowledge. Also traditionally, this year too we will announce the recipient of the student scholarship for research. As mentioned above, the conference will provide a triple opportunity, to network, learn and applaud Prof. Benjamin Gidron. We'd like to use this opportunity to invite all our friends and colleagues to the conference. We hope to see you all at Ben-Gurion University campus on March 16th. ●

ICTR's Newsletter is now in digital format!

This current issue of ICTR's newsletter is the first to be published in a digital format.

Are you on our email list?

Starting with this issue we will email the newsletter twice annually and send a printed issue once a year.

Stay in touch, Join our email list today.

To join please email us at: ictr@bgu.ac.il

Promoting Civil Society in Third Sector Organizations through Participatory Management Patterns

Benjamin Gidron

The Bar Mitzvah conference of ICTR is an attempt to take stock of the research and conceptualization of the third sector to date, and consider the challenges that lie ahead. We also need to consider how these challenges will guide and affect future research, as well as the content of the training programs for managers and leaders in the third sector and the values underlying such training programs. My keynote lecture at the conference will address these issues, and will suggest that it is time to crystallize a conception of the third sector as a sector of its own merit, and not as a residual sphere for business and government. I argue that the central societal role of the third sector - the promotion of civil society - should be reflected in their organizational form as well in their underlying values.

The organizational theory literature on nonprofit organizations is divided. On the one hand we find those who suggest that the structural-organizational imperatives stemming from their legal form, especially the non-distribution of profits and the non-coercive nature of their participation, create a unique organizational entity, dissimilar to either public or business organizations.

On the other hand we find those who claim there is a lot of fluidity of organizational forms within the Third Sector; they further suggest that under similar conditions, nonprofit organizations behave similarly to either public or business organization. Thus the legal incorporation form tells us very little about their behavior.

This issue is related to prevalent conceptions of third sector organizations: Are they perceived as belonging to a sector, which has unique societal roles and does society recognize them as such, including specific policies

promoting those roles, or are they, because of their heterogeneity, not perceived as belonging to any larger entity? using that logic, one can further state that if they do indeed belong to a unique sector, with unique societal roles, this has to be reflected in unique organizational attributes that they possess. Such attributes should be based on unique predominant values, different from those upheld by business organizations (maximizing profits) or public organizations (upholding and protecting the public interest). Thus for example, in the business sector the unique attributes are reflected in the governance structure, dominated by the owners of the organization, as well as in the funding structure, based on sales, which in turn are based on market dynamics, etc. In the public sector the unique attributes are also reflected in the governance structure, which reports to the political entity that founded it (parliament, municipal council) that in turn is elected by the population, as well as in the funding structure that is based on taxation of the population that elects the political organ that decides on it. In other words, we claim that there is a link between the societal roles of the different sectors, based on the predominant values they uphold and their organizational attributes. While, as we saw, this is obvious when it comes to comparing business and public organizations, the issue is seldom discussed regarding the Third Sector, probably because there is no agreement regarding the existence of a unique sector and its unique roles.

Among those who suggest the Third Sector has unique societal roles, it is agreed that a major one is the promotion of civil society - creating opportunities for non-coerced participation through volunteering, philanthropy and

association, promotion of social innovation and change by promoting issues and populations not appropriately represented in other institutions. Such roles are not fulfilled by the other sectors. If it is agreed that Third Sector organizations are the framework where such roles can be fulfilled, then these values too, exactly as in the case of the business and public sectors, have to be translated into unique organizational attributes.

My presentation in the conference will discuss five attributes, actually organizational sub-systems, which we argue, are important in distinguishing NPOs from other organizational entities and maintaining their uniqueness. I will refer to the work of three thinkers (Frumkin, 2002; Anheier, 2005; Perrow, 2001) who wrote about the unique organizational attributes of NPOs (as compared to business and public organizations) and their link to the societal roles of the Third Sector. The sub-systems identified as characterizing Third Sector organizations are (not in any order of importance): (1) The Service-Delivery Sub-System. (2) The Governance Sub-System, based on multiple stakeholders with diverging interests; (3) The Funding Sub-System, based on multiple sources; (4) The Personnel Sub-System, characterized by the involvement of volunteers, sometimes dominated by voluntary personnel; (5) The Assessment/Evaluation Sub-System.

I will then deal with the implications of upholding these attributes in managing NPOs, and argue that NPO leadership, especially management, has a role in developing those unique attributes that are important not only in the context of managing a specific organization, but by way of accentuating the underlying values of the Third Sector in promoting civil society. ●

The Demographic Composition of the Founders of Nonprofit Organizations

Rinat Ben-Nun

Rinat Ben-Nun works at the Institute for Entrepreneurship in Education, Beit Berl College, where she is in charge of information and knowledge. She researches and lectures on social capital and community development in schools. Rinat is a former director of ICTR's database

During my work at the Israeli Center for Third Sector Research (ICTR) I came across a file which held records of 50,000 founders of nonprofit organizations. Further

investigation at the Central Bureau of Statistics (CBS) revealed that 10,000 of them answered statistical questionnaires in the 1995 census. I immediately understood that I had discovered a "treasure" - data on the founders of the organizations- which could be used to research what I considered was a hidden "social layer" of the third sector. The research question which intrigued me was to what extent were the founders of the organizations a reflection of Israeli society, and whether Israeli civil society is indeed a space where constricted social groups can organize and their

interests can be expressed.

Trentmann (2003) wrote that there is a constant dilemma between civil society as a theory and its conceptual reality. This statement, which can be interpreted as disbelief in the ability of civil society to uphold the roles attributed to it, has been with me throughout my work.

The founders of the organizations serve as a unique data source since they represent a primary group of people that have initiated organizations based on a value or need, and therefore have immediate contact with the organizational missions.

The Theoretical basis was established by reviewing studies of Israeli social groups according to criteria published in an article by Almond & Verba (1963) including:

education, community culture in relation to participation in civic organizations, and

Trust between state institutions and the social group. Almond & Verba identified a model of participatory political culture in which education may make people believe that they can influence their government. However, education does not increase the potential of a person to create a support group for himself.

The ability to create a political structure through cooperation with other citizens is typical to some ethnicities and is the foundation of political culture. The research hypothesis which was drawn from a review of literature on Israeli society tended to suggest that Israelis of European (Ashkenazi) origin, who are more advantaged in terms of social and economic indices and who gained experience and confidence in building national civic organizations, would have a numerical advantage among the founders of associations, compared with groups that did not enjoy these advantages, particularly Jews of Middle-Eastern origin (Sephardim) and Arabs.

Research methodology

The Database was built by joining the data stored in ICTR's database, which included beyond the personal id number of the founder, also additional information about the organization he or she helped establish, with data from the national census conducted by the CBS in 1995. Linking the data took a long time due to the need to maintain the privacy of the founders of the association.

The first analysis looked into the distribution of the founders of organizations across various variables, and answered the question of who they were in three

periods: 1981-1989, 1990-1995, 1996-2001. Secondly, I calculated the index of representation. This index considers the ratio between the weight of a social group in the list of third sector organization founders, compared to its weight in the general population. This provided an answer to two questions; (1) To what extent does the composition of third sector organization founders represent the composition of the general population. and

(2) to what extent are groups of founders similar to organizations to which they belong?

Major findings and discussion

The initial finding was that the social composition of third sector organization founders properly reflects the proportions of the major Jewish ethnic groups: Ashkenazi (of European origins) and Sephardic (of Middle Eastern origins). Yet, a deeper examination showed that in fact there are two groups of founders of associations, quite different from each other. One group consists of founders of non-religious organizations that are mostly of Ashkenazi origin, whose education and income are significantly higher, relative to other third sector organizations founders. Contrastingly, the religious organizations are founded predominantly by persons of lower education and income, and most are of Middle Eastern origin.

In the analysis of the data over time, it was found that social groups participating in the establishment of associations during the 1980s tended to come from dominant groups in Israeli society – that are made up of mostly Ashkenazi men with high level of education and income. However, over the years one can see a change in this trend due to an upward social mobility, especially in the groups of Middle Eastern origins.

The dissertation was supervised by Prof. Gidron.

▶ The Demographic Composition of the Founders of Nonprofit Organizations

In the late 1990s, civil society is seen as an alternative political space for some social groups. One group is the group of founders of non-religious organizations, mostly members of Ashkenazi descent, with higher than average income and education level. The members of this group, which have lost their dominance in the public sphere, continue to develop their interests by establishing third sector organizations. The second group of Middle Eastern origins, along with an increase in its political representation, is building up its

own alternative activity sphere through the establishment of third sector organizations, especially in the areas of welfare and religion. A third group includes citizens of Middle Eastern origins, Arabs and women, characterized by high levels of income and education, who establish non-religious associations alongside the veteran Ashkenazim.

In a comparison between variables of origin, education and income it was found that the effect of origin and income is fixed throughout the study periods,

providing a clear advantage for higher income and education in all groups of origin and gender. Albeit, the influence of the origin changes over time has allowed for changes in the composition of the founders of third sector organizations in Israel.

Finally, one can say that civil society is not "open opportunity" for everyone, as Trentmann (2003) described it, but rather it is construed of two types of parallel opportunity streams that serve different populations for different purposes. ●

ICTR's 13th Annual Spring Conference Challenges in Research and Training in the Third Sector

אוניברסיטת בן-גוריון בנגב

13

כנס בר המצווה

16 במרץ 2010

יום ג', א' בניסן תש"ע

אולם הסנאט ע"ש ו' א' מינקוף
קריית האוניברסיטה
ע"ש משפחת מרקוס

דמי רישום:

הרשמה עד 15.3.10
150 ש"ח (75 ש"ח לסטודנט)
רישום ביום הכנס
200 ש"ח (כולל סטודנטים)

* הנחות לסטודנטים עם הצגת תעודת

תחבורה:

הסעה מירושלים - מבניי האומה
בהרשמה מראש.
בעלות 40 ש"ח לאדם (הלך ושוב).
ההסעה מותנית במס' נרשמים.

התכנסות ורישום 9:00 - 10:00

פאנל בינלאומי: מחקר במגזר השלישי - אתגרים בחקירתה של תופעה בתנועה מתמדת
יו"ר: ד"ר ורדה שיפר, סגנית נשיא קרן מנדל
משתתפים:

Prof. Helmut Anheier, Heidelberg University and Hertie School of Governance
Changing Concepts of Philanthropy - The Rise of Social Investment

Prof. Margaret Harris, Aston University
The Nonprofit-Business Nexus and the Concept of Hybrid Organizations

פרופ' יוסי קטן, אוניברסיטת תל אביב
הפרטה, תרבות החוזים וטשטוש הגבולות בין המגזר השלישי והמגזר הציבורי

הפסקת קפה 12:00 - 12:30

האתגרים שעומדים בפני המגזר השלישי בעשור הבא ותפקידיו של המרכז הישראלי
לחקר המגזר השלישי והתכנית לניהול אלכ"ר

יו"ר: ד"ר ניסן לימור, המרכז הישראלי לחקר המגזר השלישי, אוניברסיטת בן-גוריון בנגב
גב' רותי סיני

דמות המגזר השלישי בתקשורת בעשור האחרון
מר רענן דינור, לשעבר מנכ"ל משרד ראש הממשלה
מקומו של המגזר השלישי במערכת הפוליטית ובמדינת הרווחה
מר שלמה דושי, שיתופים לקידום החברה האזרחית
מנהיגות והתמקצעות במגזר השלישי

ארוחת צהרים 13:45 - 14:45

הענקת מלגות ופרסים: פרופ' דב דביר, המחלקה לניהול, אוניברסיטת בן-גוריון בנגב

מאפייני המגזר השלישי - השלכות להכשרת הדור הבא של מנהיגי המגזר?

יו"ר: פרופ' יצחק גל-נור, האוניברסיטה העברית בירושלים ומכון ון-ליר
ההרצאה המרכזית: פרופ' בני גדרון, המרכז הישראלי לחקר המגזר השלישי,
אוניברסיטת בן-גוריון בנגב "קידום חברה אזרחית בארגוני מגזר שלישי באמצעות
תבניות ניהול השתתפותיות"
מתדיינים:

Prof. Yeheskel (Zeke) Hasenfeld, UCLA
Implications for the training of community workers

Prof. Dennis Young, Georgia State University
Implications for the training of nonprofit and business leaders

ד"ר ריטה מנו, אוניברסיטת חיפה
השלכות על הכשרתם של מנהלים בשירותי אנוש

The Israeli Third Sector and the Economic Crisis - a Year after

Initial findings from a follow-up survey

Dr. Hagai Katz, Director, ICTR
Ms. Hila Yogev, Researcher, ICTR

A year ago The Israeli Center for Third Sector Research at Ben-Gurion University (ICTR) published a survey of third sector organizations in Israel, with the assistance of the Israeli Civic Leadership Association (ICLA) and Shatil. The survey examined how third sector organizations have been dealing with the global economic crisis. The survey's findings raised major concerns regarding the effects of the crisis on the organizations, including considerable risks to the sustainability of the organizations and to the quality and the scope of the services that they provide to the Israeli public.

The survey was conducted shortly after the crisis broke, and the severity of the findings raised doubt to whether responses reflected real challenges, or just perceived, albeit not justified ones. Recent opinions claim that economic crisis did not affect the third sector organizations as feared, and as evidence produce the small number of organizations which requested support from the Government Support Fund for the Third Sector which is administered by the Ministry of Welfare and Social Services.

The follow-up survey we carried out last December examined the state of the third sector organizations a year after the crisis. The follow-up survey allows us to compare the situation of the organizations today with that at the beginning of the crisis, examining the effects the crisis had on organizations surveyed a year ago. In the first survey, 225 organizations participated. The current analysis is based on

responses of 132 organizations that responded in December 2009 to a follow-up survey.

The picture which arises from the follow-up survey reinforces the concerns brought up in the first survey, which apparently reflected a real problem and not just an "anxiety attack" due to uncertainties brought on by the crisis. Today too, we see that the Israeli third sector is in the midst of a severe economic and philanthropic crisis with many implications on its strength and behavior.

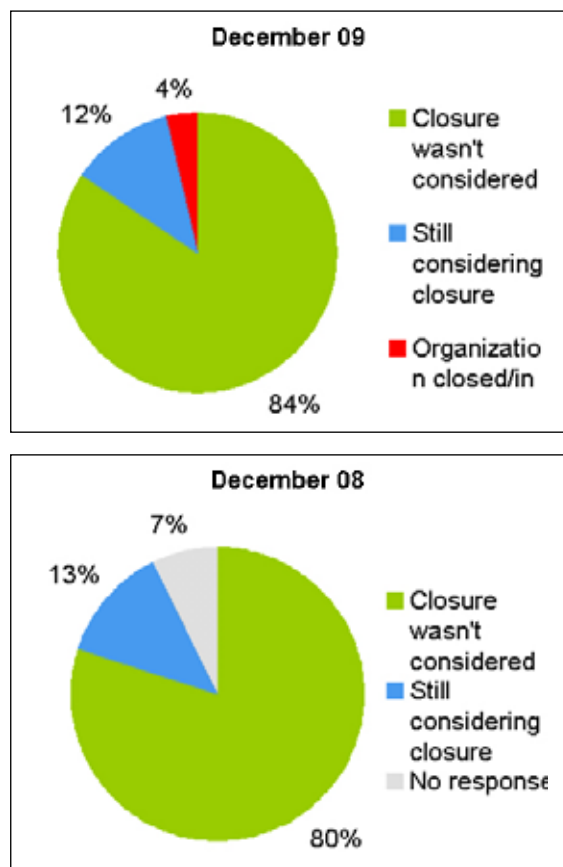
Organizations at risk

In December 2008 we reported that almost one in seven organizations, was in danger of shutting down. Of the organizations surveyed then, 13% reported they were considering a complete shutdown of activities. In the follow-up survey this rate has dropped marginally to 12% of the organizations surveyed, but to those one can now add organizations that have already closed down or are in the midst of a shutting down. During 2009, 4% of the organization surveyed had either shut down or were in the process of closing. (Figure 1)

Shifting revenue streams

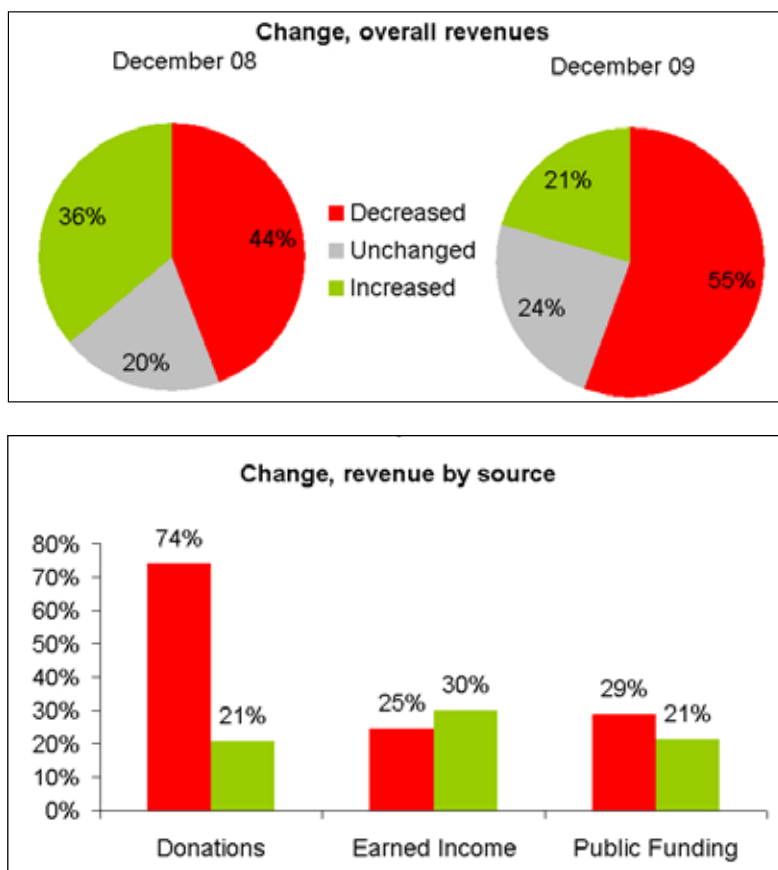
Overall, the past year saw a dramatic decrease in many organizations' revenues. Over one half of the organizations (55%, see figure 2) reported that their total revenue declined, and the average decline that they reported was nearly one third of their total income. More than anything, this decline is caused by a decline in revenue from

Figure 1. Percentage of organizations that have shut down or were in the process of closing



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Figure 2. Changes in Revenue



donations: three of every four organizations reported a drop in donations, declining 35% on average. This is clearly a severe philanthropic crisis, affecting many organizations. But the decline is not only from philanthropic sources. It is also from public funding from government and local authorities. Three out of ten organizations reported a decline in funding from government resources. Many organizations increased their reliance on self-generated revenue. Revenues from the sale of services are the

only source of funding for which more organizations reported an increase than a decrease. However, organizations which reported a decrease in sale of services experienced a major decline in revenues up to a third of average income from this source in 2008.

Decline in revenue hasn't occurred at the same rate among all the organizations. Organizations that work in the fields Culture and Leisure and Education experienced a decrease in all income sources, often greater than the average

decrease. At the same time welfare organizations experienced a greater than average decrease in government funding.

A decline in economic stability

The decrease in revenue places the resilience and economic stability of the organizations at risk. In general, a third of the organizations reportedly weakened financially during 2009. In the survey we did last year 44% of organizations reported their finances declined compared to the year before. Similarly, in the current survey, 31% of organizations reported a decline in finances. In both cases, approximately 18% of the organizations reported an improvement, but the organizations which reported a decline in financial condition indicate a much deeper change than the scope of improvement, reported by the organizations whose finances improved.

Despite the rise in demand, only a limited decline in scope of services is noted: the average growth in activity is 17%. It would seem that the organizations are trying to "do more with less".

This paradox is particularly evident when looking at the scope of the employment - almost a third of the organizations demonstrate a decline in the number of employees, losing on average near a quarter of their workforce. A change in the scope of volunteering in the last year somewhat makes up for the shrinking paid workforce, as the number of organizations reporting an increase in the number of volunteers was four times the number of organizations reporting a reduction in volunteering.

Responses: strategic reshuffling and reorganizing

The organizations used two major strategies to meet growing demand for their services in a state

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of growing economic uncertainty: the first was "fees for services" - more organizations charge fees for services and develop additional services that can be offered for a fee. The number of organizations that indicated that they both developed services and took fees for services in December 2009 was almost double those reported in December 2008. Thus for example, 22% of organizations reported that in 2009 they developed new income generating services and 12% reported that they raised the price they charge for services. The implications are clear. Emphasis on providing services that can generate income, and increasing the price of services in general excludes needy populations from the cycle of beneficiaries of third sector services, populations that are in most profound economic distress, and cannot afford to pay for these services. If we add to these findings the decline in government assistance to organizations which came up in our survey, the outcome is a potentially serious decline in accessibility to social services for the those that needs them the most.

The second most popular response is a change in scope of activity. Here we find two opposite reactions. Some organizations responded with cutting back the

scope of existing activities (24% of organizations), completely obliterating them (11%), or postponing new projects to an unstated date (23%). Other organizations chose to add new programs (18%) or expand their target audience (26%) to new populations.

The organizations also made adjustments in their governance to deal with the financial uncertainty which they have been experiencing. The economic uncertainty brought on by the economic crisis has brought a significant change in the involvement of the volunteer lay leadership of the board in resource development for their organizations. This involvement doesn't remain just at the strategic level of determining fundraising policy, but also in actual fundraising at the tactical level on the ground. In addition, compared with a year earlier, a quarter of the organizations who responded to the survey reported that their boards now have a fundraising committee, a rate almost double of that found a year ago.

How long can they hold up?

The follow-up survey findings validate our prediction from the winter 2008 survey, that the economic crisis will bring considerable economic difficulties to third sector organizations in

Israel. An yet, despite their financial hardships, the organizations seem to be expressing their deep commitment to their clients, trying to maintain the scope of the services they provide, and even enhancing them, given the considerable growth in demand for their services. The question arises is how long can the organizations "do more with less"? Already we see that among a significant number of organizations the economic crisis brought a complete collapse and shutting down, among many others there are cutbacks in employment and activity. It seems to be not unreasonable to argue that if a philanthropic recovery does not occur in 2010, along with an increase in municipal and government aid, many organizations may cease to exist, causing the loss of many jobs and important services. In addition to that, emphasis on providing services that can generate income, and increasing the price of services in general, excludes needy populations from the circle of beneficiaries of third sector services the population that are in most profound economic distress, and cannot afford to pay for these services. These risks should be contemplated by policy makers, philanthropist and nonprofit leaders alike. ●

The “Third Sector” from Concept to a Sector

A short summary of Prof. Gidron’s tenure as Director of ICTR

Eilat Navon



What turns a person into a visionary is the ability to recognize a problem which has not before been identified, present it to the public and make a difference in the public attitudes and policy towards it. Prof. Benjamin Gidron recognized a concept that did not exist in the Israeli social, economic or political lexicon, added content to it and turned it from a mere expression to a living and breathing sector. When Benjamin Gidron established the ICTR, there were associations, non-profit organizations and societies. Today after 13 years, there is a "third sector", we have "civil society", "organizations for social change" and recently "hybrid organizations", to name just a few terms describing an evolving sector.

Establishing a Sector

ICTR's success can be accredited to Benjamin Gidron, in leading research, putting the sector on the public agenda, and advancing policies among national decision makers. It all began with a vision and a deeply rooted belief in the way this should be done. Needless to say, to these one must add an impressive international academic and personal record and lots of personal charm. We have examined some of the activities that characterized Gidron's leadership of ICTR, and tried to trace the key factors of his

success. The following are some of the activities that together, throughout the years, transformed a concept into an active academic discipline, and transformed public policy.

ICTR and the International Academic Community

The budding of the international part of ICTR research can be noted outright at ICTR's first stages when the Atlantic Philanthropies supported the center's establishment. The first research done at ICTR was the Israeli component of the Johns Hopkins Comparative Nonprofit Sector Project, which was followed by the participation of Prof. Lester M. Salamon at the second annual conference as its keynote speaker. The following years brought more involvement in international academic projects such as The International Study of Peace/Conflict Resolution Organizations (ISPO), led by Gidron, and lately the project Policy Initiatives towards the Third Sector in International Perspective, now published by Springer in a book. Prof. Gidron's work and the center which he headed, attracted many prominent third sector researchers, who attended the annual conferences held by ICTR.

Actually, many accredit Gidron as being a major initiator and



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promoter of the international academic community dealing with the third sector. This part of his career began at the First International Conference held in Israel at Kiryat Anavim in 1989, from which was born the idea to establish the International Society for Third Sector Research (ISTR), whose founding president was Prof. Gidron. Throughout the years, Gidron and ICTR have also served as consultants for third sector research and policy infrastructure development in many countries, from India and China to Costa Rica and the Dominican Republic.

Developing a Database

Right from ICTR's establishment Gidron regarded the need for data as a crucial component in the success of the both ICTR and the advancement of the concept. "At its inception, the Database's purpose was to supply readily available data for researchers, the likeness of what existed for business organizations – but we had to contend with problems of accessing this information since some of it was legally inaccessible". Researchers and colleagues working in the sector in these years can appreciate the decisiveness, patience, insistence and long-term vision needed to acquire the data, which even today is hard to get. Just last year, the Israeli Central Bureau of Statistics decided to regularly collect data on the "third sector" records in the system of National Accounts. This too was done through Mediation and fundraising done by ICTR.

Advancing Research and Nurturing a new Generation of Researchers

At the second Annual Conference held by ICTR in 1999, it was decided that a scholarship must be allocated for exceptional third sector research, Gidron: "the

scholarships have two goals: in the short term to add knowledge to what we currently have, and in the long term to encourage researchers from other disciplines to choose the third sector as their field of specialization". The first students to receive these first stipends were Dr. Michal Bar and Dr. Hagai Katz for their master's theses.

Prof. Gidron's ability to see beyond the immediate future is present also in the effort and importance he placed on developing new scholars. He succeeded in identifying promising masters and doctoral candidates at the beginning of their research careers, giving them a chance to participate in research and present important publications, which proved immensely important to their academic careers. Prof. Gidron never failed to use his international network of colleagues and friends to help them complete their studies in universities abroad, participate in international research and attain accessibility to data and resources.

Research Publications

ICTR has, in the past 13 years published 30 research reports and its research yielded numerous books and articles in the fields of philanthropy, roles and functions of the third sector, organizational aspects of third sector organizations, and public and social policy. ICTR in conjunction with Sheatufim have established an academic peer-reviewed journal in 2008 "Civil Society and the Third Sector in Israel", which is edited by Dr. Varda Shiffer.

Policy Development

A major area of activity since the establishment of which ICTR's presence has been major, is that of the development of government ▶



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policy towards the third sector. From its initiation, ICTR conducted and instigated Israeli and comparative International research around this issue, established a committee of experts, and conducted conferences that dealt with the issue. In these activities ICTR served as a facilitator to government-third sector dialogue throughout the years.

ICTR's activities in this area began during the work on the Hopkins Project in the late 1990s. The completion of the chapter on Israel in the project, gave for the first time, a clear picture on the scope of activity in the third sector, and of government funding, and place this in an international context. One of the components of this project was an examination of public policy towards the third sector, and the findings revealed the absence of a clear and systematic public policy towards the sector. In February 2000 ICTR held a conference on government policy towards the third sector, under the auspices of (former) Home Security Minister Prof. Shlomo Ben-Ami. In his speech at the conference, Prof. Ben-Ami stressed the need to re-evaluate government policies towards the third sector. Mr. Motti Telias, Prof. Joseph Katan and Prof. Gidron presented their research on policies towards the third sector. A the ensuing debate, moderated by Political Scientist and former Civil Service commissioner, Prof. Yitzhak Galnoor, many policy issues were brought up along with suggestions and proposals for change. The outcome of this memorable conference was the establishment of a committee of experts to continue and examine the policies towards the sector. The establishment of the committee consolidated due to a host of reasons:

a. Parallel processes occurred

abroad (the "Deacon Committee" in Britain and similar committees in Canada, Ireland and Germany), where in most cases the initiative for the establishment of the committees and the process of examination came from representative organizations of the third sector and governmental initiatives.

b. A significant growth in the scope and the functions of the third sector as expressed in the Hopkins project findings and other studies which began to be published following the establishment of ICTR and its systematic gathering of data on the sector.

c. The change in the scope and function of the third sector in Israel was not accompanied by a parallel process on the part of government, which caused great dissatisfaction among those involved with respect to the relationship between the sector and the government. There was particular discontent with the lack of a clear policy that would formalize the relationship between the sectors, and especially with the outcomes of this situation, namely an excess of loopholes in public funding of third sector organizations and inconsistent treatment of such organizations by the different government ministries and agencies.

d. A feeling of mutual distrust: in that period there were many news reports of abuses of the nonprofit status for political purposes, an issue which caused the organizations of the third sector to be portrayed in a negative light. It caused much dissatisfaction and mutual distrust, leading many government officials to express disappointment with the sector's organizations, especially with relation to their management and accountability.

In 2001 ICTR established the Committee for the Examination of the Role of the Third Sector in ▶

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Israel and the Policy towards it. The committee, headed by Prof. Galnoor, was the first of its kind in Israel, and consisted of 17 key leaders of the Israeli third sector from academia and the field. Its purpose was to examine the roles of the third sector in Israel and the policy towards it. It focused on government policy, but also on municipal policy and on additional sectors such as business. Prof. Galnoor noted in the forward to the committee's report: "Prof. Benjamin Gidron, founder and director of ICTR, masterminded the establishment of this committee. The Center under his leadership is a pioneer of systematic research into third sector organizations in Israel and has set up the country's only database on the subject. We would like to take this opportunity to express our heartfelt appreciation for the Center's activities. The committee itself made extensive use of the Center's materials"

The committee and its report proved to be a catalyst to major policy-making processes. Since being presented to Israel's President in 2002, it has hence been quoted widely and used as the basis for government decisions, including the February 2008 decision no. 3190 which called for development of government-third sector-private sector relations and brought about the tri-sectoral roundtable that is now involved in the first systematic attempt in Israel to promote such relations.

Looking Ahead

To sum up Prof. Gidron's, tenure as the director of ICTR we asked him what the future has in store for the third sector. Prof. Gidron replied: "It is acceptable today that the third sector is present in every discussion and plan relevant to issues in which it is involved, from welfare to culture

to transportation. Some still dream about other eras, in which the only government made decisions and implemented them herself, without intervention and involvement of social forces. But it would seem that these days are long gone, and not because of the rise of the third sector. This situation places enormous challenges on the government and third sector, who must establish frameworks to solve difficult and complicated problems in a new reality through dialog and mutual respect and intelligent use of each partner's abilities. This will not be a smooth process. In the joint ventures with government, the third sector can contribute to social ills and problems if it will emphasize its unique abilities and characteristics, it will therefore be necessary to built organizations based on representation of specific populations, voluntary and free participation (philanthropic and voluntary) and the involvement of multiple stakeholders in decision making processes. The organizations representing the sector will have to emphasize the sector's unique roles and agenda. Beyond the huge differences between the organizations in the sector, there are common issues - encouraging philanthropy and volunteering, tax policy, transparency and accountability, management standards, etc. Another challenge would be to build not just specialized organizations but an inter-organizational reality which will shape and position the perception of three sectors in society."

When asked about his professional future, Prof. Gidron told us: "concerning my own personal plans, I am interested in developing new concepts and breathing life into it, as I did with the concept of the third sector. I suppose this is what I will be doing". ●