

LEAVING NO ONE BEHIND

Israeli Business and Inclusive Growth



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EXECUTIVE SUMMARY

Inclusive Growth is defined by the OECD as economic growth that is distributed fairly across society and creates opportunities for all. Simply put, it is growth that benefits everyone.

It is increasingly recognized internationally that alongside the systemic risks to the financial system and to society, from climate change, is the parallel systemic risk from hyper global inequalities. These are two sides of the same coin: both demand transformative change in business and in society in the coming decade. If economic growth is only enjoyed by the few, it will not be sustained by the many. Equally, prosperity has to be achieved within the constraints of One Planet.

Already, international business leaders are recognizing these twin challenges. In April 2019 for example, the Financial Times ran a full page article headed "Why American CEOs are worried about the future of capitalism." The Financial Times has subsequently run a series of features, OpEds and editorials about re-setting capitalism. In August 2019, 180 top corporate US CEOs issued a statement re-defining the purpose of business. A year in the making, this statement was drafted and refined by the CEOs themselves. There have also been a number of business-led initiatives to "renew" or to "re-imagine Capitalism" and to promote social and economic inclusion. Businesses and business-led Corporate Responsibility Coalitions in many parts of the world have joined in these efforts. This includes Maala: Israel Business for Social Responsibility.

In Israel, as well as the impetus of the Global Financial Crisis of 2007-08, there was a very specific "wake-up" call in the shape of widespread social protests in the summer of 2011, against the cost of living and growing inequalities.

These twin "global-local" shocks prompted a critical mass of Israeli headquartered businesses and international companies with significant presence in Israel, to become more strategic in their approach to encouraging Inclusive Growth.

These approaches were shaped by the very particular combination of features of Israeli society. Many of these were described in the 2009 best-seller "Start-Up Nation." They include the powerful sense of "Leave no-one behind" derived from the egalitarian and communitarian spirit of Israeli society, which is both exemplified in and reinforced by, the communal experience that most Israelis have through their compulsory national service in the Israeli Defence Force: IDF. Service in the IDF gives Israelis a sense of responsibility and earned authority at a very young age, with a heavy emphasis on rapid improvisation and problem-solving. Other features include "one degree of separation" connectivity – again reinforced by IDF service – and a powerful sense of irrational self-confidence and "can-do" determination, often summed up as "chutzpah."

Whilst Israel has become a global high-tech hub with 360 multinational R&D centres – the highest per capita concentration in the world – and enjoys an enviable reputation for its entrepreneurial culture and support eco-system, Israel also has the highest poverty rate amongst the advanced economies, according to the World Economic Forum's Inclusive Growth Report 2018. Amongst the dimensions of social and economic exclusion to be tackled in Israel are in-work poverty; improving labour market participation rates amongst both the Arab Israelis and the Ultra-Orthodox Jewish communities (Haredim), which are both growing as a percentage of the total Israeli population; increasing job opportunities for Israelis with disabilities; improving social mobility for marginalized groups; youth at risk; digital exclusion; elder-poverty; and the potential impacts of Artificial Intelligence and automation on employment and social participation. Significantly, these largely correspond to the priority challenges recently

identified by the Joint Distribution Committee (JDC) for its future work in Israel, in its Strategic Review which was concluded earlier in 2019.

Leading Israeli businesses are responding to these challenges with efforts in the work-place, the market-place, in their supply-chains and through being active corporate citizens in the community.

In the work-place, companies are tackling in-work poverty, increasing minimum pay, extending benefits to contract workers, helping employees to learn how to manage their finances better and offering extended employee benefits. Businesses are also running customized, pre-recruitment training programmes to enable individuals from marginalized communities, including Arab Israelis and Ultra-Orthodox Jews, to develop sufficient skills to be employed; and then giving personalized, on-the-job training, mentoring and peer support to help these employees to stay in work and to advance from entry-level posts.

Companies are encouraging and supporting their suppliers to raise their standards and thereby become more resilient and inclusive businesses too. Some companies are also splitting Invitations to Tender, to make it easier for small and medium size enterprises (SMEs) to bid for contracts.

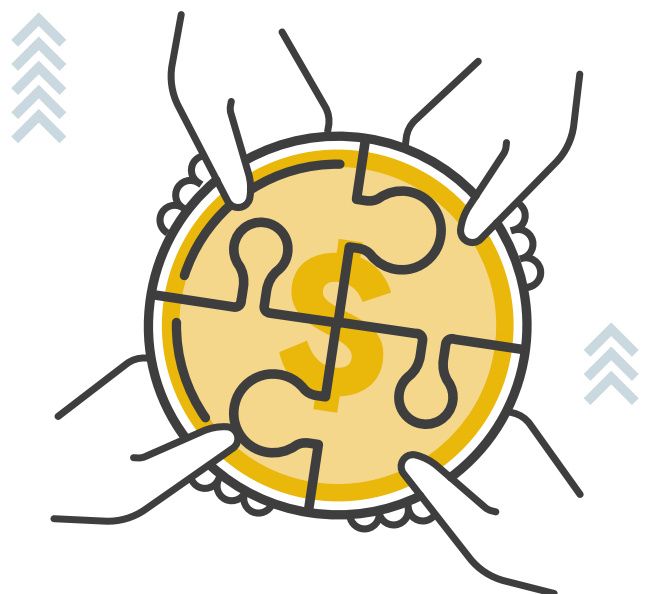
In the market-place, companies are developing products and services which are more inclusive and being more proactive in reaching out to customers from marginalized communities.

Businesses are also deploying a combination of People, Profits, and other resources to tackle social and economic exclusion through wider and more strategic engagement in the community. This includes providing management expertise and mentoring to schools, particularly in more deprived neighbourhoods; supporting efforts to improve school students' performance in mathematics and science; helping youth at risk to be better prepared for their military

service; supporting employee-led initiatives to develop new products and services to help people with disabilities; assisting community regeneration; and encouraging successful new businesses to share their success with the community at IPO (Initial Public Offering).

Many of the most innovative and impactful examples of businesses contributing to more Inclusive Growth in Israel, involve close collaboration with Israeli NGOs such as Aharai, Al Fanar, Caregivers Israel, Co-Impact, Joint Distribution Committee (JDC or Joint), Israeli Forum for Employment Diversity, Pa'amonim, Tsofen and WeSource. Such NGO intermediaries combine Civil Society purpose and values and advocacy, with management processes and discipline. This makes them trusted and attractive partners to businesses in Israel. Building the capacity of these NGO service providers to businesses, could facilitate a bigger business contribution to Inclusive Growth in the short-term.

Similarly, successive governments have also often been a catalyst for more business action – not least to be more proactive in the integration of Arab Israelis and Ultra-Orthodox Jews into the workforce.



EXECUTIVE SUMMARY

These activities can provide insights for other businesses both in Israel and internationally. Maala – Israel Business for Social Responsibility – intends to build on this publication, and campaign further on the role that businesses can play in contributing to Inclusive Growth – both within Israel and internationally. There is an urgent need for many more businesses to join the “early adopters” whose examples are described in “Leaving No One Behind.”

The Leaving No-One Behind Checklist for Business Action offers a range of practical measures that any business

– large or small – can adopt and adapt to meet their own business needs and strategic priorities. Businesses which are currently implementing “Foundation Stage” activities should consider how they can graduate to the “Development Stage” and potentially become a champion. Businesses which champion Inclusive Growth will have a strategic approach to all the four pillars of Business and Inclusive Growth. They will also use their own experience to encourage other businesses to become involved. This may be through their sectoral trade associations, engaging their suppliers and their business customers.

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
WORKPLACE	Establish base-line: composition of workforce: entry-level, junior/ middle/senior management in terms of gender, people with disabilities, ethnicity, etc	Extend number of target groups currently under-represented in workplace that business is trying to recruit	Establish new stretch targets on percentages of under-represented groups in workforce at both entry-level and management levels
	Set target percentages for total workforce & for management in terms of gender, ethnicity, people with disabilities, etc.	Revise and increase target numbers for employing Ultra-Orthodox Jews, Arab Israelis and people with disabilities	
	Identify & implement necessary workplace modifications in order to accommodate under-represented minority groups such as Ultra-Orthodox women, Arab Israelis	Monitor retention and workplace advancement rates for target groups. Appoint workplace champions for employing Ultra-Orthodox, Arab Israelis and people with disabilities, and working carers	
	Train first line-managers in managing cross-cultures and people with disabilities	Establish employee peer group networks for people with disabilities, Ultra-Orthodox, Arab Israelis	

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
WORKPLACE	Work with partners – to identify & provide pre-recruitment training to target under-represented groups	Join external learning networks to share emerging good practice and learning	Share company experience in external talks and interviews by company chair/CEO/SMT (Senior Management Team)
	Identify and provide support for employees living below poverty-line	Pay enhanced Minimum Wage	Develop a compressive plan to advance personal and economic well-being, focused on low income employees
		Build a career path for entry level employees	Build a compressive programme for reskilling and career path for entry and mid-level employees
			Set targets from internal recruitment for higher skilled jobs for entry level employees
	Train and provide tools for pension planning	Train content experts on pension planning within the organization	Advise on pension planning to all employees
	Fund retirement planning courses	Continue entitlement of retired employees to the organization's well-being benefits	Offer courses and training to develop skills and capabilities of retired employees
	Establish baseline of working carers in the organization	Consult with working carers on development of programme for practical support for working carers	Offer paid Carers' leave
	Monitor & regularly report on progress		

EXECUTIVE SUMMARY

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
SUPPLIERS	Review payment terms and commit to paying all suppliers on-time	Build on-line Supplier Interchange where suppliers can also share good practice to raise standards and support Inclusive Growth procurement	Break up larger tenders into smaller tenders so that SMEs can realistically bid for them
	Verify that manpower/service contractors comply with labour laws	Recommend Maala Basic Index to SME suppliers	Incentivise suppliers to join the Maala Basic Index
	Ensure procurement policy also includes reference to the advancement of social and environmental issues	Check procurement processes inherently address social and environment issues	Set aside percentage of all contracts by value for suppliers from minority groups such as Ultra-Orthodox, Arab Israelis, people with disabilities. Set targets for suppliers with social and environmental edge.
	Periodically survey suppliers' views of working with the company	Run regular supplier conferences to share good practice and build capacity	Run comprehensive supplier capacity building programmes
GOODS & SERVICES	Identify vulnerable customers and ways to reduce their vulnerability	Review product/service portfolio and identify any which inadvertently increase social & economic exclusion and look to modify or remove from portfolio	Add increasing inclusion as a core "stage-gate" criteria for company's innovation process and business development
			Encourage employees to become "social intrapreneurs" who champion creation of products and services which enhance Inclusive Growth
			Link executive compensation to inclusive growth criteria relevant for the company

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
COMMUNITY	Audit existing community involvement and how far this already enhances Inclusive Growth	Identify and establish external NGO partners for company-led projects	Identify and establish programmes that are linked to the company's core impact on inclusive growth
			Set targets and measure percentage of community involvement programmes impacting inclusive growth
	Invite employees and other stakeholders to identify fresh ways that the company could promote Inclusive Growth	Establish a process to evaluate employee ideas for community involvement to encourage more Inclusive Growth	Train staff likely to be involved in partnerships with NGOs, public sector and other businesses, in Partnership Skills

If "leaving no one behind" is to become a reality rather than an aspiration, many more businesses will need to go All In for sustainability and inclusion; and to take A.C.T.I.O.N (Assess material needs and opportunities; Commit to Inclusive Growth at board and senior management; Tell internal and external stakeholders why this is in the long-term interests of the business itself as well as of society; Organise around the four pillars identified; and Nurture partnerships with NGOs, public sector and other businesses to scale-up their own commitments).

Increasing social mobility and improving the pipeline of human capital in Israel is essential for the continued success of Israel as a Start-Up Nation and global high-tech hub; and fulfils obligations to help those demographics of Israeli society that have not yet experienced the promise of this innovation economy. In turn, this will offer further lessons for other countries also grappling with the challenges of a very uneven spread of globalisation's benefits.



The 2011 SOCIAL PROTESTS

It is hard for someone who was not there, to appreciate fully the impact of the social protests that gripped Israel in Summer 2011.

The protests began as complaints about the soaring costs and availability of housing. Very quickly, however, the focus of the anger switched from government to the food companies first with protests against a 45% hike in the price of a popular brand of cottage cheese. As a staple of Israeli diets, one name for the demonstrations became the "cottage cheese protests".

As Daniel Doron wrote in the Wall Street Journal at the time:

"The cottage-cheese rebellion started after a major business publication ran a series of features comparing food prices in Israel and abroad. People realized that while salaries in Israel are about half those in America, prices of consumer goods and services are about double."¹

The protests went on for several weeks. At their height, it is estimated that half a million Israelis were on the streets of Tel Aviv and other cities.

One of the business leaders most in the public eye during this time was Ofra Strauss - chair of Strauss Group - a leading Israeli food business created by her grandparents in the 1930s. Ofra Strauss felt her responsibility to act. At the time, she was then also chairing the board of Maala: Israel Business for Social Responsibility.

Newspaper articles at the time show Ofra Strauss perched on a stool in front of her house in Tel Aviv in animated discussion with the protestors.

A few months after the social protests, Ofra Strauss spoke at the 2011 annual conference of Business for Social Responsibility (BSR) in the USA. In speeches and interviews there, she reflected on the implications of the protests for

the Strauss Group and for businesses generally. We think it is worth quoting her words at some length because the 2011 Social Protests were still very fresh but leaders like Ofra had already started to reflect deeply on what they meant for business:

"It was a wake-up call... one million people marched on the streets against inequalities... I spent seven hours with the protestors, to hear what they had to say... People don't trust us... For a brand company, reputation is the only thing that matters... To regain that trust will be a very long journey... We have to prove we mean good and that we seek good... We thought we were good, really thought we were a good company... But we are powerful, are we abusing our power, are we too big?

To restore trust, we will have to change, go back to basics. I went back to my grandparents' house: to our founders' story... I realised globalisation means our responsibility has no boundaries: we impact and so do our mistakes... We have to talk 'with' and not talk 'to!' We have to have a dialogue: we had missed something! We need a new way of listening. We don't have all the know-how. ...A better society means good business. Good businesses are crucial for healthy societies. We have to step up!"

Far more viscerally than the subsequent "Occupy movements" or the more recent Gilets Jaunes in France, the Israeli social protests challenged the self-confidence and self-belief of many Israeli business leaders. As one business leader told us in June 2019: the 2011 protests

"...made a huge change. It was like an earthquake. Like a coup, then panic, then silence, doing nothing, in the bunker - and then trying to learn how to work with that. So, the customer now has a voice, a chair at the table."²

The 2011 social protests in Israel reflected what the journalist Anshel Pfeffer, has described in his book "BIBI."

*"Israel had two economies: a healthy, technology-driven economy, trading with the world and bringing in handsome rewards for its successful entrepreneurs and software engineers on the one hand, and, on the other, a second economy in which most of the middle and working classes flourished."*³

Or as The Economist newspaper elaborated:

"It is easy to be dazzled by Israel's high-tech firms. In fact, the country has two separate economies. The dynamic, globalised start-up nation accounts for only about a tenth of employment, whereas nine in ten Israelis work in something more akin to a left-behind nation that is inefficient and protected from competition. Poverty rates in Israel are among the highest in the rich world, for two main reasons: the ultra-Orthodox often live on public subsidies to pursue a life of Talmudic studies; and Arab citizens struggle to achieve equality."⁴

AN OUTSIDER PERSPECTIVE

These protests foreshadow polarization and issues of inclusion that we are seeing all over the world, from the Gilles Jaunes in France, to the rise of populism in the US, Brazil, Hungary and the Philippines and India to the Brexit movement in my home country. This is why I find Israel so fascinating from a societal perspective – it is an early indicator of where we might go, which makes it important and how the Israeli business community has responded to these shifts provides critical insights and lessons for us all.

I first visited Israel in 1979 on a Christian pilgrimage, somewhat bizarrely interspersed with meetings on Christmas Eve and Christmas Day in the Knesset with the different political parties! I have visited on numerous occasions since, variously as part of a young politicians' delegation; to evaluate a small business loan fund to help young Olim and army veterans; to speak at conferences and workshops for Maala; and to lecture at a management school. I have been coming for almost two thirds of my life and for more than half the life of Israel itself. As an outsider – in different senses – it is always presumptuous to think we know another country, but I have long admired the resilience

Still it is unclear how many business leaders have really internalized the consequences of 2011. Dan Propper – chairman of Osem-Nestle – reflects that:

"I am not sure how much has really changed. There has been some changes, in terms of a tactical regrouping, but there hasn't been a fundamental shift in the business thinking in Israel overall, that there is a need for some new kind of social contract to be developed. Too often, it is still about understanding the consumer as a consumer, rather than as a social creature who needs to have a stake in the system. We in Osem initiated a move to increase Arab-Israeli workers to reach their proportion in the total population, without compromising on our qualification requirements. I hope more companies will follow in our steps."⁵



and drive and creativity of the Israeli people.

It is easy for the casual reader to forget that Israel is still a young nation built on successive waves of mass immigration – and an ability so far – to absorb these newcomers – not least the more than one million immigrants from the former Soviet Union, who moved to Israel in the 1990s. It is easy to pass over such numbers on the page. Yet pro-rata, to the receiving population, the equivalent in the US of the Olim migration to Israel, would have meant the US absorbing 70 million immigrants in that decade.

In the past two decades since the mass migration from the former USSR, Israel has surfed a wave of entrepreneurship and technological innovation, which has earned the country the sobriquet of "the Start-up Nation."

START-UP NATION

Ten years ago, this year, Dan Senor and Saul Singer published what quickly became an international best-seller: "Start-Up Nation – The Story of Israel's Economic Miracle." The book describes how Israel – then with a population of just over 7 million⁶ and "only sixty years old, surrounded by enemies, in a constant state of war since its founding, with no natural resources—produces more start-up companies than large, peaceful, and stable nations like Japan, China, India, Korea, Canada, and the United Kingdom?" The Economist newspaper notes that Israel now has more high-tech start-ups and a larger venture capital industry per capita than any other country in the world.

Whilst not without its critics – not least for ignoring wealth inequalities and for its explanation of why Israeli Arabs have not generally shared in the Start-Up Nation bonanza – the book has been translated into more than 20 languages including German, Japanese, Mandarin and Japanese; and reached fifth on the business bestseller list of The New York Times. It also reached The Wall Street Journal bestseller list. The book has been extensively quoted around the world; and has been the inspiration for Governments inter alia in Ireland, Singapore and South Korea to develop new enterprise promotion strategies.

We draw extensively on Start-Up Nation in this publication, because we believe that the constellation of factors that Dan Senor and Saul Singer described, such as the successive waves of immigration and the culture of solidarity and initiative-taking improvisation inculcated through compulsory military service are also some of the important factors explaining what is now driving the business community in Israel, to be proactive in seeking to tackle social exclusion and drive Inclusive Growth.

We will later explain how, ten years on from the publication of Start-Up Nation, Israel is again evolving: the Start-Up Nation is also becoming Social Innovation Nation – harnessing and adapting many of the tools and techniques that have been developed as part of Start-Up Nation to help improve social inclusion. Thus, for example, the model of Business incubators is being extended to Social Incubators; as well as frequent hack-a-thons, there are also now hack-a-thons for social causes. As well as Venture Capital, there is also Social Venture Capital and the High Tech sector in Israel is now including Tech-for-Good.

A LONG-TERM BUSINESS COMMITMENT TO INCLUSION

Inclusive growth became front and centre and gained impetus after the social protests of 2011, but the move to include marginalized populations started several years beforehand. Members of the ultra-orthodox communities participated in vocational training programmes in 2005 (Parnasa Bechavod) and with the creation of the employment initiative of the Joint Distribution Committee (JDC – or the 'Joint') and the Government of Israel in 2007 (JDC – Tevet) the issue of workforce integration for Arab Israelis, Ultra-Orthodox, Ethiopians, People with Disabilities

and the elderly became a government priority. JDC together with the Government of Israel, worked towards achieving the employment goals set by the Eckstein Commission for 2020. With the increased integration of these populations into the workforce the need for inclusive growth in companies was heightened as there was now an increasing number of working poor and a lack of advancement in the work force.

Businesses in Israel too were trying to tackle social and economic exclusion long before the 2011 social protests.

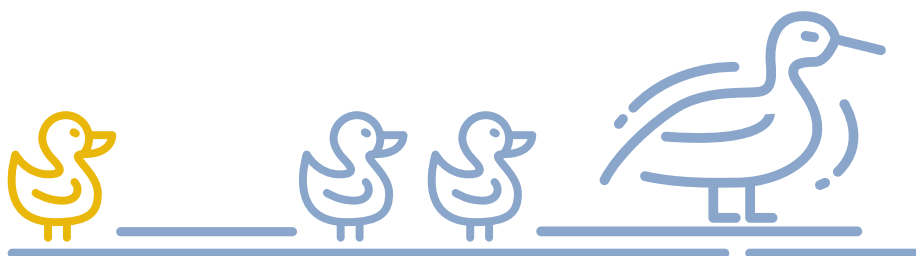
Maala: Israel Business for Social Responsibility was established in 1998 by the indomitable social entrepreneur Talia Aharoni and quickly brought together a critical mass of Israeli businesses and international companies with a significant presence in Israel, to share good practice and encourage others to join in improving the performance of businesses and their positive impacts. I saw, at first-hand, on several occasions throughout the 2000s, how Maala was engaging and inspiring business. It was one of the Corporate Responsibility coalitions that was continually innovating and raising the bar for responsible business – not least with the establishment in 2006 of the Maala /Tel Aviv Stock Exchange Index. I had no hesitation in including Maala as a good practice example in my book “Corporate Responsibility Coalitions: The Past, Present and Future of Alliances for Sustainable Capitalism” – co-authored with Jane Nelson from the Kennedy School of Government at Harvard University – in 2013.

The 2011 social protests in Israel, however, gave a greater sense of urgency and importance to tackling social and economic exclusion. As one Israeli CEO noted at the time: “Maala and the CSR arena need to take a long hard look

at what has changed.”⁷ A number of leading companies have developed imaginative and innovative approaches in recent years to tackling social exclusion. The challenge, however, remains real and substantial. To be very clear: we are certainly not claiming that Israel has solved the challenges of social and economic exclusion or that business generally in Israel is yet mobilized on inclusive growth. Far from it. Like many other countries, Israel faces some deep socio-economic, cultural and political divisions between those left behind by globalisation, uncomfortable with the pace and extent of change and those who have thrived in the connected, global society.

Nevertheless,

we do believe that some of the underlying ethos of Israeli society and some of the specific approaches in Israel today, are worth alerting an international audience to.





INSIGHTS FOR OTHERS

There are some very specific challenges facing Israeli society: how to better engage ultra-Orthodox Jewish communities and how better to integrate Arab Israelis in society and specifically in economic activity. These challenges, however, are mirrored in the challenges of integrating other marginalized communities, in other parts of the world: African Americans in the US, the French of North African heritage in France, communities from the Indian sub-continent in the UK, refugees and economic migrants across the world.

Similarly, communities across the world face challenges with ageing populations and specific issues like digital exclusion, elder-poverty, access to social care, inequalities in health and consequent differences in longevity.

As the British social entrepreneur and founder of the experiential learning Leaders Quest organization, Lindsay Levin, who has been a frequent visitor to Israel and Palestine in recent years, bringing groups of business leaders and entrepreneurs to the region, has observed: "Looking at developments in Israel is like holding up a mirror to one's own country! People who came on quests to Israel came back with a better understanding of the complexity of the situation. But they still had their views.

That has changed over the last couple of years: Europeans and Americans are now also seeing Israel as a mirror of their own situation. Israel is a fast forward of where they are headed. So Israel has a lot of lessons for others to learn from."

There are also the common opportunities – but also threats – from Artificial (or augmented) Intelligence and consequent mass job losses from automation. Societies across the world face major questions about the future of work and therefore, how to provide life-long learning to enable workers to switch jobs and even careers on multiple occasions.

My personal perspective is that the

business contribution to inclusive growth is both a defensive, risk mitigation strategy; but done well, can be even more, a proactive, opportunity enhancement strategy that is a "win-win" – a win for the business involved and a win for wider society.

For twenty years, I have argued that Corporate Responsibility is not just defensive: reducing risks by minimizing negative Social, Environmental and Economic (SEE) impacts; but if it is to be truly sustainable, it must be also about seizing the opportunities from maximizing SEE impacts. Indeed my first book in 2001 was called: "Everybody's Business: Managing Risks **and Opportunities** in today's global society."⁸ (Emphasis added). The great management guru, Peter Drucker reflected this idea in a conversation shortly before he died in 2005, when he said:

”

"Every global problem and social issue is a business opportunity in disguise."

”

This is very much the philosophy that Maala brings to this Inclusive Growth debate.

Furthermore, and as an outsider, it is easier for me to say this, organisations like Maala are better placed to play a

bigger role in mobilizing business for Inclusive Growth in Israel, than are their counterparts in say North America or some parts of Europe. This is because of Israel's extreme geographic concentration, the "One-degree of separation" connectivity in Israel, the country's size and also the common bonding experiences that business and Civil Society leaders in Israel have experienced through service in the Israel Defence Force (IDF). It is also because of the 20+

year track-record that Maala has in mobilizing businesses in Israel. As another Israeli CEO told one of the round-tables convened by Maala in the autumn of 2011 in the aftermath of the social protests, observed: "We need to come together and start a dialogue. Maala is an excellent venue. There is no other." Yet another opined at the same event:

"Maala is the only organization that can unite businesses and start talking about those issues."⁹

PURPOSE OF PUBLICATION

The first goal of this publication, therefore, is to inspire more businesses in Israel to join in the efforts to improve inclusion; and to encourage more collaboration, in order to scale-up and achieve greater long-term impact.

Our second objective, however, is to reach business internationally, Corporate Responsibility coalitions, trade

associations, employers federations and potential partners of business in Civil Society, trade unions and in the public sector, to learn from the experience of Israeli business in encouraging inclusive growth. This has become even more relevant with the launch at the Biarritz G7 Summit in August of a three-year Business and Inclusive Growth Platform and initiative, under the auspices of the OECD.

OUR TITLE

We have called our book: "Leaving No One Behind." For Israeli readers this will have a very specific resonance with the long-held mantra of the IDF that no soldier should be left behind during military operations, evacuations – or if captured. It also fits within a wider socio-political, cultural belief, in equality of opportunity. International readers hearing "Leaving No One Behind," may first think of the link to the United Nations Sustainable Development Goals (SDGs) and the admonition to "leave no one behind." Inclusive Growth, of course, contributes to the fulfilment of a number of the SDGs: notably, SDG 1: No Poverty, SDG 4:

Quality Education, SDG 5: Gender Equality, SDG 8: Decent work & Economic Growth, and SDG 10: Reduced inequalities. Businesses across the world which are trying to improve their performance on the SDGs should find useful tips here.

The title is also something of a provocation and a call to action. Readers both Israeli and international, will understand that sadly "Leaving No One Behind," is far from a statement of fact to-day – either in Israel or globally. Our title is a statement of aspiration, rather than a description of current realities.

OUR PERSPECTIVE

We are not experts on Inclusive Growth – our locus is knowing something about the role that business can play in contributing to Inclusive Growth – particularly in Israel. We are not here getting into the international debates about how to measure progress in society such as the

Happiness Index or the Well-being Index. We come to these debates from the very practical perspective that businesses contributing to Inclusive Growth, if they do it well, benefit from their actions as well as benefitting society.



OUR SOURCES

Nearly 30 companies are featured in "Leaving No One Behind." We have chosen these particular companies because they have ranked as Platinum or Platinum-Plus in the Tel Aviv Stock Exchange/Maala ESG Index or the SME Index, have been a highly rated finalist or winner of the annual Dov Lautman Diversity Awards and / or are a strategic partner of the JDC. In the case of the companies which have been selected for the award, this was done by an independent panel of experts. Similarly, the criteria for the Index are chosen by an independent committee of experts, who are also responsible for the periodic updates of the criteria. Again, the JDC is a respected centre of expertise. We feel comfortable, therefore, in asserting that the examples profiled represent what is currently leading practice in Israel.

We look at almost 40 different initiatives. As well as individual company examples, we also highlight a number of collaborations: groups of businesses working together

and typically also with Civil Society, JDC¹⁰, foundations and / or government and municipalities. Apart from Maala itself, these collaborative initiatives include Co-Impact, 5x2, Tmura and the Manufacturers' Association.

We recognize that there are many other businesses in Israel – large and small, new and well-established – that are also contributing to Inclusive Growth, but in the time available to us, we have had to give preference to telling the stories of those businesses which have already submitted themselves to some form of external assessment. We hope that "Leaving No One Behind" will encourage more businesses in Israel to publicise their stories of how they are also contributing to Inclusive Growth.



OUR APPROACH

The Maala team are in regular contact with their membership. Collectively, the team has a good overview of the focus and activities of their member companies. This existing knowledge was supplemented with nearly forty on-the-record interviews for "Leaving No One Behind." Interviews where I was involved, were conducted in English. All interviewees were subsequently given the opportunity to check quotations attributed to them; and companies were invited to fact-check their case-studies.

"Leaving No One Behind" is the product of frequent and detailed conversations between the Maala team and I over

almost a year – both face-to-face and via frequent Skype conference calls. The Maala team provided the in-depth understanding of Responsible Business in Israel. My role was to play the "critical friend," challenging and probing: "kicking the tires" of the arguments.

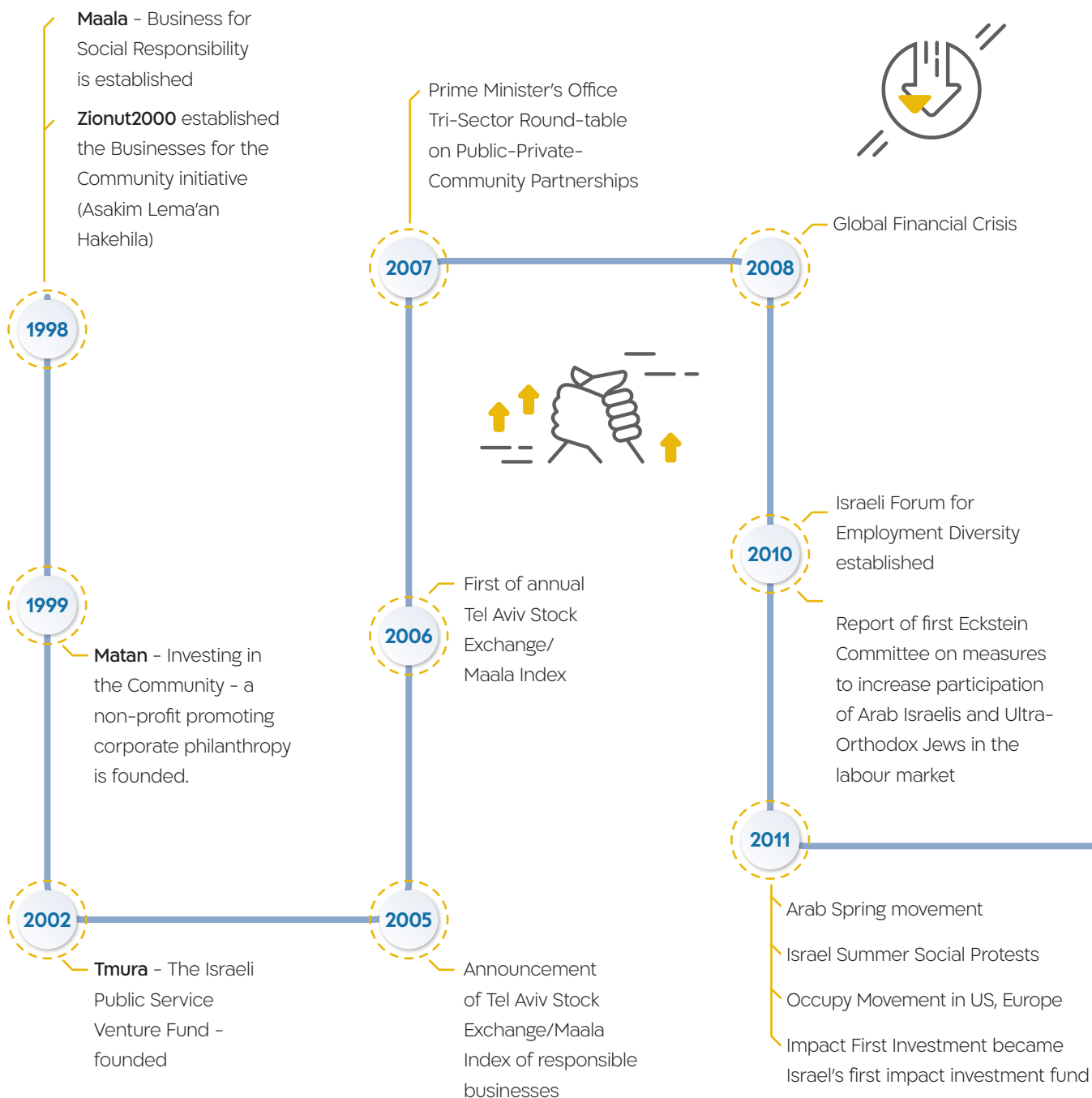
A draft of "Leaving No One Behind" was then reviewed by an international advisory panel of experts in Responsible Business and Inclusive Growth. This led to substantial re-writing and refinement of the key messages. We are most grateful for their feedback.

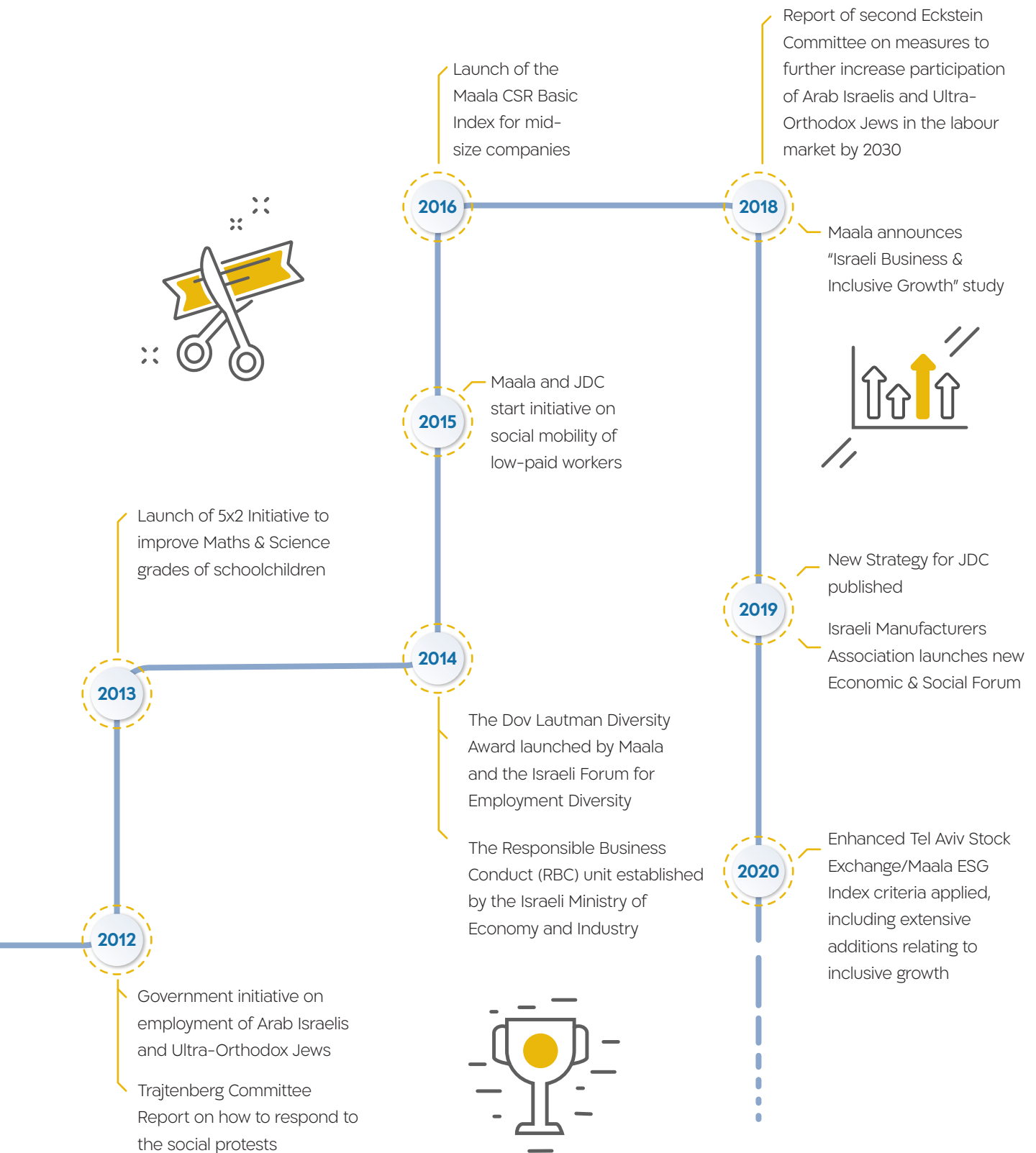
As the Maala team explain further at the end of the book, we hope that through these collective efforts, we have produced a collection of practical examples that will inspire

more businesses in Israel and also internationally, to join the drive for Inclusive Growth



TIMELINE OF BUSINESS AND INCLUSIVE GROWTH IN ISRAEL





1 PART ONE

Chapter 1 | INCLUSIVE GROWTH

In October 2013, an influential group of international leaders, under the chairmanship of Pascal Lamy – the former director-general of the WTO (World Trade Organization) – issued “Now for the Long Term: The Report of the Oxford Martin Commission for Future Generations.” The report – produced under the auspices of the Oxford University Martin School – began with an arresting opening sentence: “NOW is the best time in history to be alive.”¹¹

The report continued with a justification for this bold statement: “Our world has experienced a sustained period of positive change. The average person is about eight times richer than a century ago, nearly one billion people have been lifted out of extreme poverty over the past two decades, living standards have soared, life expectancy has risen, the threat of war between great powers has declined, and our genetic code and universe have been unlocked in previously inconceivable ways. Many of today’s goods are unimaginable without collective contributions from different parts of the world, through which more of us can move freely with a passport or visa, provided we have the means to do so. Our world is functionally smaller, and its possibilities are bigger and brighter than ever before. Never before have so many people been optimistic about their future.”¹²

Nevertheless, the authors of the report went on to recognise:

“While the future is full of opportunity arising from the extraordinary advances of recent decades, it is also highly uncertain and characterised by growing systemic risks.”



Amongst the systemic risks that the report identified was that of growing inequality.

The campaigning NGO Oxfam has been provocatively highlighting the extreme wealth inequalities across the world. In its latest annual wealth check released to mark the start of the World Economic Forum in Davos each year, Oxfam said 2018 had been a year in which the rich had grown richer and the poor poorer. According to Oxfam, the 26 richest billionaires own as many assets as the 3.8 billion people who make up the poorest half of the planet’s population. “Oxfam said the wealth of more than 2,200 billionaires across the globe had increased by \$900bn in 2018 – or \$2.5bn a day. The 12% increase in the wealth of the very richest contrasted with a fall of 11% in the wealth of the poorest half of the world’s population. As a result, the report concluded, the number of billionaires owning as much wealth as half the world’s population fell from 43 in 2017 to 26 last year. In 2016 the number was 61.”¹³

This “Winners take all” outcome, high rates of unemployment and under-employment in many parts of the world, and enforced public-sector austerity in many societies since the

Global Financial Crisis of 2008 have resulted in less than 1 in 5 of the general public across the world agreeing with the statement “the system is working for me,” according to the 2019 Edelman Trust Barometer.¹⁴

As Aron Cramer, CEO of Business for Social Responsibility, has recently observed:

”

“decreased economic security and mobility are not simply “today’s issues”—they reflect structural changes in our world and our economy that demand attention.”¹⁵

”

It is statistics like these, that has provoked increasing focus on the question of Inclusive Growth. This has become particularly acute with the rise of populist movements in many countries.

The OECD defines “inclusive growth” as “economic growth that is distributed fairly across society and creates opportunities for all” and as “economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society.”¹⁶ This is consistent with the findings in the Growth Report: Strategies for Sustained Growth and Inclusive Development (Commission on Growth and Development, 2008). The commission suggests that inclusiveness encompasses equity, equality of opportunity, and protection in market and employment transitions.

The rapid and sustained poverty reduction that is required for inclusive growth allows people to contribute to, and benefit from, economic growth. Inclusive growth implies a direct link between macro and micro determinants of

growth. The micro determinants capture the importance of structural transformation for economic diversification. Absolute growth that is pro-poor can be the result of direct income redistribution schemes to address issues of inequality, but for growth to be inclusive, productivity must be improved and new opportunities for employment need to be created.

As an OECD report prepared for the OECD Council meeting at Ministerial Level in May 2018 noted:

“There is a clear economic imperative to tackle increased inequalities in income and opportunities in many OECD and partner countries. Indeed, bringing together an agenda for higher productivity with policies for inclusivity will enhance outcomes that matter for people. Moreover, inaction comes with risks. Inequalities are undermining people’s confidence in open trade and markets and could further weigh on long-term growth and macroeconomic stability. Globalisation, digitalisation, demographics and climate change are transforming the way economies work, providing new opportunities for growth, but also raising the risk of deeper inequalities if the gains from growth are not evenly shared among people, firms and regions. The focus on stronger productivity growth is necessary, but not sufficient to sustain economic growth over the long-term unless equity issues are also addressed...”¹⁷

The 2015 Inclusive Growth and Development Report from The World Economic Forum identified 15 domains that are important for promoting social inclusion. These include educational opportunity and performance, the relationship between productivity and wage growth, physical and digital infrastructure, and the coverage and adequacy of basic social protections. They also include areas that are not traditionally considered as equality-enhancing, such as facilitating asset building through small businesses. More recently, Morgan Stanley’s Institute for Sustainable Investing and The Economist Intelligence Unit have defined the concept of inclusive growth as “broad-based economic growth that benefits society **and is sustainable over time.**”¹⁸ (Emphasis added) This definition helpfully positions Inclusive Growth within the constraints of planetary boundaries such as Climate Change, resource depletion, biodiversity loss and pollution. These are, of course, interlinked. The Climate

Emergency, for example, has major societal impacts as extreme droughts force more and more people to become Climate migrants.

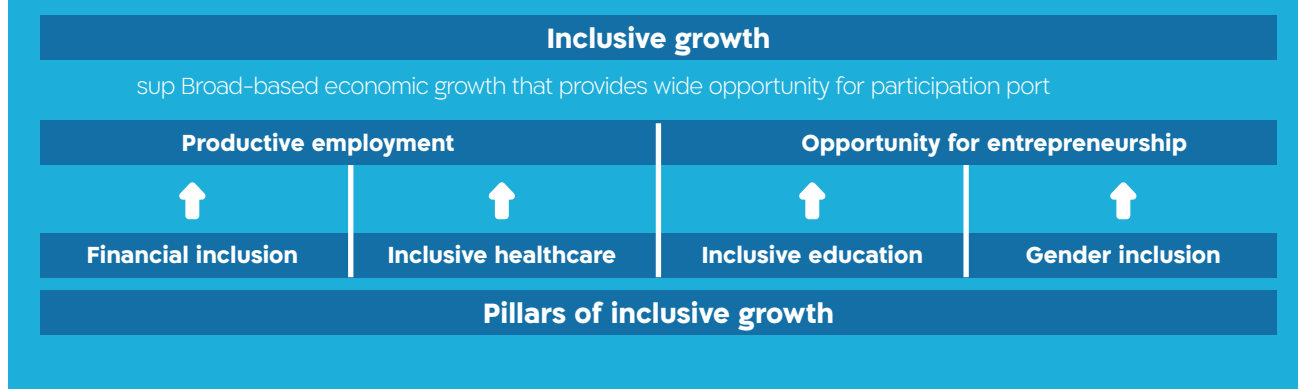
Defining Inclusive Growth

The Economist Intelligence Unit defines inclusive growth as economic growth that is shared across sectors, that is sustainable, that produces productive employment opportunities, that reduces poverty and inequality and, more generally, that provides for broad participation in the benefits of growth.

Inclusive growth helps ensure that people have the means and tools to contribute to and benefit from growth. This entails having the necessary building blocks to engage in employment and entrepreneurship: namely affordable

healthcare and education alongside financial tools to promote security and provide opportunity for risk-taking. Quality financial, healthcare and education services—the “pillars” of inclusion—as well as other vital services must be accessible, regardless of income, gender, minority status, ethnicity or location.

This study aims to highlight the role that private investment can play in support of inclusive growth and to provide an analytic framework to enable investors to explore where opportunity may be strongest.



Source: Inclusive Growth Opportunities Index 2017 Navigating In-Country Opportunities for Technology-Enabled Sustainable Investing – Morgan Stanley & Economist Intelligence Unit. ¹⁹

Access to Education

Children from low socio-economic backgrounds need to be a particular focus of educational, cultural and health policies to tackle what will likely otherwise be life-long educational inequalities, preventing individuals from disadvantaged backgrounds climbing the socio-economic ladder. This is necessary to create a more sustainable and inclusive economic growth and social cohesion.

Interventions may include:

- evidence-based parenting programmes, home visits for troubled families to connect to the resources they need to improve their children's learning environments;
- supporting disadvantaged schools: allocation of sufficient financial and human resources to disadvantaged schools

to compensate for lack of high quality education and, extra training opportunities for students from disadvantaged backgrounds

- beyond formal education: actions to ensure skills are kept up to date and developed – especially among low and middle-skilled adults and migrants. Low or outdated skills are a common barrier for both the unemployed to find work and for employees to keep up with the evolving needs of the workplace
- improvement of basic skills to enable participation in further learning: many adults who have dropped out of school early may only have basic levels of literacy and numeracy skills. This is a great obstacle to entering the job market or participating in training later in life. It is therefore crucial that these adults are provided with adequate opportunities to improve their basic skills
- innovative and flexible learning opportunities to overcome access barriers for the most vulnerable groups: such as young adults who are not in education, employment, or training (NEETs), single parents and immigrants with low levels of educational attainment
- combining adult education, job training and careers guidance to reintegrate unemployed adults into the labour market.

Helping everyone to make the most of their schooling and subsequently to have the opportunity and the hunger for lifelong learning is, therefore, fundamental to tackling social and economic exclusion and building more inclusive societies.

Current employment & future employability

Inclusive Growth involves tackling the scourge of unemployment and under-employment today, but also improving employability in the future, in the face of pervasive market disruptions – especially driven by what the World Economic Forum has characterised as the Fourth Industrial Revolution. This Fourth Industrial Revolution will lead to widespread automation of many jobs, including many white collar ones in law, accounting etc. This is particularly important in the context of intergenerational mobility.

In the face of these challenges, the global consultancy Deloitte found in a recent survey that

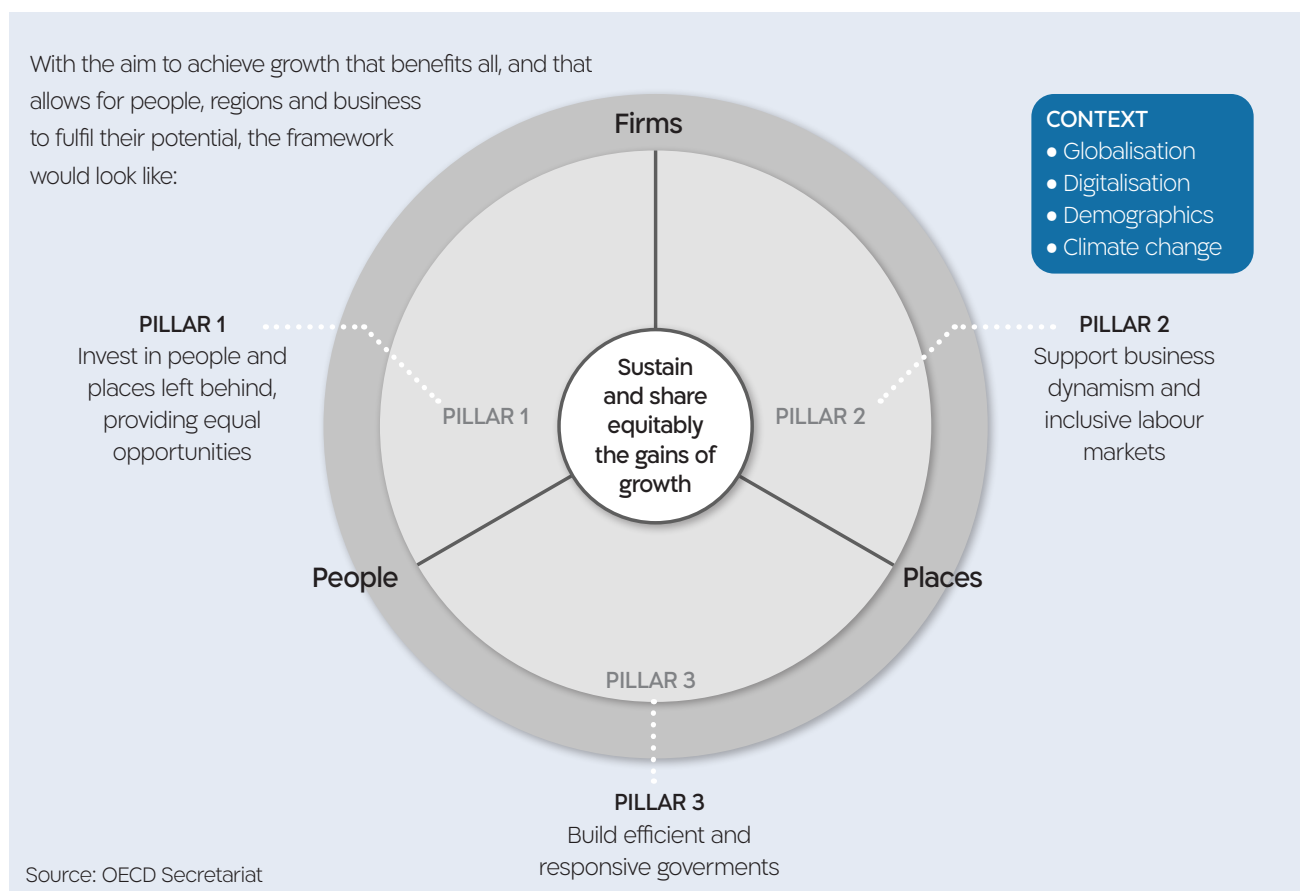
a majority of business leaders are supportive of changing their corporate practices to foster more inclusive growth.²⁰

They believe this new model of capitalism can feed innovation, strengthen resilience and contribute to their competitiveness overall.



The financial crisis of 2008, followed by a sudden spike in unemployment and productivity stagnation, compounded years of rising health, wealth and income inequality. This has marked a challenge to globalisation and market capitalism. The case for inclusive growth reached new heights and the IMF and World Bank, amongst others, made a pitch for greater shared prosperity as a tool for social unity. Several governments have put inclusive growth high on their policy agenda, notably the world's most populous and fastest growing countries, China and India. In the UK, there has been an Inclusive Growth Commission (RSA) and there is an All-Party Parliamentary Group on Inclusive Growth which aims to create a parliamentary space for a high-level dialogue between Members of Parliament, peers, businesses, faith groups, trade unions and academics. The goal is to identify how to reconnect wealth creation and social justice; and to forge a new consensus on inclusive growth and identify the practical next steps for reform. The OECD has proposed a framework for policy action on Inclusive Growth: see figure below.

The OECD Framework for Policy Action on Inclusive Growth
– MAY 2018



It is also significant that since the global financial crisis of 2007–08, a number of business-led initiatives have emerged, which might be grouped under a broad heading of “reimagining” or “renewing” or “resetting” capitalism. These include Focus on Capital for the Long-term, Sustainable Capitalism, Conscious Capitalism and Inclusive Capitalism. More recently, the Business Round-Table, representing more than 180 top CEOs in the USA has issued a new statement on the Purpose of business²¹. Mastercard has created a Centre for Inclusive Growth.²² As Michael Froman, Vice Chairman and President Strategic Growth, Mastercard, wrote in September:

“To achieve solutions at scale, we cannot rely on

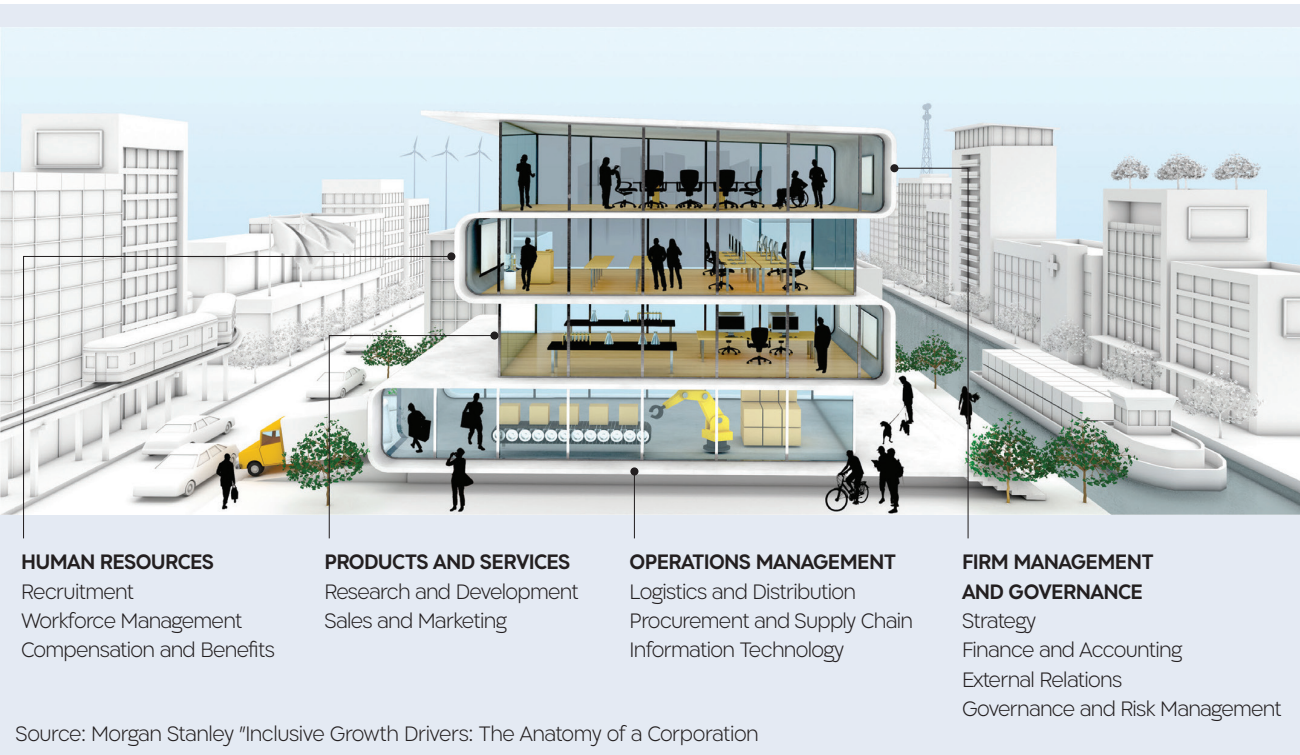
philanthropy or environmental, social and governance (ESG) investment alone—both of which are critically important.

This is not about trading off business interests against social interests. It’s about recognizing that businesses thrive in a thriving world and fail in a system that fails too many.

It is in shareholders’ interests that we explore how to use our

products, technology, business models and understanding of ecosystems to address these fundamental social and economic challenges.”²³

Morgan Stanley’s Institute for Sustainable Investing has established a workstream around Business and Inclusive Growth. This has included an important report in 2017: “Inclusive Growth Drivers: The Anatomy of a Corporation.” This identified four pillars of how businesses can contribute to inclusive growth (see diagram)²⁴. We have adopted and slightly adapted this framework for this publication.



Before we examine just how businesses in Israel have changed their corporate practices in order to foster Inclusive Growth, we examine first the specific challenges of social and economic exclusion in Israel; and then the distinctive features of Israeli society which are shaping how businesses in Israel approach Inclusive Growth.

1 PART ONE

Chapter 2 | SOCIAL & ECONOMIC EXCLUSION IN ISRAEL TODAY

Introduction

As the 2018 Economic Survey of Israel published by the OECD, makes clear, the country is enjoying a strong economy and is benefiting from its unique demographics:

- Israel is experiencing its 15th consecutive year of stable economic growth
- On average, GDP increased by 4.0% annually - faster than any other OECD country²⁵
- Unemployment is historically low
- The average standard of living is improving steadily.

These impressive outcomes are expected to continue in the short term, according to the 2018 OECD Survey on Israel.²⁶

Israel has become a global high-tech hub with - according to Dan Senor - 360 multinational R&D centres - the highest per capita concentration in the world - see Illustrative figure from Lior Weizman, Deloitte Israel: Multinationals' R&D Centres in Israel.

Israel also enjoys an enviable reputation for its entrepreneurial culture and support eco-system, as these statistics compiled by Eytan Messika from the European venture capital fund / platform OneRagtime, demonstrate.²⁷

Multinational R&D & Innovation Centers in Israel

Industry/ Origin	IT, Hardware, Software & Services	Internet & Retail	Semiconductors	Finance, Banking & Insurance	Communications	Automotive, Energy, utility & Industrial	Healthcare & Medical	Other Industries	Electronics
North America									
Europe									
Asia									

Lior Weizman, Deloitte Israel: Multinationals' R&D Centres in Israel.

Israel's Innovation Secret ²⁸



Source: Eytan Messika (2018)

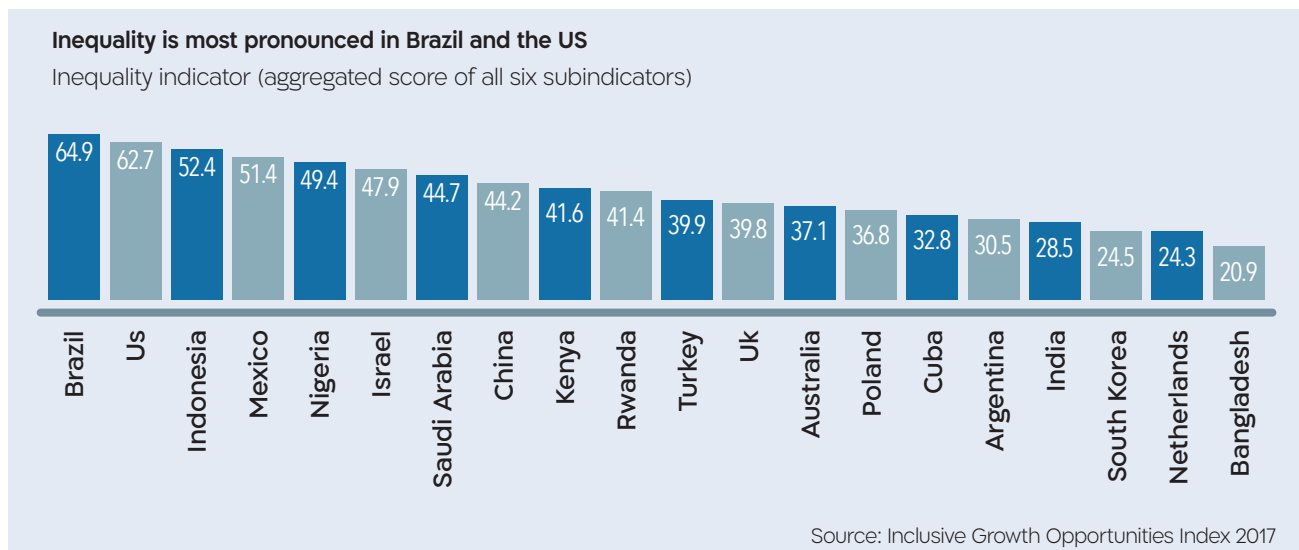
TWO ECONOMIES

However, there are also significant challenges. Inequality is high; according to the World Economic Forum's Inclusive Growth Report 2018, Israel has the highest poverty rate amongst the advanced economies (19.3%); minorities are under-represented in the labour force with consequent high poverty levels; and as minorities grow as a percentage of the total population, there will be declining productivity

and rising poverty, unless workforce participation rates can be improved markedly for the Ultra-Orthodox, Arab Israelis and people with disabilities. Israel also faces an "ageing bulge" and significant elder poverty. Furthermore, there are risks of rising social and economic exclusion of those who are less technologically literate as the Digital Society intensifies.

Inequality

Inequality is high as the Inclusive Growth Opportunities Index 2017 showed: see diagram. ²⁹



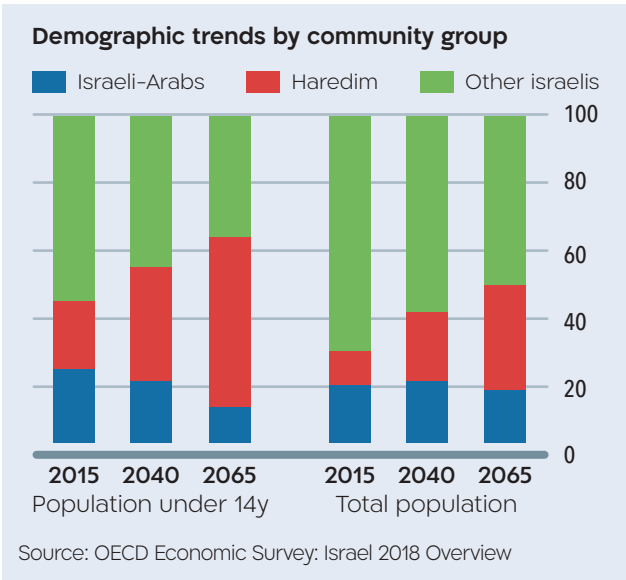
Other significant challenges in Israel to-day include:

- In-work poverty
- Low workforce participation amongst marginalised communities: the Ultra-Orthodox, Arab Israelis and Israelis with disabilities

- And, during the 2020s, as the immigrants who came to Israel from the former Soviet Union during the 1990s, age, there will be a very significant, added dimension of the elderly poor, due to the limited pension provisions for many of these Olim.

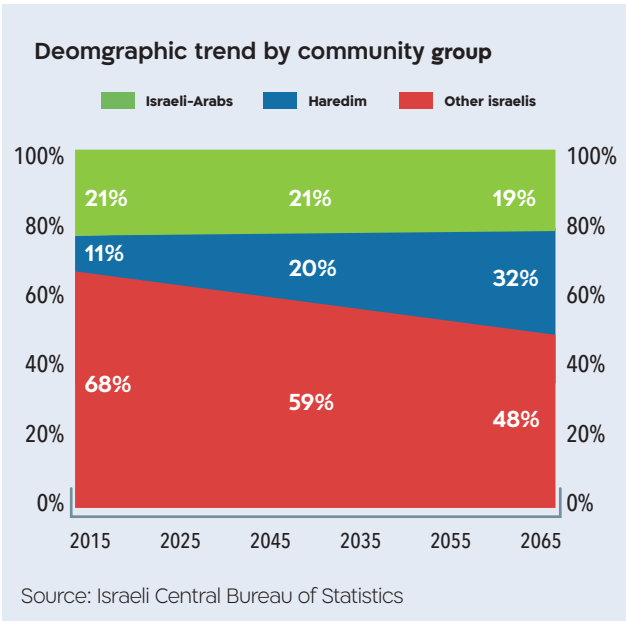


As the OECD explained in its Economic Survey of Israel (March 2018): "Israeli society is marked by significant disparities between different communities. Most Haredim and Israeli-Arabs live separately from the rest of the population. They have different school systems, live mostly in different cities, and do not serve in the army. This contributes to different outcomes in the labour market, education and earnings. Given their tendency to have very large families, the Haredi demographic share is projected to nearly triple in the coming decades to almost 30%. This will have serious economic implications, since Haredi men have a cultural preference in full-time religious studies rather than participate in the labour market and avoid core subjects in their school careers. Furthermore, Haredi women can work only part time because of their family responsibilities. The majority of Israeli Arab women also do not participate in the labour market due to cultural preferences. The result is that most Haredi and Arab families have only one breadwinner, resulting in significant problems of poverty, notably among children."



"Given the high fertility of Haredi women, which is assumed to remain largely unchanged, the share of that community in the total population would triple in the next 45 to 50 years, with the total share of Arab Israelis and Haredim rising from one-third to one-half over this period (CBS, 2017b). Despite recent improvements, these groups have poorer labour-market outcomes and much lower productivity than non-Haredi Jews, and labour force participation remains

particularly weak among Haredi men and Arab-Israeli women....These demographic changes mean that per capita GDP growth will probably slow in coming decades.



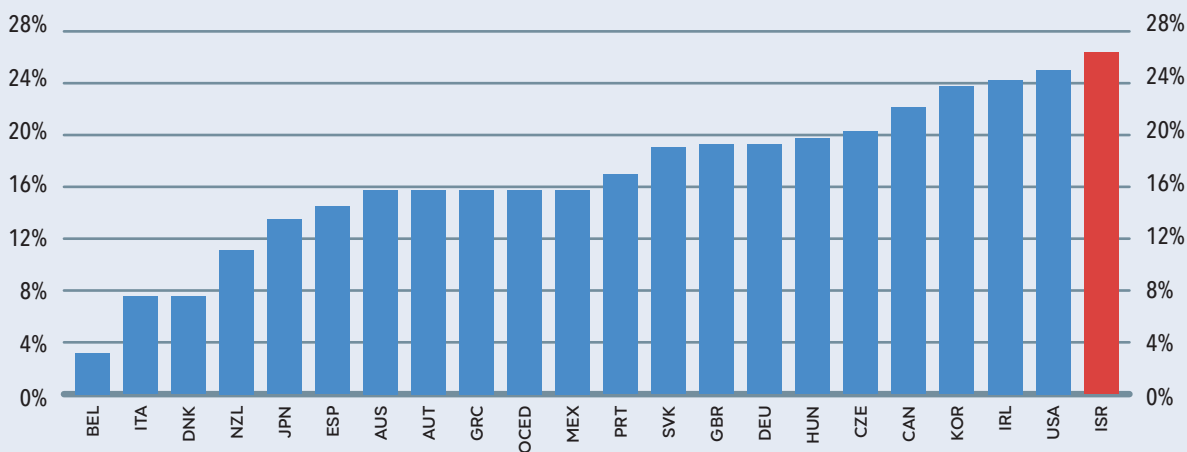
Improving education and workforce participation of minorities

The OECD also concluded: "Further improving the Haredim and Arab-Israelis' (youth in particular) integration into society through better education and training leading to a lower productivity gap with non-Haredi Jews from around 40% currently to, say, 20% in 2059 would raise average annual per capita GDP growth by 0.2 percentage point. These reforms would shrink existing income disparities within Israeli society and the shortfall in living standards vis-à-vis the OECD average to 10% in 2059."

The labour market is still characterised by severe duality. On the one hand, there are productive advanced industries, including high-tech sectors, which attract mostly high-skilled workers with high wages. On the other, low-productivity, often non-tradeable, sectors employ many Arab-Israelis and Haredim who are trapped in low-quality, low-wage jobs. Israel's share of low-paid workers is one of the OECD's highest. Many disadvantaged workers have been able to find jobs, but their families remain poor, since in most cases these jobs are low-paid.

There is a high share of low-paid jobs in the labour market

share of low paid workers



Source: OECD Economic Survey: Israel 2018 Overview

Working Poor

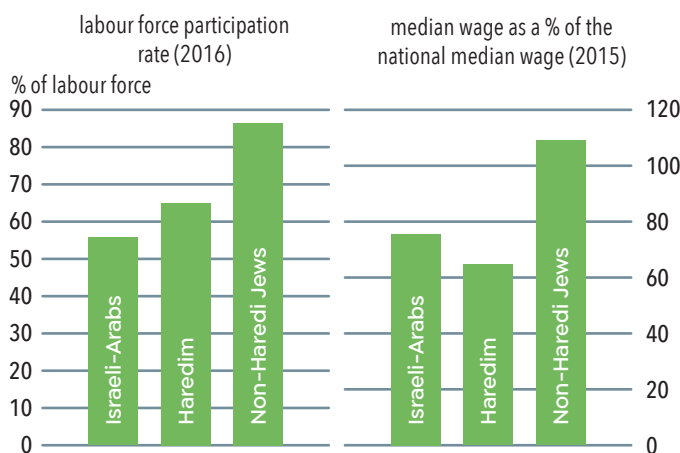
Indeed, the share of the working poor has risen in recent years and is internationally high. This is particularly true for the Haredim and Arab-Israelis, for whom the increased number of breadwinners per family in the last decade (including part-time workers) has had only a limited impact on their poverty risks. Hence the need to focus more on decreasing poverty among those in work.

Extensive poverty and inequality in Israeli society are to a significant extent due to the wide dispersion of skills. Israel has one of the largest gaps between adults with outstanding competences and those with weak outcomes. The share of adults with top-notch numeracy skills is comparable to the OECD average, but the proportion of low-skilled adults is exceptionally high: for example, almost one-third of Israelis lack basic math skills. These differences are particularly pronounced between communities, which exacerbates already strong socio-economic divisions in Israeli society. Large wage gaps between Arab-Israelis and Haredim and the rest of the population can for the most part be explained by differences in skills.³⁰

Amongst Israelis with disabilities: 34% of employees with disabilities earn below the minimum wage (5,300 NIS; \$1,500) versus only 26% of employees without disabilities.

The same thing applies for earning higher income levels: with average salaries of people with disabilities around 7,000 NIS (\$2,000), only 33% of employees with disabilities earn above the average salary versus 46% in the general population.³¹

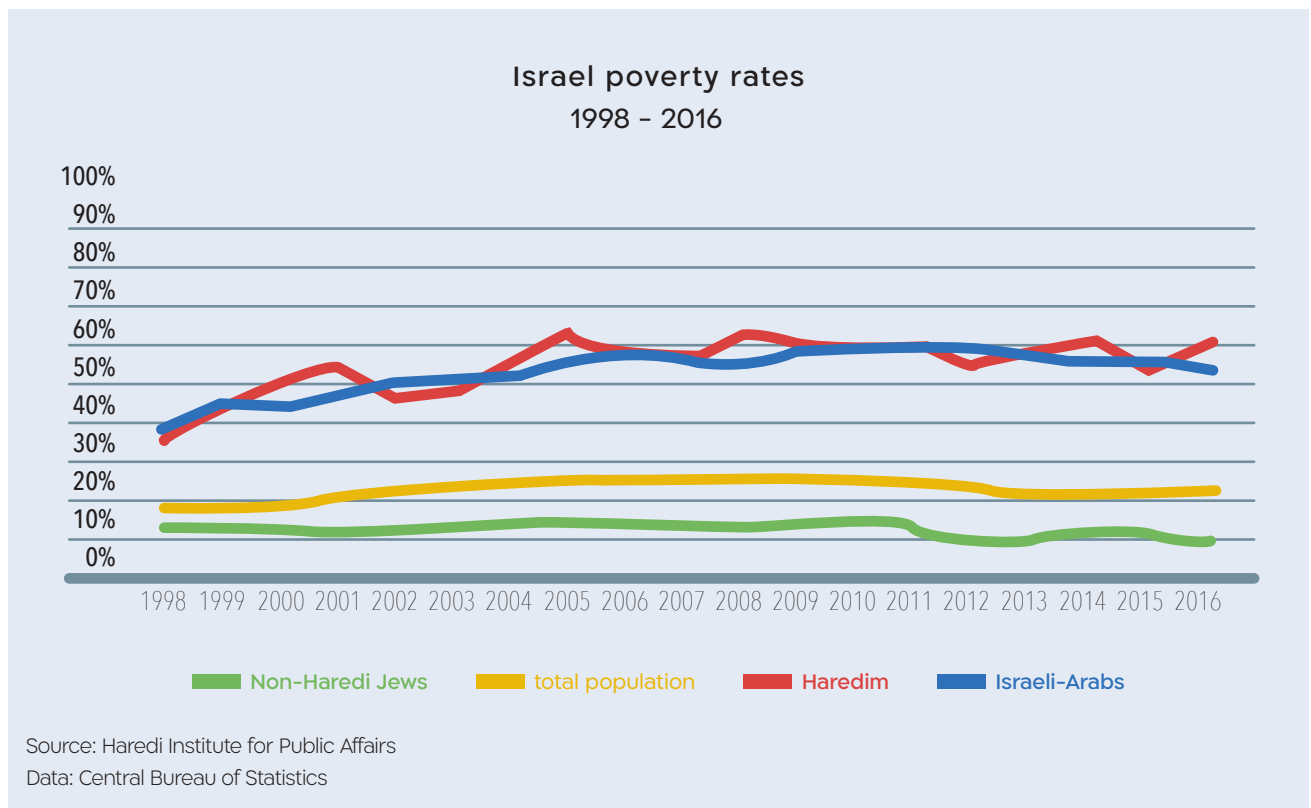
the israeli-Arabs and Haredim have significantly weaker labour market outcomes



Source: Israeli Central Bureau of Statistics & Israeli Ministry of Finance

Differential Poverty Rates

Consequentially, poverty rates vary considerably amongst different components of Israeli society.



Older Workers

PricewaterhouseCooper's Golden Age Index assesses the impact of older workers on different aspects of a country's labour market, including employment, earnings and the gender gap. The 2018 Golden Age Index ranks Israel third amongst OECD nations for participation of older workers. Iceland topped the 2018 index with 84% of the 55-64 age range employed, compared with the OECD average of 60%. New Zealand was second (78%) and Israel third (66.8%).

The percentage of older people working increased significantly over the past 10+ years because the retirement age in Israel has been gradually increased since 2004. This raised the average incomes of older citizens, as well as

their pensions, and apparently also played a role in Israel's economic growth over the past decade. Older workers – those at or near retirement age – account for about 10% of Israel's workforce.³²

Nearly 60% of women and men in retirement age, 62 and 67 respectively, don't have any pension arrangement and 20% need to receive extended social security.³³

Given these statistics, it is perhaps unsurprising that Israel ranks 25th for Inclusive Growth amongst the advanced economies, according to the World Economic Forum³⁴

2011 SOCIAL PROTESTS

It was against this general background that the 2011 Social Protests took place. The demonstrators called for a new social compact, based on greater social justice and equity. Three main drivers behind the protests can be clearly identified:

- The first was the financial adversity of individuals and families forming the backbone of Israeli society, especially the adversity of young working families; educated individuals with proper employment skills, who could not cope with the cost of living, with the housing expenses, and with proper care and education for their young children.
- The second source of the protests was the deep-rooted feeling of injustice, specifically related to the increase in the inequality, and those who have become rich at others' expense.
- The third source of the protests stemmed from the widespread and dangerous feeling of alienation – and even detachment from the state institutions, perceived as not serving the people.

As the chairman of a committee of inquiry into the causes of the social protests, appointed by the Israeli Government: the economist Prof. Manuel Trajtenberg concluded in his report:

"The people demand social justice—not special privileges, not a bigger piece of the pie at the expense of another, but

social justice; for everyone... justice that can leap over the fault lines of the past"³⁵

As Trajtenberg went on to argue:

"Indeed, every society is measured by its ability to change and rebuild itself according to varying circumstances while minimizing the human cost charged by the change. The Israeli society has mostly excelled in evolution: starting from the waves of immigration and the shrugging off of the norms of the Diaspora, the establishment of new institutions and social orders (the Work and Defense Battalion- Gdud HaAvoda, the Kibbutz, the Histadrut etc.) and up to turning the Israeli economy into a vibrant market economy after the emergency programme of 1985. These changes and others required a tug of war, but they never resorted to severe violence or chaos, and society in Israel knew how to quickly align itself with the new institutions and norms and confidently march forward towards the next challenge. This is a quality and a blessing not easily found in many countries worldwide."³⁶

It might be argued that the 2011 social protests represent another chapter in the history of Israel. There is, however, a wider business case for businesses in Israel taking a more proactive approach to Inclusive Growth.



Business Case

Israel has low unemployment so there is a clear manpower need to be more proactive in pre-recruitment training, making workplace adaptations and thereby being able to recruit from a wider talent pool. The same HR business case also applies to being more proactive in making adjustments, offering flexible working and providing additional help to employees from marginalized communities, to enable them to stay in the workforce and also to progress from entry-level posts to more senior jobs. B2C businesses have a business rationale to attract and retain customers by improving digital and financial literacy; and helping to increase spending power of consumers through, for example, lobbying for increases in pensions. There is also a rationale for a long-term value-creation by capacity building B2B customers and suppliers.

More broadly, as the global responsible business coalition – the World Business Council for Sustainable Development – makes clear: it is hard to do business on a dead planet and similarly, businesses cannot succeed for long in failed societies. If economic growth is only enjoyed by the few, it will not be sustained by the many. As former UN Secretary General the late Kofi Annan once noted: "If we cannot make globalisation work for all, in the end it will work for none."

How Israeli businesses have responded will be examined in subsequent chapters. However, this business response is very much grounded in the particular features of Israeli society – and it is these features that we examine in the next chapter.

1 PART ONE

Chapter 3 | THE ISRAELI DYNAMIC AND HOW THIS DRIVES A FOCUS ON INCLUSIVE GROWTH

A number of the interviewees for this book, argued that the efforts of Israeli businesses to tackle social and economic exclusion, owe a great deal to a unique combination of features that have shaped Israeli society overall. This is not to deny the relevance of the international arguments for businesses contributing to inclusion. Nor is it to under-play the profound impact on many business leaders of the 2011 Social Protests. The 2011 protests did lead many businesses to take a more strategic and long-term approach. However, all these factors particularly resonated because of the distinctive nature of Israeli society. What might be called the "Israeli Dynamic."



Multiculturalism as an Asset

These distinctive features include the reality that Israel is a very young country – with a very ancient history. Israel is comprised of many varied ethnic, religious, cultural and social backgrounds and indulging a myriad of lifestyles; vastly urban with vibrant rural communities; abundant modernity with highly traditional groups; secular majority with freedom of faith and worship.³⁷

Modern Israel has been built on successive waves of mass immigration, which means that the population has continuously had to adapt and accommodate and assimilate new influxes – being proactive in identifying what new adaptations might be necessary. In size, "Israel's land mass is smaller than New Jersey, but it is home to people from over 70 nationalities."³⁸

In June 2015 the President of Israel Reuven Rivlin, delivered a speech at the Herzliya Conference marking the first anniversary of his tenure. The speech is often referred to as "the speech about the tribes" and has become an important text in Israeli public discourse.

"...One thing is clear: the demographic processes that are reshaping Israeli society have in fact created 'a new Israeli order,' an order in which there are no longer a clear majority and clear minorities. An order in which Israeli society is composed of four sectors, or – if we choose – four central 'tribes,' essentially different from one another who are progressing towards equal sizes...Whenever I describe this distribution, I am always asked: 'and what about the distribution between Ashkenazi and Sephardi Jews?' Between Left and Right? Periphery and centre? Rich and poor? Are these not dividing lines that segment and tear apart Israeli society? And the answer is, of course they are. Those dividing lines unfortunately exist – within each of the population sectors, and through all of them together – and they must be addressed and dealt with." "The 'new Israeli order' now requires us to abandon the accepted view of a majority and minorities, and move to a new concept of partnership between the various population sectors in our society. Clarification of the essence of that partnership is the task of all of Israeli society"

The four central "tribes" that President Rivlin referred to are the Observant, mainstream religious; the Ultra-Orthodox; the secular Jewish; and the Arab Israelis.

The wide array of diverse ethnic, religious, cultural and social backgrounds have shaped Israel's globally distinguished and unique social composition. In this "young society with ancient roots" (Forbes), the inflow of new immigrants has long been an asset, and the key engine to Israel's economic vitality and success.

In 2014 alone, "a third of the people in Israel were foreign-born, a comparable proportion with other innovation hubs such as Silicon Valley and New York."³⁹



The Israeli Defense Force

A particularly crucial feature of Israeli society is the role of the IDF: the Israeli Defense Force – in which most young Israelis – male and female – are obliged to serve.

"Normally, when one thinks of military culture," write Dan Senor and Saul Singer in *Start-up Nation*, "one thinks of strict hierarchies, unwavering obedience to superiors, and an acceptance of the fact that each soldier is but a small, uninformed cog in a big wheel. But the IDF doesn't fit that description. And in Israel pretty much everyone serves in the military, where its culture is worked into Israel's citizens over a compulsory two- to three-year service. The IDF's downward delegation of responsibility is both by necessity and by design."⁴⁰

The IDF is a central institution in Israeli society with strong mutual influences. In many ways, the army is a reflection of Israeli society. In addition to its primary military missions, the army carries out important social and economic functions. It is generally perceived as a "nation builder", bringing together Israelis from all walks of life to construct national identity and unity. In a country whose population has grown five-fold since independence 70 years ago and where in 2014, one in three of the population were foreign-born, the IDF creates a powerful "melting pot" bonding.

International readers could be forgiven for mistakenly equating this focus on the role of the IDF and the enduring impact it has, with the nostalgic desire by some people in some other countries, to "bring back national service / conscription," in order as they might put it, to "sort out" young people and instill a sense of "respect for authority." What Senor and Singer identify is something rather different.

In the IDF, people from very different backgrounds are thrown together and given significant, operational responsibility at a very young age, including frequently, the requirement for very young and junior officers to make what may literally be "life and death" decisions. As the

historian Michael Oren, who served in the IDF as a liaison officer to other militaries, is quoted in *Start-Up Nation* as saying:

"The Israeli lieutenant probably has greater command decision latitude than his counterpart in any army in the world."

A unique culture has developed in the IDF, encouraging intuition, improvisation and high-risk taking. Prioritizing results gives soldiers the space to be creative and innovative in the processes used.⁴¹ Senor and Singer also argue that authority in the IDF very much has to be earned; soldiers are expected to speak up and question; and there is an intense process of debriefing and continuous learning.

A similar point is made by Avishai Abrahami, Founder of Wix, particularly in relation to the elite intelligence and cyber-security units of the IDF like Unit 8200: The culture and educational methodology there is exceptional:

"There's nobody around to tell you how to do it. "The culture inside—and it's by design—is that your superiors just tell you to go figure it out. That gives you the huge freedom to think differently. It's you or nobody else. And when you're an entrepreneur, that's the most important skill. When you do 5 or 10 or 20 of those projects, you've just built 3 things that could be a start-up."⁴²

Senor and Singer argue in *Start-Up Nation* that these are important drivers of the entrepreneurial culture that has flowered in Israel over the last two decades. We would argue that the IDF culture which imbues young Israelis with a sense of responsibility for their team and a strong sense of obligation to "leave no one behind" has also contributed to the sense of leaving no one behind in society too.

The young adult being discharged from military service knows the country better, has learned to know and live with the multi-culturalism typical of Israeli society; had tangible experience of the importance of personal

responsibility, responsibility toward the group, friendship and comradeship, professionalism, adhering to a mission, discipline; experienced organizational assignments and leadership experiences; these types of experiences design the soldier's personality, and they emerge equipped accordingly for civilian life.⁴³

As Micky Adiv, Chairperson of Maala and CEO of G1, an Israeli-headquartered security, safety and technology group, told us: "companies and CEOs have historically done this {Inclusive Growth} organically. It is in the DNA." Adiv went on to explain: "the Army is a melting pot...after 1948, it was moulding a new society. Absorption is part of the DNA. It is not learnt on an MBA programme. There is no artificial way of creating the existential tension that my generation felt, the personal experience of financial insecurity. Your military service gives you self-discipline, but it is also a School of Purpose."

Adiv may have been unconsciously echoing the idea of the distinguished American historian Barbara Tuchman:

"with all its problems, Israel has one commanding advantage: a sense of purpose. Israelis may not have affluence or the quiet life. But they have what affluence tends to smother: a motive."⁴⁴

Adiv also emphasised that "as a commander your job is to maintain equality. If you see someone does not have the social skills, you have to take care of it. Just as you take responsibility for people under your command, so there is a sense that you must take responsibility for your employees."⁴⁵

The fact, therefore, that relatively few Arab Israelis or Ultra-Orthodox Israelis serve in the IDF, has a very significant impact, since these communities have missed out on the education, leadership development and deeper social networks that service in the IDF provides.



Chutzpah

Dan Senor and Saul Singer also identify chutzpah as a key driver of Israel's dynamic start-up culture. In their book Start-Up Nation, they defined chutzpah as gall,

brazen nerve, affrontery, incredible guts, presumption, arrogance (page 36) and argue that "assertiveness is the norm." When combined with the other drivers of Israeli entrepreneurial spirit, chutzpah encourages risk-taking, active seeking out of contacts and soaring self-confidence that things can be achieved. This can also apply to businesses in Israel taking more initiative to drive Inclusive Growth.



A tradition of social innovation

Building social and economic inclusion in an era of globalisation, global connectivity, Climate Emergency and hyper global

inequalities will require rapid social innovation. Happily, Israel has been about social innovation since even before its inception – for example as seen with the kibbutz and the work in Israel of the Joint Distribution Committee: JDC.



The connectivity of Israeli society

Another feature of Israeli society which is reinforced by military service and then continuing, annual service in the Army Reserves over many years,

is the extreme connectivity of Israeli society.

In popular culture, we talk about called Six Degrees of Separation – a theory first proposed by Frigyes Karinthy in 1929. The theory states that each of us are just 6 introductions away from any other person on the planet, and any two strangers are, on average, distanced by precisely 6.6 degrees of separation. In Israel, however, the

theory applies differently—you are always, so the saying goes, one degree of separation.⁴⁶

David Yin from Forbes magazine described the consequences of this in an article entitled: “What Makes Israel’s Innovation Ecosystem So Successful.”

Yin describes the one degree of separation as it plays out in Israeli society and its contribution to an innovative market:

“From army to school to neighborhoods, many social circles overlap and grow into a large, interlinked network. Community connections become industry connections and vice versa. It is not uncommon for friends to discuss a new idea over the dinner table and start building a prototype the next day.”⁴⁷

“Another factor is the geographic concentration of institutions such as universities, multinationals, and startups.”⁴⁸

“In Israel, the close proximity of innovation institutions creates a certain buzz. People work alongside and together with each other. Many constantly shuffle between academia, military, entrepreneurship, R&D, policymaking and venture capital, sometimes wearing several hats at once”⁴⁹

This degree of separation does not just produce innovation and entrepreneurial success. It is also an important extra driver of Social Solidarity.

One manifestation of this today, is in the way that Israel’s high-tech, entrepreneurial start-up scene is becoming active in social innovation.

As Benny Levin, Vice Chairman of the Israeli Venture Network wrote in the Jerusalem Post:

“Many high-tech entrepreneurs who manage large companies are giving back, using their expertise as well as their wealth to establish community-based non-profit organizations and associations to benefit under-served sectors of society.”⁵⁰

In the same article, Levin went on to argue:

“I urge my fellow high-tech entrepreneurs who invested their energies in turning Israel into the Start-Up Nation to divert some energy to closing the gaps in Israeli society. Don’t just give away money; invest in social investment funds and use your business skills to teach social entrepreneurs to build businesses that help develop the economy of challenged regions in the country, provide employment to marginalized populations, and assist in the development and social advancement of the State of Israel. The next Social Start-Up Nation.”

We will look further into how they are doing so, in later chapters and particularly in chapter 8.

1 PART ONE

Chapter 4 | DEFINING THE CONTRIBUTION OF BUSINESSES IN ISRAEL TO INCLUSIVE GROWTH

In this chapter, we look at some recent, international models of how business can contribute more effectively to Inclusive Growth and then consider how these could be applied to the Israeli context.

In “Inclusive Growth Drivers: The Anatomy of a Corporation,” the Morgan Stanley’s Institute for Sustainable Investing and BSR (Business for Social Responsibility) explore four key areas where a corporation’s activities can impact inclusive growth:⁵¹



Subsequently, the OECD announced that it was developing a Business for Inclusive Growth (B4IG) Platform in partnership with Danone to unite businesses and governments behind a common agenda for inclusive growth, and empower businesses that want to shift the needle on inclusion.⁵² The Platform initially defined a number of areas to consider such as living wage, diversity and inclusion, inclusion in supply chains, etc. Most recently, this initiative has been endorsed by the French Government as hosts of the 2019 G7 Summit of advanced, industrialised nations, and was formally launched as a three-year programme, as part of the G7 Biarritz summit:

“The Business for Inclusive Growth (B4IG) Platform, a global initiative managed by the OECD, aims to pool

and strengthen efforts by private companies to reduce inequalities linked to opportunity, gender and territory, and to build greater synergies with government-led and philanthropic efforts. In doing so, it will work to bring about a step change in the way growth is pursued and measured.

This is not just good corporate citizenship; it is the future of successful business. Companies benefit from inclusive growth through a more educated and engaged workforce; a larger middle class of consumers with greater purchasing power; more stable operating environments; and a high level of trust from employees, customers and stakeholders.

The G7 Biarritz Summit gives impetus to this effort, catalysing robust action in the private sector, and underlining the importance of strong public-private collaboration to address major economic and societal challenges in G7 economies and beyond.”⁵³

Under the leadership of Emmanuel Faber, Danone Chairman and CEO, 34 international businesses including Accenture, IKEA, Mars and Unilever have committed to promote Inclusive Growth through:

1. Advancing human rights in direct operations and supply chains;
2. Building inclusive workplaces; and
3. Strengthening inclusion in company value chains and business ecosystems.

The B4IG Platform efforts will advance along 3 pillars through a three-year work programme to realise the ambitions on:

1) A pledge to fight inequalities.

2) A project incubator, which will promote on-the-ground collaboration between businesses and with governments and philanthropic actors, serving as a micro-economic lab

that can help inform the macro-economic policies of G7 states and beyond.

3) An inclusive growth financing forum, to survey existing private, philanthropic and public financing mechanisms for inclusive growth, assess how to build greater synergies, deploy new financing models such as output-based financing and generate additional funding streams.”⁵⁴

Drawing on these and other sources, we are looking at the contribution of businesses in Israel to Inclusive Growth under four pillars. Namely:

- Workplace & Work-readiness
- Marketplace: products, services & using the marketing channels of the business
- Supply chains: Purchasing: extending and capacity-building suppliers
- Citizenship: through the example set through core activities and Collaboration & Advocacy for community-building and inclusion.

More broadly, however, we should not forget – as the OECD pointed out in 2018:

“Responsible business conduct is a lever that businesses can use to promote inclusive growth; for example, by raising compliance with laws on respect for human rights, environmental protection, labour relations and financial accountability.”⁵⁵ It might also be added: Corporate Tax Strategy, Executive compensation and pay ratios.

Going All In

In 2018, one of this publication’s authors (David Grayson) co-authored another book: “All In: The future of business leadership.” In that book, David Grayson, Chris Coulter and Mark Lee argued that business can no longer be hesitant or half-hearted about sustainability: it has to go all in.

Going All In involves having a clear purpose, which is authentic and inspiring, explains why the business exists and how it creates value for itself and for society. It is

about having a comprehensive plan, which minimises negative social, environmental and economic impacts, maximises positive impacts and covers all aspects of the business and extends into the supply-chain. Going All In means having a sustainable culture, which is innovative, empowering and engaging, open and transparent, and with a core sense of ethics and responsibility. A business that goes All In, needs to have the skill and will to collaborate extensively with a range of business, civil society and public sector partners. It will need to act as advocates, speaking out and up for social justice and sustainable development.



We believe that businesses which go All In are likely to be more strategic and more successful for themselves and for society in their contribution to inclusive growth.

This is because a business with societal purpose will have inclusive growth at the heart of who they are and what, therefore, they do. Promoting diversity and inclusion will be integral to this. This will be reflected in their plan (corporate strategy). They will, for example, need to be more proactive in attracting, developing and retaining talent if they are to be responsible and not just poach talent all the time with higher pay. Their culture will be based on inclusive values and behaviors because they take responsibility for their

impacts such as job losses from automation and treat employees and other stakeholders ethically. In a sustainable culture, employees are engaged and empowered – and today this means feeling part of the community and not being “left behind.”

Collaboration and advocacy are essential attributes of All In businesses and businesses that are successfully contributing to inclusive growth. Business leaders have to champion the role of business in contributing to Inclusive Growth to their peers, their suppliers, their trade associations and new entrepreneurs.

Adapting the All In Leadership Framework and applying it specifically to the challenge of Inclusive Growth, businesses that want to optimize their contribution to inclusive growth over the long term will:

Purpose – define their purpose: explaining how through their existence, inclusive growth is improved.

Plan – develop a comprehensive plan (corporate strategy) for sustainability and inclusion which covers all aspects of the business and supply chain including future talent requirements

and how to meet these; and how they are capacity building suppliers.

Culture: work to build a sustainable and inclusive culture by identifying blockages they have to achieving such a culture and how these can be overcome.

Collaboration: specifying to their human resources/talent development teams, that part of management development and leadership training should include developing M.U.S.T- have partnership skills – as identified by the international NGO: The Partnering Initiative. (See diagram below)⁵⁶

Advocacy: senior leadership of the business will be prepared to speak out and to speak up for social inclusion and sustainable development: for example, advocating that their umbrella business organizations such as the Manufacturers' Association, the Bankers' Association, the Diamond Producers Association or the Employers' Federation should also take a lead on these issues; and encourage their business peers to join in and show them the practical ways of doing so.

MUST-have partnering competencies

Mindset	Understanding other sectors	Human / relationship skills	Technical Partnering knowledge
<ul style="list-style-type: none"> • Humility to realize others may have more appropriate knowledge / resources • Inclination to reach out to work with others • Willingness to give up autonomy of decision-making • (Measured) risk taking • Propensity for innovation • Ability to work for the benefit of the partnership as a whole 	<ul style="list-style-type: none"> • Values and culture • Interests • Motivations and drivers • Resources and capabilities • Systems and processes • Capacity limitations • Legal Limitations • AND understanding of your own! 	<ul style="list-style-type: none"> • Ability to look from others' perspectives • Networking and connecting • Approaching and engaging potential partners / selling ideas • Relationship / trust building • Interest-based negotiation • Facilitation • Communication • Coaching / mentoring • Mediation / conflict resolution / troubleshooting 	<ul style="list-style-type: none"> • understanding the partnering lifecycle • Key principles and building blocks of partnerships • Best practice approaches to setup and governance • Ability to assess critically when and when not to partner • The partnering black box of trust, equity, and power • Partnership agreements • Reviewing Partnership • Exit strategies

WHAT IS GOOD PRACTICE IN TAKING A STRATEGIC APPROACH TO INCLUSIVE GROWTH?

We believe that the businesses we have examined, have – to some degree at least – adopted what might be summarized as an **A.C.T.I.O.N** approach to Inclusive Growth:

A Assess: companies begin by mapping S.W.A.N.S. (Society's Wants and Needs from company) and O.W.A.N.S. (Organization's-Wants and Needs from Society). Typically, this might involve the elaboration of a Materiality Matrix. It is easier if the business has already committed to a positive societal purpose (see above). The 2011 social protests provided an additional trigger/prompt to become more strategic about identifying S.W.A.N.S. Further data was provided by the Eckstein I and II committee reports on what steps need to be taken to better integrate the Arab-Israeli and Ultra -Orthodox communities into mainstream employment; and periodic revisions to the strategy of JDC (JOINT). The business also needs to assess how it is already assisting with Inclusive Growth. The composite checklist in Chapter 9 below can help this assessment.

C Commit: the board and senior management team commit to a selection of priorities for inclusive growth with a business and societal rationale and in some instances setting of big hairy audacious goals: BHAGs. Again, the composite checklist in Chapter 9 below can help to define which commitments to make which will both help achieve the company's overall strategy (which itself may need to be updated through this process) and contribute to more Inclusive Growth in Israel.

T Tell: the business communicates what it is doing and why to internal and external stakeholders, to secure buy-in and facilitate implementation. In the following chapters 5-8, we identify a number of company CEOs and chairs who have led their companies to pursue more Inclusive Growth.

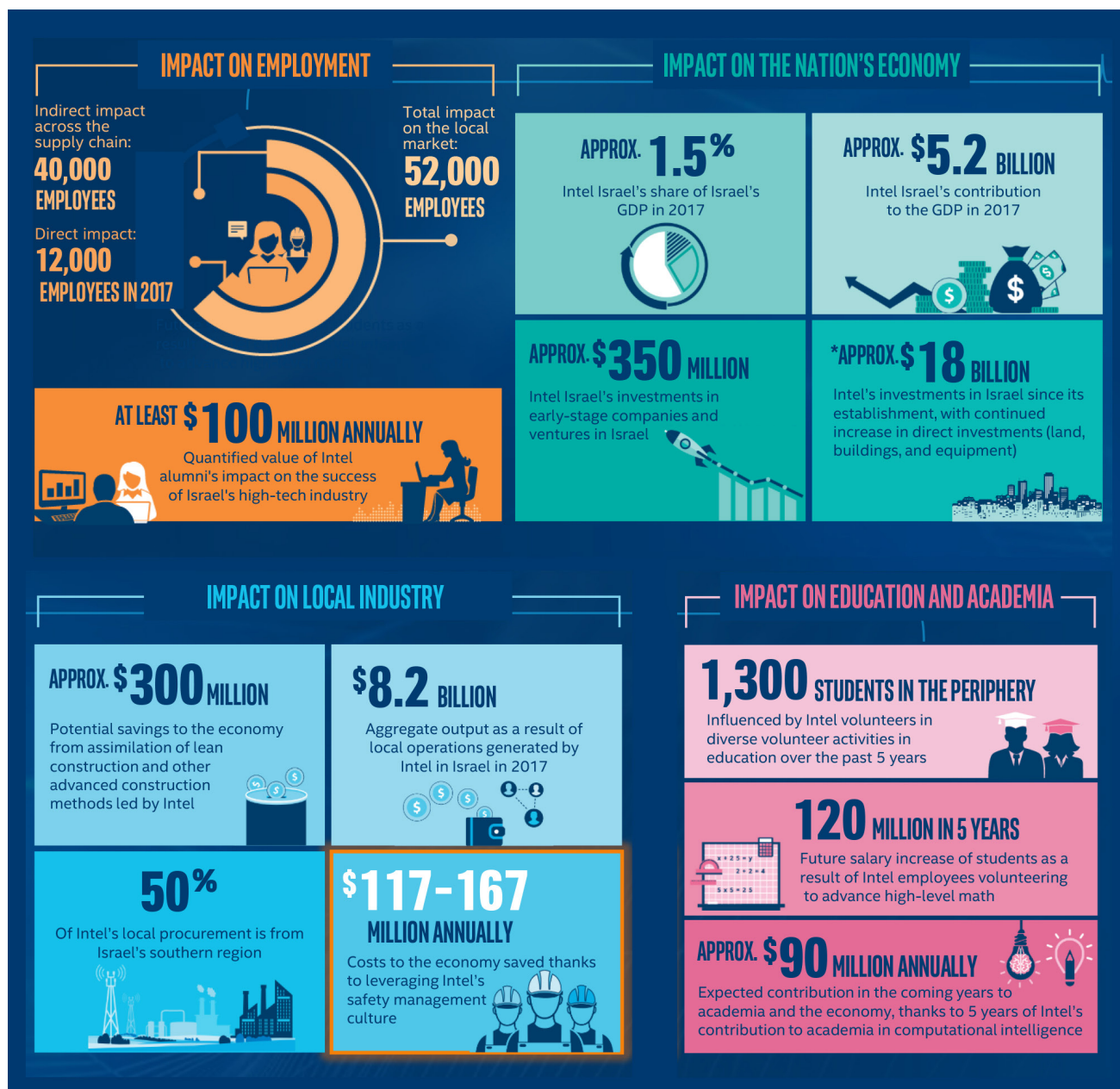
I Implementation: the business identifies an implementation plan: including existing partnerships to join, potentially utilize better and/or the identification of new partnerships to create.

O Operate: the actual implementation of the programme for inclusive growth in the workplace, the supply chain, the market-place and through contributing to wider society. The latter will involve some combination of the 7Ps: Profits (cash contributions), Product (including services), Premises (hosting NGOs, giving them surplus buildings eg final period at the end of a long-lease), Promotion (using cause-related marketing to publicise a cause or social campaign), Partnership (mobilising / joining other business and Civil Society), Power (lending the credibility of the firm, showing due diligence has been done on an NGO partner etc, making introductions to others, lobbying on behalf of the NGO/cause with municipalities, central government etc) and perhaps, most importantly, People (employee volunteering, sharing professional expertise, management skills etc).

Overall, businesses can consider how to adopt more elements of the Inclusive Business checklist summarized in Chapter 9 below.

N Nurture: develop partnerships with relevant NGOs with expertise and networks, draw out learning from their activities and ensure that these are then disseminated inside the business and externally. In particular, this involves measuring impacts and using the process of measurement and reporting for continuous improvement. One company which has attempted to define the totality of its impacts in Israel is INTEL: see visual from INTEL based on an independent evaluation by the Samuel Neaman Institute.⁵⁷

THE ECONOMIC IMPACT OF INTEL ISRAEL



The data are taken from the research of the economic impact of Intel in Israel, Samuel Neaman Institute for National Policy Research

Distinctive Israeli business contribution to Inclusive Growth

Whilst by no means unique to business in Israel, there are a number of distinctive features which also come together in a distinctive combination.

These distinctive features include:

- The trauma of the 2011 social protests – see Preface
- Leaving no one behind – a high sense of social solidarity see chapter 3
- In terms of expectations of Israeli public from businesses: Social agenda is consistently ranked very high.
- Collaboration: an openness to work in multiple partnerships: some ad-hoc like the social impact hack-a-thons (see below Chapter 8); some more organized but short life such as 5x2 (the business-led initiative on improving students' performance in mathematics – see Chapter 8) and some long-standing partnerships like Maala itself and with respected NGOs like Tsofen and Co-Impact.
- Creative swiping of tools and techniques from the world of start-ups and high tech such as the social impact hack-a-thons sponsored by companies, Civil Society organizations and educational institutions, where teams of motivated, data-savvy entrepreneurs and technology-literate individuals compete to solve a social problem such as looking afresh at data or developing a mobile app. Other examples include social innovation incubators and accelerator programmes for social enterprises and the donation of share options to social causes from high-tech IPOs (Initial Public Offerings).

- Technology: in common with business efforts to scale social innovations in other parts of the world, Israeli companies are frequently using technology to support social inclusion such as Unilever's Shopo. (See Chapter 7)

Again, to be clear, one of the distinctive and successful features of Israeli Corporate Citizenship is the extreme improvisation and experimentation that occurs, so our articulation of the A.C.T.I.O.N mnemonic is a distillation of practices rather more than describing a regularly applied process.

In the following chapters, we examine in more detail, the different ways that businesses in Israel are contributing to Inclusive Growth in the Workplace, Supply-chain, Marketplace and wider society

CHAPTER 5 | CONTRIBUTING TO INCLUSIVE GROWTH IN THE WORKPLACE

INTRODUCTION

A company's human resources, i.e. its employees, is recognized by the Morgan Stanley Institute for Sustainable Investing as one of the four pillars of business contribution to inclusive growth:

"For most companies, the first step toward inclusive growth is jettisoning the notion that the least expensive workforce is best for the bottom line. In fact, employee satisfaction—a composite reflection of fair wages, job security, work-life quality and more—has been shown to correlate with improved corporate performance."⁵⁸

As a Business in the Community Ireland report from early 2019 makes clear:

“Employment offers the single biggest opportunity for vulnerable individuals to move out of a cycle of poverty and become active participants in society.”⁵⁹

In Israel too, arguably the most significant impact that businesses have had to date on inclusive growth is in the sphere of employment. This includes recruiting from marginalised communities, improving the work environment, employment conditions, support and empowerment of low-wage employees, benefits for employees, and more.

Many companies employ large numbers of people in entry-level positions, who, with lack of skills and opportunities, will remain in their positions throughout their entire career. In the majority of cases, social mobility of these low-paid employees is very limited or even non-existent.

Indeed, the potential of contributing to more Inclusive Growth was recognised by Israeli corporate CEOs when they met in Maala-hosted CEO round-tables after the social protests in autumn 2011. As one noted then “make no mistake – the protestors are the employees themselves.” Another observed:

“The social unrest is closely connected to the changing landscape of work – especially within younger employee generations. Their expectations are different.”

Another CEO argued: “businesses must look inward. Each and every one of us knows what needs to change from within.”

Another noted:

“The social unrest relates to many issues. Companies cannot contribute to housing and health solutions. One subject is extremely relevant: employment and contracted employment. This is an issue that Maala members have substantial contribution to and is vital.”

And yet another suggested: “we need to look differently on employees, tackle low wages and salary gaps between the lowest and highest paid.”⁶⁰

In the mid-twentieth century, many companies cared for their employees' needs, as a sort of benefit granted for being part of the enterprise, in a somewhat paternalistic approach. Today, companies are again caring for their employees' needs, though the basis is a new approach of investing in employees' social mobility.

While Israel is ranked among the best in the world in terms of overall social mobility,⁶¹ there are still a number of major issues to tackle in order to ensure inclusive growth for all. This chapter will discuss three major issues regarding employees, with a great impact on inclusive growth in Israel: In-work poverty, reskilling for future jobs and workforce inclusion.

In-work Poverty

One of the most significant challenges to inclusive growth is in-work poverty. Israel is ranked 31 out of 34 OECD countries in the category of 'working poor', with 14% of the working population living in poverty.⁶²

A growing number of companies globally recognize the impact of this issue on their employees' productivity and motivation at work.⁶³ In Israel, several have decided to act on it on a company-wide scale, offering an extensive and diverse package of benefits for low-wage employees. One of the more common examples is an increased minimum wage: companies set an internal minimum wage that is higher than the minimum wage defined by the state (38% of the companies rated on the Maala ESG Index pay an increased minimum wage).

However, the issue is not merely how high entry-level salaries are, but rather what the low-paid employees can do with what they earn. For example, several companies, including ones who have established an increased

minimum wage, will pay for their employees and their families to go on vacation for a few days, realizing that otherwise those same low-paid employees will never go on vacation because they can't afford it.

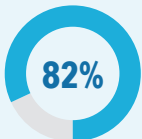
In addition, while companies are aware of in-work poverty, the ones most affected by it cannot always allocate the funds required for increased minimum wage in order to match the actual living wage. Therefore, companies in Israel have found other creative ways to empower and develop their low-paid employees.

Data drawn from the 2019 Maala Index, which rated 160 leading companies in the Israeli market on their ESG performance, provides a glimpse of how Israeli companies are supporting their employees, particularly low-paid employees.

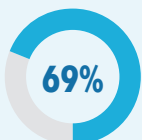
The following bullet points include data from the Maala index on supporting low-wage employees.



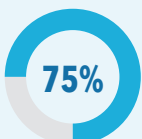
Caring for employees health



of the rated companies offer basic periodical medical checkups, such as blood pressure, weight, and more.



have gym facilities or an agreement with a nearby gym which the employees can use.



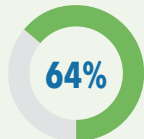
encourage a healthy diet by: providing quality healthy food in the workplace, vending machines with healthy snacks, workshops on healthy diets, and more.



Work-life balance



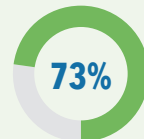
offer the option of partial work from home.



offer a gradual return from parental leave.



provide and/or fund programmes for employees' children during the summer vacation.



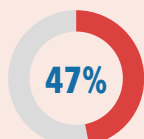
provide information and maintain the rights of caregivers.



of rated companies offer the possibility of flexible working hours.



of companies offer the option of paid or unpaid leave during school holidays and university exam period.



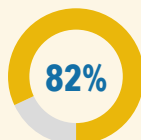
Employee development plans

of rated companies have set promotion tracks for low-paid employees.





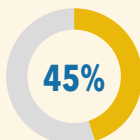
Supporting employees approaching retirement



of rated companies provide useful information on all aspects of life in retirement



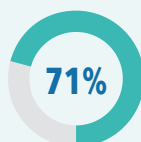
offer the option of continuing to work past retirement age.



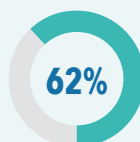
offer the option of gradual retirement, by: reducing work hours, working part time, working in shifts, and more.



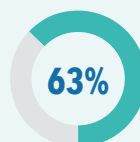
Supporting low-wage employees



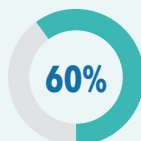
of rated companies offer loans from the company at good rates, for employees in need.



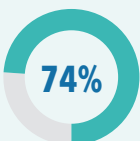
offer advisory services on savings plans and pensions.



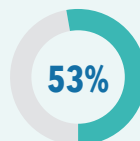
offer education scholarships for their employees and their family members (children and spouse).



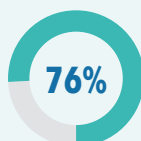
provide social work services.



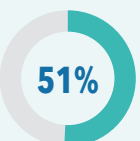
fund advanced health insurance for all employees.



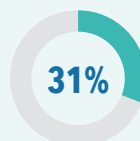
manage a fund for assisting employees in crisis situations.



give differential bonuses/pay raise/benefits to low-wage employees.



offer advice and guidance on personal and household finance management.



of rated companies have programmes for empowerment and developing personal skills.

Source: Maala / Tel Aviv Stock Exchange Index (2019)

We look at how Assuta Medical Centres, Strauss Group and CBC (Central Bottling Company) are tackling in-work poverty and thereby promoting more inclusive growth.

Assuta Medical Centres

Assuta Medical Centres is a private chain of medical centres owned by Maccabi, a healthcare services provider in Israel. Assuta has four hospitals and three medical centres with operating rooms and outpatient care, mainly

in the central and southern parts of Israel. About 13% of the surgery in Israel is performed in Assuta establishments, and about 16,000 IVF treatments are performed, thus making Assuta's IVF unit the largest of its type in the world.⁶⁴

The main issues Assuta faces relating to inclusive growth are in hiring and in maintaining employees in entry-level positions. While financial solutions are significant and can make a change (e.g. raising minimum-wage salaries), Assuta chose a different approach. It collaborated with

JDC-Tevet through a programme developed by JDC termed 'Career Ladders'. The programme is aimed at developing professional promotion opportunities for employees in entry-level positions. The programme provides a dual solution, both for employers in need of skilled workers, and for employees lacking substantial promotion opportunities.⁶⁵

The project at Assuta was done with auxiliary and sanitary personnel, who work alongside medical staff (nurses and physicians). These workers enter the medical world with no training or background in the field.

When developing career ladders for auxiliary and sanitary workers, the intuitive thought is that they would want to upskill and move to a less physically strenuous position, in a cleaner and more organized environment.

At Assuta, quite surprisingly, they discovered that the auxiliary and sanitary workers have great professional pride.

Although they are in entry-level positions, they see their work with patients as a mission, filled with a sense of purpose and importance. In many cases, their reward is the actual work itself in handling and helping the patients. The majority of these employees are happy to stay in their line of work.

In light of that, Assuta and JDC-Tevet developed two tracks as part of the career ladders project:

1. "The auxiliary workers today are the nurses of tomorrow" – a track encouraging auxiliary and sanitary workers who want and can fulfil their potential to advance in the medical world.
2. The second track is within the line of work, with three main sub-tracks: 1. Professional skilling – training the workers to become mentors and developers of training programmes within the field. 2. Life-Long Learning (LLL) – Skills useful for the job and for life outside the job as well, e.g.: language (learning Hebrew), interpersonal communication, household finance and more.
3. Computer skills.

Both these tracks, within the line of work and advancing from it, complement each other. If the company provides tools and removes certain barriers such as language barriers, financial abilities and low self-esteem, it is expected that the workers will strengthen their social resilience with the acquired skill-set, having a major effect on their quality of life, and it is believed that some, at least, will have the ability to also take the step and move on out of the organization to more senior jobs elsewhere.⁶⁶

Key take-aways:



- 💡 In a very hierarchal organizational structure, as typical to medical service providers, the company nonetheless managed to expand and open up additional career development opportunities within the entry level category.
- 💡 A three-fold advantage: career development opportunities, investing in future nurses where there is a shortage, and higher standard of patient treatment.



Challenge: as the fundamental job description for the majority didn't change there is a need to develop new ways to empower and maintain the novelty of the programme without increasing the work overload.

Strauss Group

One of the companies most consistent and dedicated to inclusive growth and its employees' social mobility is Strauss Group. Strauss is one of Israel's leading food manufacturers, with significant international operations as well. The group portfolio includes four companies: Strauss Coffee, Strauss Israel, Strauss Water, and PepsiCo-Strauss Fresh Dips & Spreads – a partnership between the two corporations including two companies: Sabra in North America, and Obela in Mexico and Australia and New Zealand. The group also has a long-lasting partnership with Danone (dairy products), with Haier and Virgin (water purifying systems). The group aims to lead in FoodTech and innovation for sustainability.

As referenced in the Preface, Strauss was one of the companies most heavily targeted during the social upheaval in 2011 in Israel. The demonstrations on the high cost of living were protesting, among others, against food prices in Israel. Ofra Strauss, chairperson of Strauss Group, and Gadi Lesin, then CEO of Strauss group, engaged with company employees at the time to hear their opinions on the protests. They heard that Strauss employees did not purchase company products because they could not afford them; products that are regularly available to them at work. Ofra and Gadi were shaken to the core by the realization that the protestors could be company employees; it's one thing to get attacked from outside the company, but to hear that the issues of high prices were also internal with the company's employees was very disturbing. Strauss employs over 4,500 employees in Israel, of which around 3,000 were low-paid workers, meaning that the issue encompassed a very large proportion of the company's employees.



The company decided to act immediately and began to develop a company-wide social plan, with the goal of enabling its employees to live decently and to improve their quality of life. The social plan took place after allocating resources that now support the company's production floor employees.

Over the past 8 years since the protests, the social plan has expanded and developed:

- Strauss pays its low-wage workers a minimum wage that is higher than the one defined by the state (an extra of about 100\$ per month).

- Strauss set up a fund of 27 million NIS, (\$7.7million) offering education scholarships for employees' children. Any employee with children could apply for a scholarship.
- Strauss also hired children of employees during their summer vacation in appropriate jobs, so they could earn a little money of their own.
- To answer the issue that employees could not afford to buy company products at home,

Strauss set up a small store that would be accessible to the employees at their place of work. The store offers Strauss products, and the company subsidized 40% of the costs.

- Salary resources have been diverted to junior and middle-level management levels to reduce earning gaps within the company.
- Day care is subsidized in Israel only from the age of three, meaning that until children reach that age, parents need to figure out private arrangements for their children. Whether it's paying for private day care or staying at home with the children, it comes at high cost to the parents. Strauss decided to grant employees with children under age three 500 NIS (\$150) per month to help cover their expenses on private day care.
- One of the first steps taken was paying for employees and their families to go on vacation, realizing that otherwise, the majority of the low-paid employees would never go on vacation because they can't afford it.
- Strauss provides its employees with a long-term savings plan (in Hebrew: Keren Hishtalmut). Each month the employee sets aside a small percentage of his or her salary (around 2.5%), and the employer adds another 6–7.5% as well. The money is not available for use for six years, and

from the seventh year onwards the employee can decide whether to use the money or continue saving it. In either case, the employee and employer continue to set money aside every month.⁶⁷

Besides all those actions, Strauss looked at the broader picture of poverty, and how, as a company, it can help its employees save money. Strauss offered its employees loans with very low interest rates, and the loans could be used by the employees for whatever they needed. Some 500 loans were given in the first year, at a total sum of six million NIS. (\$1.7million) To complement the financial assistance, Strauss collaborated with an NGO called Pa'amonim, which specializes in financial education and how to manage a family budget. With Pa'amonim, Strauss offered its employees financial advice, aiming to give them tools for responsible financial management.⁶⁸

[\(www.paamonim.org/en/\)](http://www.paamonim.org/en/)

The second aspect that Strauss focused on in addition to the financial one is health and medical insurance. Every citizen in Israel receives basic health insurance from the state, and many if not most people add private insurance in addition.⁶⁹ In reality, the basic insurance provided by the state does not allow sufficient healthcare and in many cases entails long waiting lists for treatment. Working poor usually can't afford private insurance and are at a disadvantage in terms of healthcare accessibility. To overcome that, Strauss offers all its employees a higher level of insurance in order to allow them better access to healthcare.

In addition, Strauss set up a fund to aid employees with special healthcare expenses. If employees are in need of treatment that is not covered by the insurance, they can apply for aid from the company. This fund is offered in addition to the higher health insurance that Strauss provides its employees. One such case was of an employee who needed to purchase a hearing aid for his daughter at a high cost, and the company granted him the funds for that.

Strauss also offers its employees mental health advice and employs a social worker in each of its factories. Some 300 employees use this service each year. Strauss

also launched a programme called Strauss Magic, which functions as a sort of community within the company. As part of the programme, stronger and more resilient employees meet with employees facing challenges. These workplace peers could assist with issues they need help with, or simply engage in conversation. The company has found that this programme has had a very positive impact on the participating employees and increases internal engagement in the company. Strauss believes that employability is also about small issues relating to every-day life.

Orit Halamish, Director of Organizational Development at Strauss, shared her experience in the programme:

"I volunteered with one of the employees. We met every week for one or two hours. It could be to go with her to the bank if she didn't know how to do it herself, and it could be just to talk. I think the moment that was most powerful for me, was when I mentioned something about when she is eating dinner with her children, and she told me 'we don't eat together in the evening'. They don't have a shared meal together. She has a child four years old that still eats baby formula. So I told her it's not normal for a four-year old to eat formula. She didn't even think that she has to do something about it. And these are not just people somewhere, they're right here with us. This woman has big issues to deal with besides this. But also small issues like these are significant, and it didn't even occur to her to talk about them. If I had a problem with my children, I would know what to do and where to go to get help."

Strauss has set a goal for 2024 to be a trustworthy organization for all its stakeholders, including employees. Strauss's engagement with its employees is based not purely on reducing poverty, but on creating and maintaining a relationship based on trust. Transparency and consistency are important elements to succeed in that. In order to ensure the long-term nature of the social plan, Strauss recently made sure that the plan cannot be dismissed or cancelled for at least ten years.

In addition, in order to increase trust, Strauss decided to standardize its employment terms and conditions.

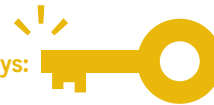
For example, the company is currently working on standardizing its work environment in terms of safety and working conditions, and it has already invested greatly in upgrading its safety programmes. In terms of employment, Strauss has decided to admit contract workers as company employees after just one month of work.

All of Strauss's efforts are backed by management, and indeed they all carry a strong business case. For example, the contract workers posed a serious problem because there are many cases where a new worker shows up, but then disappears after a short while and a new worker is sent instead. This requires Strauss to train each of these short-term workers and it creates confusion as the managers have trouble remembering the names of each contract worker and what days they are meant to work. It is, therefore, deemed to be much better for the company to add the contract workers to the company's workforce, thus incentivizing them to stay for a longer period.

Another programme Strauss initiated was with its sales representatives in supermarkets, who are low-paid employees. These representatives' work and salary are based on demand – how much the stores will buy from them. This means that at the beginning of each month those employees didn't actually know how much they were going to earn. This caused increased stress and a sense of uncertainty relating to their work. Strauss decided to consider them as full-time workers and thus ensure them a steady salary each month. Obviously, these employees can choose to work less than full-time, but that still gives them the assurance of knowing how much they are going to work and, therefore, be paid, in the beginning of the month. Strauss also initiated a steady rise in salaries, thus ensuring a degree of differentiation between new employees in entry-level positions and more experienced veteran employees. The steady rise in salary also ensures that an employee won't be 'stuck' with the same salary for several years but rather see a constant rise.

Strauss Group developed a holistic, overall approach to sustainability and inclusive growth, and its social plan demonstrates that through its efforts on social mobility and inclusive growth of its employees.

Key take-aways:



- 💡 Strauss offers a comprehensive and creative approach that manages to do the most with limited funds; differentiating between low and high paid jobs, increasing support according to family life stages and encouraging long-term savings.
- 💡 There is a combined effort to train and upskill entry level employees with working goals to recruit internally.



Challenge: Strauss is showing impressive progress with the employee social programme. Given the number of employees at entry jobs they will need to find ways to scale up.

Central Bottling Company (Coca Cola Israel)

The Central Bottling Company (CBC) is the authorized manufacturer of the Coca Cola Company in Israel. The company was established in Israel in 1968, and today includes several brands and products, including Coca Cola brands, Tara dairy products, Tabor wine, Carlsberg beer, Neviot mineral water, Prigat drinks, and several other brands.

CBC employs around 4,700 people. Its main manufacturing site and headquarters are located in the city of Bnei Brak.

CBC implements various practices aimed at tackling in-work poverty of low-wage employees. For example, CBC works with an organization in the field of household economics to support employees through difficult financial hardships, helping them reach financial liberty and improve

their quality of life. The company offers its employees financial education for responsible household economic conduct, as well as guidance and consultation throughout the process. The program includes a holistic approach, looking into various aspects of family life, such as children's schooling and education, living conditions and quality of life. Over 80 families of employees successfully completed the process over the course of nine months, transforming their household economics and eventually reaching a positive balance in their accounts. The programme also aims to provide the participants with tools that will help them avoid getting into dire situations in the future.

As part of the holistic approach, CBC also offers parenting counselling for employees who have trouble with their children. Such counselling could be quite expensive, and CBC offers six meetings entirely covered by the company.

Low wage workers at CBC can also receive food packages to supplement their monthly food supply. The packages are valued at 500 NIS per month, which constitutes a significant portion of a family's monthly food shopping. Employees receive this aid for up to six months, and there are currently 110 employees receiving this aid.

CBC also offers a "back to school" package, supplying children of employees with school supplies and books. Over 350 children a year have received this package in the past couple of years.

CBC also assists employees living in poor conditions, funding renovations that the employees could otherwise not afford. Around five employees receive this aid each year. Employees experiencing difficult or complex life situations are regularly visited by the company's welfare team, receiving support and help when needed. In one case, the welfare team visited an employee in grief over his son who passed away from cancer at age 18, and found that the employee was living in very poor conditions. The issue received immediate attention and the employee's house was renovated, with all costs covered by the company.

The company also provides financial aid for employees in crisis events, as illustrated by one example of an employee

who was divorced with three little children, and had her electricity cut off due to an unpaid debt to the electricity company. The financial aid could come in various shapes and forms, such as: purchasing medical devices and examinations that are not covered by the national health insurance, providing legal counselling for employees facing bankruptcy, and more.

An additional benefit that CBC offers is scholarships for employees and children of employees who want to get a higher education but cannot afford to pay tuition. Corporate welfare departments, in most cases, are in charge of recreational activities, such as field trips and celebrations. Throughout Israel's first few decades, the strong socialist orientation of the state meant it was quite common for companies to employ social workers and provide a variety of social services for the employees. Towards the end of the last century, several companies cut back on such services as they felt there was less of a need for them. Today, a growing number of companies, such as CBC, are choosing to reinstate the position and offer employees a variety of social benefits and assistance.

Key take-aways:



- 💡 Reducing in-work poverty among employees as a company goal by extensive welfare programmes and in-kind support.
- 💡 Proactive work of the welfare team in a way that aims to tackle problems at their roots, and contribute to social mobility of employees and their families.



Challenge: The heavy investment per employee is hard to maintain and scale up over a long time, as well as measuring the impact in terms of social mobility when the household income is equal to or below current average family expenses.

RESKILLING FOR FUTURE JOBS

Bank Leumi

Bank Leumi was established in 1902 and is the oldest active bank in Israel. Today, it is considered as one of the two largest banks in Israel, holding an approximate 30% market share. Leumi operates through more than 200 branches across Israel and has an international presence in the USA, the UK and Shanghai. The Leumi Group has about 10,000 employees in Israel and abroad.

Bank Leumi has recently developed a unique re-skilling programme for experienced employees named "SHIFT". Acknowledging the current and expected trends and changes in the world of human resources, especially in the financial and banking sectors, Bank Leumi understands the importance of preparing for these changes. Therefore, the HR department at Leumi, alongside senior management, decided to create a unit within the bank devoted to this issue. The unit's work focuses on researching and understanding how the work environment will change in the upcoming years, which jobs will be most relevant in the future, and how the bank should best prepare and adapt to these changes.

Of the 9,000 employees at the bank in Israel, roughly 70% have tenure, meaning that most of their professional career will be with Bank Leumi. On the one-hand, the employees enjoy stability and job security at the bank. On the other hand, job tenure could prove a barrier to leaving the bank and professionally developing elsewhere. The bank aims to maintain its employees, but also to re-skill them for new positions within the company.

For this purpose Bank Leumi recently established a school for the future of work within the bank, with the goal of training and re-skilling the employees during their time at the bank. Some of the jobs that have already been recognized include analysts, digital products development and management, jobs related to cyber security and cloud storage systems.

Employees receive training and are then reassigned within the bank. This offers great value for both the employees and the company. The benefit for the company is twofold: 1. the bank's ability to change and to enhance its organizational flexibility. 2. Maintaining devoted employees who are familiar with the bank and have experience in the banking field, while reducing the need to recruit new employees with less experience and loyalty to the bank.

Naturally, there are employees who may choose to take their newly acquired skill-set and move elsewhere, but that is nonetheless seen as a success in terms of the programme. Bank Leumi sees the value of its human capital, whether it stays with the bank or leaves. Leumi believes that part of its responsibility as an employer includes preparing its employees for the future of work both within and outside of the bank, rather than lay them off because of the changing patterns of work. It views its employees as ambassadors of the bank, even when they choose to work elsewhere.⁷⁰

Key take-aways:



- 💡 A creative and proactive approach to prepare for the changes in skills and jobs within an existing workforce. (many of them have tenure).
- 💡 The changing landscape of work touches upon all levels of employees as this case study exemplifies.



Challenge: the disruptive changes in the banking sector pose a major challenge in terms of job security in a sector that was once considered a secure one.

INCLUSION IN THE WORKFORCE

Alongside in-work poverty and reskilling for future jobs, the other most significant issue regarding employees is the inclusion of minorities and marginalized populations in the workforce. Israeli society consists of several population groups and communities, as discussed in chapter 2. The largest minorities and marginalized populations are people with disabilities, Arab Israelis and Ultra-Orthodox Jews. These groups are severely underrepresented in the Israeli workforce:

- People with disabilities constitute around 17% of the Israeli population⁷¹ though the figure used to identify those who would need adjustments in the workforce is 4.3%.⁷² Furthermore, only 51% of employment-aged people with disabilities are working.⁷³
- Arab Israelis constitute around 21% of the Israeli population. In 2018, 74% of Arab men of working age were employed, compared with 83% of Jewish men; only 32% of Arab women of working age were employed in 2016, compared with 81% among Jewish women.⁷⁴
- Ultra-Orthodox Jews constitute around 12% of the Israeli population. In 2017, 51% of Haredi men aged 25–64 were employed, compared with 88% of other Jewish men; 73% of women aged 25–64 were employed, compared with 82% of other Jewish women.⁷⁵



Ampersand, a shared workspace in the city of Bnei Brak promoting inclusion of Ultra-Orthodox Jews in the workforce. Visited during a Maala conference tour, 2018. Photo by Netanel Tobias

PEOPLE WITH DISABILITIES

First, we consider examples of companies proactively enhancing opportunities for people with disabilities.

Harel Insurance Investments & Financial Services

Harel is one of the largest insurance and financial services providers in Israel. It offers various kinds of insurance, including health insurance, travel insurance, life insurance, car insurance, and more. It also provides several financial services such as pension funds, savings funds, investment portfolio management, mutual funds, Exchange Traded Funds (ETFs) and more.

Harel began as a small insurance agency in pre-state Israel in 1935 and was established as an insurance and finance company in 1975. Today, Harel employs over 4,500 employees in Israel, of which around 2% are people with disabilities.⁷⁶

Employing people with Asperger's syndrome

Harel has been employing people with Asperger's syndrome for over a decade, through a joint effort with AQA, an organization for the integration of people with autism in companies with software testing positions. Harel was the first company in Israel to collaborate with AQA and regularly employ a number of people with Asperger's who graduated AQA's programme.

Ten employees with Asperger's were recruited in the initial project for digital archival work. These employees received equal benefits and salaries as all other employees at Harel and were well integrated in the company. (During the project two of the employees were married.)

Following the success of the project, Harel decided to continue employing six of the ten employees in different departments. In order to ease their employment process, a system for support and assistance was set up and included help with personal issues as well.

Employment of people with disabilities through Call Yachol

In addition to employing people with Asperger's syndrome, Harel also collaborates with Call Yachol, a company which specializes in setting up outsourced call centres staffed mainly by people with disabilities.⁷⁷ The company was founded with a vision to revolutionize the employment of people with disabilities in Israel. callyachol.co.il/eng/content-1

As of 2016, the company employs over 200 people with physical, emotional, and sensory disabilities, making it the biggest employer of people with disabilities in the Israeli market. Call Yachol employees see their work in services as a career and a way of life, which in turn translates into dedication and devotion to their job and the company. Management positions also include several people with disabilities.⁷⁸ Harel began to collaborate with Call Yachol over 4 years ago, with 15 employees that operated outgoing call service to Harel customers on various issues. Today, Call Yachol has 45 employees providing call services for Harel, both incoming and outgoing calls. Harel is Call Yachol's largest customer, and employees and managers from both companies have developed significant relationships beyond work relations.

Harel employees and managers regularly meet and visit Call Yachol, invite them to company events and award them for their services. When Call Yachol's digital team, which deals with customer inquiries, won Harel's service award, Harel managers listened to call recordings for each employee and awarded them with certificates that had quotes from customers' positive feedback of the service. The relations between Harel and Call Yachol enable Call Yachol's employees, many of which have severe disabilities, to not only be productive and to earn a living, but also to stand out and excel at their work.

Key take-aways:



- A case study that shows how a business imperative becomes an opportunity for people with disabilities and even an advantage when it comes to job qualification.
- The success here is the matching of the two: need and offering.



Challenge: there is an ongoing debate on whether to build a designated workplace for people with disabilities versus integrating them into the general workforce.

Aroma Espresso Bar

Aroma is an Israeli chain brand of cafes. Established in 1994 in Jerusalem, Aroma today has over 150 branches and 3,000 employees spread across Israel. Aroma also has over 50 branches in Canada, the US, the Ukraine, and Kazakhstan. Aroma operates through franchises, meaning the company itself does not actually own the branches, though it sets the standards that the franchisees need to comply with.

From the very beginning, Aroma made an effort to maintain an inclusive workforce, recruiting people with disabilities. Over 20 years ago, the founder was approached by Elwyn – an NGO helping people with disabilities better integrate into society. They offered him an employee with disabilities, and he agreed to give it a try. In fact, that led to the formation of an official policy that employees with disabilities are not placed in the back kitchen away from sight, but rather in the front, in contact with customers, regardless of how visible or noticeable their disability is. That very first employee with a disability still works at Aroma 22 years later.

Noam Gedalyahu, Aroma's head of CSR grew up with the founder of the company, Yariv Shefa and they were close friends from the age of 6 years old. Shefa's father even taught Gedalyahu how to swim. Knowing Shefa, Gedalyahu told us that the commitment to employing people with disabilities comes from the founder's values: "he is a good person, he believes in giving people a chance. He wants to help overcome prejudice."⁷⁹

When it comes to food, customers can be sensitive about the service, and employing people with disabilities was viewed as a highly sensitive issue when it began in Aroma. It turned out to be a successful initiative and was duplicated in the first five branches that grew out of the first one. In the year 2,000 Aroma decided not to expand with more branches but rather adopt the franchise model, as mentioned above. Aroma finds it difficult to demand and compel the franchises, and prefers to use voluntary mechanism to encourage the franchises to follow its

policy on employing people with disabilities. It explains the importance of the issue and the business case – employees with disabilities tend to stay long term much more than non-disabled employees – and tries to convince them to adopt and implement the policy. Part of the process of becoming an Aroma franchisee is a period of training and working in a different Aroma branch, taking part in the regular work. This allows Aroma to get a sense of whether the candidate is fit to open a franchise of Aroma. In addition, it gives the franchisee a sense of the hard work required and exposes him or her to the diverse workforce. This is a significant measure in getting the franchisees to employ people with disabilities.

In addition to training, franchise owners participate in gatherings of Aroma franchise owners. The issue of employing people with disabilities is emphasized during those meetings, including personally by the founder and by the CEO. One of the challenges is constantly maintaining the notion of the importance of employing people with disabilities. Aroma also conducts quarterly surveys which, among other things, checks the number and percentage of employees with disabilities. Despite the company's significant efforts, not all 150 franchises employ people with disabilities. Currently, there are around 160–180 people with disabilities employed in Aroma branches, roughly 5% of Aroma's total workforce internationally – higher in Israel itself. It is evident that the founder's spirit has had a great impact on the company and the Aroma brand is identified with employment of people with disabilities.

Aroma started by employing people with cognitive disabilities, and after a few years expanded to emotional disabilities, as well as physical disabilities such as hearing and eyesight disabilities. Aroma connects NGOs promoting employment of people with disabilities with the franchises to smooth the process of recruiting those employees.

With over 150,000 customers going through Aroma branches every day, Aroma has an impact on its customers as well. Indeed, the feedback that the company has been getting from its customers has been generally positive, with relatively few negative comments. Aroma has conducted customer surveys and found that customers recognize Aroma as an employer of people with disabilities. The

company does not widely publicize its work on inclusion, rather it simply spreads via 150,000 daily customers. It has become a part of the Aroma experience.

Upon receiving requests from the franchisees, the Ministry of Economy in Israel offers to subsidize up to 30% of the salary of employees with disabilities for three years.

The lesson to learn from the case of Aroma is to look at the abilities and not just the disabilities of each employee.

That enables the employer to hire people with disabilities in positions that match with their abilities, and to benefit from having loyal, long-term employees.

Aroma has other work besides employment that promotes the inclusion of people with disabilities in society. For example: making all the branches accessible, both in terms of physical access and accessible services. Aroma hosts periodic meetups in the branches for people learning to speak sign-language. The company promotes NGOs serving people with disabilities, on screens in every branch whilst customers are waiting in line. The franchise owners are also required to instruct their employees on providing adequate service for customers with disabilities. Aroma prepared a 15 minute video explaining this, and employees are expected to be instructed every three months on disability-awareness.

Key take-aways:



- 💡 One of the leading examples of a personal vision implemented and sustained through the evident success and peoples ownership of the issue..
- 💡 A strong evidence of the advantage of integrating people with disabilities in the community even in the hospitality sector.



Challenge: there are some success stories of promoting those employees beyond entry jobs and the challenge is how to leverage even further.

INCREASING EMPLOYMENT OF ARAB ISRAELIS

Large gaps exist between the Arab Israeli minority and Jewish Israeli majority in terms of, fields of occupation, income and the percentage of Arab women in the workforce. Furthermore, a large portion of Arab Israelis live in areas considered the geographical periphery, posing further challenges to their integration. Increasing the participation and representation of Arab Israelis in the national workforce can contribute to increasing growth of the Israeli economy. It can also help achieve inclusive growth by improving the economic situation and state of employment within the Arab society in Israel. We profile the Co-Impact initiative and the cases of Thuva, Osem-Nestle, SodaStream and the Dan Hotels.

Co-Impact Initiative

One of the various initiatives and programmes for integrating Arab Israelis in the national workforce particularly worth mentioning is the Co-Impact (Collective Impact) programme. Founded in 2013, Co-Impact has set its goal to “create a breakthrough in the employment of the Arab population in suitable positions, by changing attitudes and activity patterns among the employers.”⁸⁰ The initiative seeks to achieve this through cross-sectoral and inter-sectoral collaboration between employers, government institutions, civil society and NGOs, and Arab communities, to create a synchronized effort towards achieving a common goal.

Co-Impact focuses on providing services to companies that will enable them to go through the process of internal change required to significantly increase the number of Arab Israeli employees. These change processes come through:

- in-depth work on internalizing the business opportunity in employing Arab Israelis
- companies taking responsibility for the process of internal change
- setting goals and effective concrete work plans
- and helping companies to deal successfully with the technical and perceptual barriers.

These change processes are supported by the wide and strong partnerships which Co-Impact has with relevant parties. These organisations are themselves simultaneously going through learning processes regarding the needs of employers and the Israeli labour market. They are then working to develop creative tools and solutions for the barriers and challenges, to help the employers achieve a breakthrough.⁸¹

Co-Impact piloted their project with a number of businesses, and today have expanded to work with over 60 employers in Israel. This sub-chapter will include case studies from companies who have implemented the Co-Impact model, alongside additional cases of companies with extensive efforts for the inclusion of Arab Israelis.

It is worth noting the NGO Tsofen (www.Tsofen.org) which since 2008 has been helping Arab Israeli high tech students (computer sciences, engineering, mathematics) into employment.

Intel and Microsoft are amongst technology companies who have been proactive in recruiting and integrating Arab Israelis into their workforces, in collaboration with Tsofen.

Thuva

Thuva is one of Israel's oldest food companies, established in 1926 through a cooperative initiative of several Moshavim and Kibbutzim (small, pioneering Jewish settlements in pre-state Israel). Today Thuva is one of Israel's leading food manufacturers, with over a dozen brands, and employing around 6,500 employees.

Thuva is associated with a sense of home, family and 'Israeliness', and its products are perceived as basic products in every household. Indeed, its most widely-recognized icon is that of a house. For this reason, among others, the 2011 social protest in Israel targeted Thuva and its products, and its cottage cheese brand became the symbol of the protest, hence the nickname of “the cottage cheese protest.”⁸² (See above: Preface page 12).

Tnuva has expanded its work on diversity in the past few years and joined the Co-Impact initiative in 2015. Tnuva's CEO met with representatives from Co-Impact, and together they devised a plan for increasing employment of Arab Israelis. The plan was approved by the board, and a dedicated steering committee was set up for the initiative, convening three times a year to review progress and approve objectives and business plans regarding employment of Arab Israelis.

All "agents of change" in the company – i.e. HR managers, recruitment directors and site managers – participated in workshops and sessions about removing barriers and biases, and about multicultural management.

Screening and recruitment processes were adapted to cater to the Arab population. Tnuva expanded its sources for recruitment to NGOs, popular websites in the Arab Israeli society, social media, and job advertising in Arabic media outlets. These efforts proved successful, as many Arab candidates applied for jobs with Tnuva. Co-Impact guides and accompanies the recruitment process, and prepares the candidates for the interviews in order to increase their chances of getting a job.

With the guidance of Co-Impact, a peer group of Arab employees at Tnuva was created in 2017, aiming to assess and promote Tnuva's operations in the Arab society, in terms of employment, marketing and sales. The group convenes six times a year, and also participated in a round-table discussion on recruitment of Arab Israelis. Some of their insight is already being implemented in the company.

The breakthrough that Tnuva achieved in the recruitment process, led to a meetup with 40 Arab graduates from the Technion Institute engineering department. The aim was to recruit engineers for Tnuva's dairy factories. The high number of applications received, showed what a significant opportunity this was for young Arab engineers with little professional experience, and two engineers have already been recruited.

Tnuva also collaborated with the Starter programme (a joint initiative of the Israeli Ministry of Economy and JDC Israel), to provide training for job candidates from the Arab sector with no professional experience. During this pre-recruitment

or customised training, the candidates are exposed to the work in dairy factories, and upon completing the training they are employed as technicians and machine operators in the factories.

The case of the company's southern logistics centre, located in the city of Netivot, illustrates the business potential of a diverse and inclusive workforce. The centre employs several workers from the Bedouin population living in the southern areas of Israel. With the help of the updated recruitment process, the logistics centre was able to recruit many Arab and Bedouin employees. Their recruitment led to a significant improvement in the productivity of the logistics centre and was an immediate contributor to the improvement in the business results of the unit.

Tnuva's efforts stretch beyond just blue-collar positions and focus also on recruiting managers from the Arab population for white-collar positions. The company is also investing efforts and resources in programmes for promoting Arab employees within the company.

Diversity and inclusion of Arab Israelis is an integral part of Tnuva's business strategy and culture.

The significance of a diverse and inclusive workforce is trickling down and spreading through the whole enterprise. With a better understanding of the culture, needs and motivation of Arab employees, company managers are realizing and understanding the added value of focusing efforts on employment of Arab Israelis.

Out of the total number of Tnuva employees 20% are Arab Israelis compared to only 12% in 2015. Arab Israelis represent 8% of what Tnuva defines as quality positions vs 6.5% in 2015. Out of the new recruits in 2018, 24% are Arab Israelis.

Key take-aways:



- A message from the top – translated to a set of internal mechanisms that systematically create the change.
- Overall commitment to diversity with a strong emphasis on Arab Israelis which highlights the fact that each diverse community requires a specific specialty.



Challenge: to keep the momentum going, especially around quality positions, beyond the time frame of a designated programme in a company that has numerous and veteran employees with additional priorities.

Osem-Nestle Israel

Osem-Nestle is one of the largest food manufacturers in Israel. Osem was established in pre-state Israel in 1942, by seven small pasta and noodle manufacturers who joined forces in marketing. One of the founders was Eugen Propper, a Czech immigrant whose son Dan is the current chairman of the company. In 1995 Osem signed an agreement with Nestle, the Swiss-based multinational food company, and became its strategic partner in Israel. Over the years Nestle acquired shares and increased its holdings in Osem, until 2016 when Nestle completed the acquisition of Osem and became the sole shareholder of the company.⁸³ Osem has over 4,000 employees, with eight factories across Israel.

Diversity has become part of Osem's core strategy. The company believes that it will thrive if it better represents all parts of the Israeli society. Like Tnuva, Osem was also one of the pilot companies working with Co-Impact on inclusion of Arab Israelis. Osem chose to focus on the Arab Israeli community, considering the size and proportion of the

Arab minority in the Israeli society (20%). Osem has set a goal to not only recruit Arabs for entry-level positions, but include them in managerial positions as well.

Osem's employment initiative for Arab Israelis was born out of a need for more employees, due to a high turnover of blue-collar workers. It found that it had become more difficult to find employees to fill those positions, and Osem understood that it needed to open its ranks to other segments of society in order to fill the required positions.

Including a large number of people from a specific community in the company's workforce requires several adjustments and adaptations of the work environment, as well as the recruitment and employment processes. In collaboration with Co-Impact, Osem devised a three-year programme with several components, including:

- In order to avoid bias in the regular recruitment process, the company works with an organizational psychologist from the Arab community. If a candidate fails to pass the process, although their resume and personal interview were impressive, the company requests an additional opinion from the psychologist to ensure that the candidate did not fail due to an unconscious bias built into the recruitment process such as in the group dynamic assignments.
- The company dedicated an HR position to recruiting Arab Israelis, and it periodically consults with a large network of managers and leaders from the Arab community to come up with further ideas and solutions for increasing Arab employment.
- Osem arranges a two-week session preparing new employees from different cultures for the work and enabling a smoother start in the company.
- The company conducts training sessions for all levels of management to raise awareness and to prepare them for managing the new employees. The training includes workshops on conscious and sub-conscious biases.

- Osem adjusted the company holiday schedule to fit all populations in its workforce, and company benefits as well were adjusted with respect to each community.
- A peer group of Arab employees was created, with the goal of advising and assisting with developing new solutions and ideas for the recruitment of employees from the Arab community and also for retaining those employees.
- Osem raises awareness to the issue of diversity in its internal communication to employees, including newsletters and messages from the CEO.
- Job advertisements include reference to the company's stand on diversity. The aim of this is to encourage candidates from the Arab community, who would usually not apply for such jobs, to submit an application.

In addition to Co-Impact, Osem collaborates with other organizations to promote employment of Arab Israelis. Examples include: Kav Mashve – a non-profit organization promoting equal employment opportunities for Arab university graduates within the Israeli business sector; Al'Famar – a non-profit organization promoting employment of Arab Israelis. Al'Famar ("Lighthouse" in Arabic) is delivering a three-way partnership between JDC-Israel, the Israeli government (Ministry of Economy and the Prime Minister's Office) and Yad Hanadiv Rothschild Foundation, to establish One-Stop Employment Centres in 21 Arab localities throughout the country.⁸⁴ Osem also run interview days and workshops at "Riyan" community centres around the country, centres that promote women's employment from the Arab community.

Osem's diversity efforts with Arab Israelis have proven successful.

The percentage of Arab employees rose from 6.9% in 2014 to around 19% in 2019.⁸⁵

In addition, several Arab employees have been promoted based on their skills and abilities to key and senior positions within the company.- there are currently about 11% of

Arab Israelis in management positions Osem also had a breakthrough with the Bedouin communities in southern Israel, as it successfully recruited Bedouin employees into its manufacturing sites in the area.

In recognition of the advanced work that Osem-Nestle is doing on diversity, the company won the Israeli Diversity Award in 2017 for their efforts and achievements in including Arab Israelis in its workforce.

Key take-aways:



- A good case study of the potential of working with NGOs with an expertise in the field and allowing them to bring an outsider's perspective to internal working mechanisms.
- Concentrating all efforts on a specific group contributes to good performance and is justified by the traditional high number of Arab Israelis among Israeli food producers.



Challenge: food producers have an overall challenge for creating more career advancement opportunities for a large number of employees who are in entry level positions and this is especially applicable to Arab Israeli employees.

SodaStream

SodaStream is an Israeli-based company, best known for its home carbonation machines for making sparkling water. It was originally founded in 1903 in the UK and was acquired in 1998 by the Israeli company Soda-Club, though maintaining the name SodaStream. In 2007 the company was acquired by the private equity fund Fortissimo Capital, which appointed Daniel Birnbaum as CEO. Under his leadership, the company relaunched itself, branding its products as environmentally friendly. SodaStream went public on NASDAQ in 2010 and until recently was also traded on the Tel Aviv Stock Exchange (TASE). In 2018 it was acquired by PepsiCo for \$3.2 billion.

The company has over 3,000 employees globally. Its products are available in 45 countries, and approximately 97% of its profits are from sales outside Israel. SodaStream's reusable bottle can replace up to 3,000 single-use bottles, thus contributing significantly to the environment. The company also set social sustainability as part of its core business, with a diverse workforce from various ethnic, religious, and socio-economic backgrounds, including Bedouins, Palestinians, and Israelis.⁸⁶

SodaStream is regarded as one of the exemplars in Israel of really reaching out to and employing some of the most marginalized communities in Israel. The inspiration came from the former CEO and now chairman Daniel Birnbaum, as he believes in the impact of businesses like SodaStream to bring people together and create peace in the world. The company won the Dov Lautman Diversity award in 2018.



Then CEO Daniel Birnbaum celebrating with SodaStream employees after being awarded the 2018 Dov Lautman Diversity Award. Photo by: Sharone Amit

SodaStream has been proactive in recruiting Arabs, Palestinians and Bedouins since 2007. In 2014, the company moved its production site from the Mishor Adumim industrial park, located in the West Bank near Jerusalem, to the southern city of Rahat, a poor Bedouin town with very little industry back then. The move assured a larger production site and enabled SodaStream to employ people from the local communities. However, members of these Bedouin

communities mostly lack formal education and/or skills, are not well-integrated in the Israeli society, and keep to a traditional way of life. Although these characteristics continuously need to be dealt with, i.e. the company has to maintain an ongoing communication with the heads of different families and clans, the new plant was a game changer in terms of employment in the local community.

Following the move to Rahat, Palestinians employed at the previous plant did not have permits to enter and work in the state of Israel. The company felt obligated to those veteran employees, and, over a period of 14 months, worked through several channels in order to get work permits for them. The company finally succeeded, and after a short while also got permission for these employees to stay in Israel during the week so as to spare them the hours of travel between their homes and the factory. The company rents apartments for them in the city of Beer Sheba and covers the expenses. The return of the Palestinian employees was marked by an emotional ceremony, and management feels that this commitment builds the trust and confidence that employees have in their employer.

SodaStream communicates the success of its efforts on diversity on every product it manufactures in Israel.

Products are stamped by an emblem with an Israeli flag, saying "Made in Israel: This product is produced by Jews and Arabs working side-by-side in peace and harmony".⁸⁷

The company takes pride in its achievements in diversity, and invites people from all over the world to learn about their work. A visitors' centre has been set up at the Rahat plant, named "the Island of Peace", where people can see the actual work being done.

In August 2018, PepsiCo announced its plan to acquire SodaStream, a move which was completed soon after in December that same year, at 3.2 billion USD. In a visit to the SodaStream factory in late 2018, the PepsiCo CEO said that one of the factors that drove them to buy SodaStream was the positive diverse atmosphere, seeing the employees smile and shine. He felt that that is a healthy culture for a company, and that PepsiCo could learn from it and develop a similar culture itself.⁸⁸ Every employee benefitted from the acquisition receiving \$5,000 each, regardless of their salary level, their seniority or any other factor.

SodaStream's diversity efforts were championed by the CEO. He believed in that purpose and seeded his vision into the core strategy of the company. SodaStream's spokesperson and Vice President of Human Resources, who were interviewed for this publication, indicated that without his leadership the company would have never achieved such successful diversity. As Daniel Birnbaum wrote in a letter to all Sodastream employees in July 2019, when he announced he was stepping down as CEO, handing over to his deputy, and would become company chairman:

"Looking back at the past 12 years, we have accomplished so very much together: We disrupted the beverage industry. We created jobs for 3,500 families. We proved that peace is possible between Israelis and Palestinians. We saved the world from billions of plastic bottles. We became the largest sparkling water brand in the world. We grew our global presence from 13 countries to 46. We got acquired by PepsiCo, a historical event for the State of Israel. But

no less important, we celebrated holidays, prayed side by side, made friendships that span religions, nations and continents and we became a family. And family is forever."⁸⁹

Key take-aways:



- 💡 Diversity at Sodastream is a celebration; the company celebrates diversity internally and externally as a cause for pride and uniqueness. This is a very powerful engine to keep an ongoing momentum.



Challenge: as company leaders acknowledge there is need to complement the current diversity efforts with structured mechanisms and processes, also regarding career advancement opportunities for entry level workers.

Dan Hotels⁹⁰

Dan Hotels is one of the largest luxury hotels chain in Israel, with 14 hotels spread across Israel, including the King David Hotel in Jerusalem. It employs over 3,000 people from a wide variety of diverse backgrounds.

The company's diversity policy includes fair and diverse employment, and equal opportunities for all employees. It also includes core values relating to diversity and guidelines for maintaining a diverse workforce, referring to gender, age, religion, social and cultural background. The policy dictates fairness and diversity from the initial stages of application, through employment, promotion and end of employment.

The hospitality industry suffers several challenges, including difficulties in recruitment and high rates of employee turnover – 40–60% a year. One of the main reasons for these challenges is that many of the employees are in entry-level positions, without significant promotion

2 PART TWO

Chapter 5 | CONTRIBUTING TO INCLUSIVE GROWTH IN THE WORKPLACE

opportunities, and lack of skills and education. The low unemployment rates in Israel over the past decade have exacerbated the challenge even more, leaving the industry, and Dan Hotels, with a constant shortage of employees.

Dan has succeeded in recruiting a diverse workforce, connecting strongly to the core values of the company, as well as answering a business need of more employees. Data derived from Dan Hotels submission to the Israeli Diversity Award in 2018 points to high rates of Arab Israeli employees among its workforce (47%), as well as 10% in management positions, which is nearly matched with the percentage of Arab Israelis in the total workforce in Israel.



Chen Michaeli (right), VP Human Resources at Dan Hotels, discussing the company's career development and diversity programmes at a Maala event on Career Development Paths, September 2019.

The company's long term vision sees working at Dan Hotels as a way to professionally develop and grow. In recent years, in order to meet that vision, and to answer the business needs described above, the company launched a designated program called "Ofek" (horizon). The program runs in two channels: the first, and more ambitious, is identifying entry level employees with potential and ambition to professionally develop and rise up the ladder, and designing an internal process that will make it happen. A major change in recent years is that the length of each phase in the development programme is much shorter than it used to be in order to meet the expectations of younger generations. So, for example,

employees rising up the ladder can reach senior managerial positions (such as hotel manager) within ten years as opposed to around twenty years previously⁹¹

The second channel is more basic and broad, and focuses on employees with less ambition in terms of their professional development. In these cases, the main effort is to make sure that there is a very respectful and beneficial work environment, which in turn will answer the business need to reduce employee turnover. As part of this channel there are major efforts to ensure that non-work activities and in-kind benefits, such as recreational and cultural activities, meet the expectations and needs of most employees. The programme gives high attention to the needs of diverse populations, i.e. celebrating various religious holidays all together, across all religions.

Key take-aways:



- 💡 Hospitality industry could offer substantial opportunities for social mobility given the fact that formal education is less of an issue, and professional development is more about merit, personal commitment and ambition.
- 💡 Besides the strong connection between business needs and social impact, the real difference seen in this case is due to the structural programme to identify and invest in qualifying employees.



Challenge: Given the great opportunity, this should be more utilized and scaled-up across the tourism industry and beyond.

INCREASING EMPLOYMENT OF ULTRA-ORTHODOX (HAREDI) JEWS:

In this sub-chapter we look at case-studies from BDO and Western Digital.

BDO Israel

BDO Israel is one of the leading accounting and consulting firms in Israel. It is part of the global BDO network, complying with the standards and principles of the global firm. BDO Israel has approximately 1,600 employees in over ten branches spread throughout Israel.

One of the most important landmarks in BDO Israel's work and efforts on diversity and inclusion was the establishment of a branch for Jewish Ultra-Orthodox (Haredi) women in the city of Bnei-Brak, east of Tel Aviv.

Ultra-Orthodox Jews constitute the majority of Bnei Brak's population. The Ultra-Orthodox community is characterized by segregation between men and women. In addition, Haredi families tend to have many children (an average of seven children per family).⁹² While men typically spend most of their time studying in institutions for Jewish studies (Yeshiva), women go out and work in addition to taking care of the children and household chores. The new BDO branch provided the women employed there a gender-homogenous work environment near home, with a work-life balance appropriate to their family obligations.

BDO's Human Resources division adapted its recruitment process to cater to the needs and priorities of Haredi women. In addition, it took into account that the majority of the women are young and lack professional experience, as opposed to secular employees who, in most cases, have prior experience in student jobs and internships. BDO Israel invests extra resources and goes to great lengths to employ Haredi women. Their efforts include:

- Partnering with seminaries teaching Haredi women the profession of tax advisory work. The heads of these seminaries were invited to visit the work-space in order to give their approval for employing women from the community there.
- BDO's IT division set up an internet platform blocking sites restricted by the Ultra-Orthodox Rabbinical Committee for Media Affairs.

- Advertising jobs in Ultra-Orthodox networks, newspapers, and other platforms.

It was decided that the head of the Ultra-Orthodox branch would have a direct line of communication with the chairman and with the Vice President of Human Resources, so that issues and problems that might arise during the operation at the Haredi branch would be resolved as quickly as possible. This line of communication proved to be very effective and had a significant contribution to the success of the initiative.



Over the years, the company's work routines and organizational culture developed to better suit its diverse workforce. Among the issues discussed in that regard: mixed or gender-separated training and instruction; integrating Haredi women in company events; kosher food and kitchens in the work-space; and more. In some cases, the women would follow existing norms, and in other cases the organizational policy and culture was updated to meet the needs of the Haredi women.

Building on the success of the initiative, an additional branch for Ultra-Orthodox women was established in the Jewish Ultra-Orthodox city of Modi'in Illit in 2013. Today, the two branches together employ around 70 Ultra-Orthodox women.

The main challenge BDO faces in employing Ultra-orthodox women is the high birth rate. At any given time, around 30% of the women in the branch are either pregnant, on maternity leave, or just returned from leave and require time for nursing their baby and re-familiarizing themselves with the work. Nevertheless, despite these challenges, the branch's close professional ties with other branches has strengthened Haredi women's image as professional and reliable employees.

The successful experience with the Ultra-Orthodox branches proved very useful in establishing operations in the Israeli Arab sector. Two branches were opened in the city of Nazareth and in East Jerusalem, focusing their operations in the Arab sector.

The knowledge and experience that the firm acquired in terms of organizational flexibility and the opportunities that it offers for expanding diversity efforts, have contributed to the expansion of these branches, alongside the increase in diversity and inclusion throughout the entire firm. Some diversity experts are cautious about programmes like this BDO one, on the grounds that the Haredi employees remain largely still within their own community. The reality, however, is that it is very hard to go from segregation to integration in one leap.

Key take-aways:



- An example of meeting a diverse and somewhat segregated community where they are but bringing the economic development to their doorstep.
- Part of the success is due to the decision to allow for top management to be involved in solving on-going issues and disregarding hierarchical structures.



Challenge: allowing for separate working zones where needed but at the same time encouraging integrated branches and bringing employees together when possible.

Western Digital and recruitment of Ultra-Orthodox women

The high density of high-tech businesses in Israel from start-ups to major R&D centres of the world's largest technology businesses, means that there is an intense "war for talent" and a constant drive to differentiate, stand out – and expand the talent pipeline.

Local HR specialists refer to the particular challenges of the "G.A.F.A Talent War" (Google, Apple, FaceBook, Amazon) but highlight that in the past two years, major Chinese firms like Alibaba have also started to open up Innovation Centres in Israel. As a result,

it is estimated that there is a deficit of some 15,000 software professionals⁹³

leading local companies to expand their search for talent beyond the usual population sectors. The Israeli division of Western Digital, which already employs around 1,200 people in Israel, is one of the companies seeking to engage Ultra-Orthodox women. They see this both as part of expanding their talent pipeline as well as as being part of their drive to achieve greater diversity and inclusion in the workplace.

Around 1,000 ultra-Orthodox women complete associate software engineering programmes in Orthodox seminars in Israel each year, and a few hundred find employment in the local tech industry through specialized employment agencies. Jobs outsourced through the agencies are most often low-level and with virtually no promotion opportunities. According to government data, only 0.4% of tech high earners in Israel are Orthodox and ultra-Orthodox women.⁹⁴

Western Digital worked with KamaTech, a non-profit organization established to facilitate the successful integration of Haredim (ultra-orthodox Jews) into the Israeli High-Tech workforce.⁹⁵ (KamaTech started as a coalition

of 30 leading hi-tech companies, innovative startups and venture funds, among them Cisco, Intel, IBM, Google, Microsoft, Amdocs, Checkpoint, CitiBank Innovation Centre, Pitango VC, Canaan Partners and more)

www.kamatech.org.il/⁹⁶

In a pilot programme, in 2018, six women were hired after a skills-assessment process, and 12 after a targeted three-month-long bootcamp programme. Originally intended for engineers with academic degrees wishing to add domain-specific knowledge that can land them a job at Western Digital, the bootcamp programme was tailored specifically for the ultra-Orthodox coders. It is believed that this is the first time that Ultra-Orthodox women have transitioned from a KamaTech programme into a multinational

As journalist Hagar Ravet describes the initial bootcamp: 'As part of the process with Western Digital, KamaTech worked alongside the ultra-Orthodox community to get a rabbinic stamp of approval for the initiative. Each side—both the community and the tech multinational—has to decide which issues are non-negotiable, and which are something they can compromise on. An example to one such question: can an ultra-Orthodox woman sit next to a secular woman at the office?

...The Jewish Orthodox community in Israel uses “safe internet” providers that filter content according to rabbinical directives. “The rabbis did not want them to have unlimited access to the web, but the company said they must be able to conduct online searches. We found a solution of a partial content block, that did not hinder their work ability but also satisfied the rabbis.”⁹⁷

There was also negotiation between Western Digital and the individual, would-be employees. The company conceded that whilst it could not commit to the Ultra-Orthodox women only being supervised by female managers, they would not have to sit in the same room with any male supervisors. Conversely, when one of the candidates said she could not see anyone dressed informally, Western Digital had to explain they could not guarantee this, as some of their younger, secular male employees turned up work in shorts and T-shirts in summer time. In practice, however, the

company dress-code encourages appropriate work attire so this has not generally been an issue.

Western Digital's Israeli site manager Shahar Bar-or is on the record that:

“None of the women or the rabbis we met with asked us to change the management style of the company... You can always either try to pile up hurdles or opt for tolerance. In my opinion, that's the kind of maturity that's needed when considering employment diversity. Not everyone has to conform themselves to the same DNA.”

When we interviewed Western Digital in June, they were about to launch a second boot-camp. The company is also part of a High-Tech HR Forum which is part of the High Tech Industry Association.



Western Digital celebrating with employees winning the Dov Lautmann Diversity Award in 2019. Photo by Ilan Spira

The Forum's quarterly meetings bring together CEOs, CFOs and Chief Human Resources Officer to exchange experiences and good practice; and Western Digital is receiving many requests from other companies to share their experiences with this pilot programme.⁹⁸ These requests are likely to increase as a result of Western Digital becoming the first high-tech businesses to win the Dov Lautmann Diversity Award for 2019 for their efforts to recruit Ultra-Orthodox employees. The company is now extending the concept with parallel programmes to recruit more Arab Israelis and more Druze employees.

Western Digital is also part of a new Haredim for High-Tech Forum, alongside Amdocs, Google, Intel and other companies from the high-tech and defence industries, as well as academia, government (Israel Innovation Authority), Start-Up Nation Central and the Haredi community. The Forum is an initiative created by the Haredi Institute for Public Affairs to formulate and propose a policy-oriented national plan that will facilitate a nationwide infusion of Haredim into the high-tech and defence industries.

Key take-aways:



- 💡 Necessity is the mother of invention! The War for Talent has created the business case for being more proactive in looking for talent from unconventional sources.
- 💡 It is all too easy to assume that other partners will be uncompromising, whereas being open and transparent and willing to find creative solutions, can produce results.



Challenge: will be to build on the pilot and run these customised pre-recruitment, training programmes at scale and to involve many more existing employees, who will also need to meet the needs of these new recruits part-way in terms of their own behaviours.

Helping Working Care-Givers: Teva and Care Givers Israel

As populations age and medical advances mean that many more people with severe disabilities and serious medical conditions survive and live longer, the incidence of caring for loved ones by family members and friends, is increasing around the world. Typically, they will be caring for a parent or other elderly relative, a partner with a long-term condition and/or a sibling or child with disabilities. Many of these carers will be juggling their

job and looking after a loved one. Caregivers Israel, an NGO, calculates that 1:4 of the Israeli workforce may be working carers. International research shows that carers – especially those caring long-term and long hours can become lonely, depressed and feel socially isolated. Many carers have to give up work to care for their loved one – which usually puts added strain on family finances both immediately and for the long-term as savings are depleted and there is limited opportunity to build up pension pots. Hence the growing recognition that by supporting employees juggling work and care and helping them to stay in work, employers can help themselves (retaining experienced staff) and employees affected – and reduce one cause of social and exclusion.

Drawing on the experience of carer charities in other countries, including Carers UK with their Employers for Carers Network (which recently celebrated its tenth anniversary), Caregivers Israel (established in 2014) has been piloting a scheme to encourage employers in Israel to help their working carers.

One of the first companies that Caregivers Israel worked with is Teva Pharmaceutical Industries. Teva is an Israeli multinational pharmaceutical company headquartered in Petah Tikva, 10 km east of Tel Aviv in the central district of Israel. Teva is one of the largest generic drug companies in the world, with a vast portfolio of over 3,500 medications manufactured by the company, including many specialty medications. Teva has over 43,000 employees worldwide, and is active in over 60 countries.⁹⁹ It is one of the 15 largest pharmaceutical companies worldwide.

In 2018, Teva consulted employees about the needs of those juggling work and caring responsibilities. In December, they launched "Teva Cares for Carers."

Initial support included Carer champions in each Teva site, regular internal communications, making the information resources of Care-givers Israel accessible via the Teva Intranet, and adding support for carers to the contract specification for Teva's occupational health provider.

As the consultations with employees had identified social isolation and neglecting one's own health to give priority to the needs of the person cared for, Teva decided to provide their working carers with vouchers for paid days off to be able to do something for themselves.

Creatively, Teva also added working carers to the list of those employees eligible for cash grants from a fund where other employees can donate their unused holiday entitlements, with the company effectively paying the fund for these donated days.

Caregivers Israel in partnership with JDC-Eshel is now supporting a number of other employers both large and small, including Roche, Abbvie, Hertz and Assuta. They are determined to make support for employees juggling a job and caring for a loved one, an integral part of what represents an inclusive and responsible workplace. As the CEO of Caregivers Israel, Rachel Ledany observes:

"Caring is part of our life and matters to all of us. Most of us will face the complexity of combining work and care at some stage in our careers. It has an influence on people, organizations and societies. Responsible organizations, like those we are working with, have realised that identifying and supporting their employees in their challenging phase as caregivers, is about promoting the resilience of the employees and the workplace as well. We have to encourage organizations to become "caregivers friendly" by adopting specific policies and creating a caring culture."¹⁰⁰

Caregivers Israel is also now supporting a programme with the Israel Civil Service Commission (CSC) as ten ministries were announced as care-giver friendly and a new policy was written for working caregivers in the civil service. CSC is the largest employer in Israel.

Key take-aways:



- 💡 Helping working carers is a growing dimension of diversity and inclusion
- 💡 It is good practice to identify employees who are looking after a family member or friend and to consult these employees on the practical steps that would have a positive impact on their lives. Very often these will be low/no-cost adjustments.
- 💡 For working carers the option of working remotely and flexibly can be key to staying in the workforce.



Challenge: to leverage Teva's example and others to encourage many more employers to develop Carer policies too

OLDER WORKERS

Gevasol¹⁰¹

"Experience cannot be bought at the Technion (Israel Institute of Technology)..." Gideon Yadin, founder of Gevasol, believes that older workers have knowledge and experience, commitment, flexibility, less ego problems – all of which are important qualities for business.

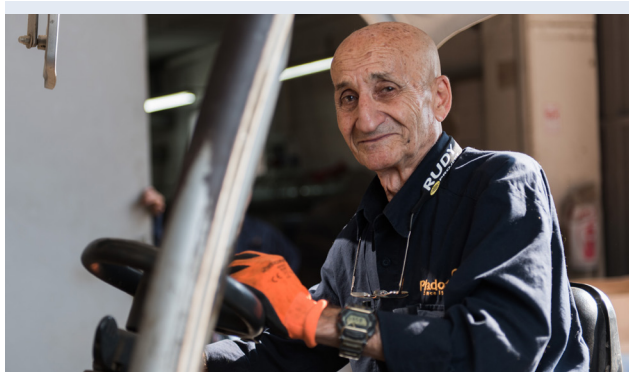
Gevasol is a privately owned manufacturing company, founded in 2002 and owned by Gideon and Ya'ara Yadin. The company employs over 300 people, with production sites in Israel, The Netherlands and India. In Israel, the company is situated near the city Beit She'an, in the north-eastern part of Israel. The company products are mostly Built to Need (BTN), as they are tailor-made to meet each customer's needs. Products are mainly in the fields of fluid and motion control, including various types of valves and motors, and sealing solutions.¹⁰²

The Yadin family, founders and owners, believe that integrating older workers in the workforce contributes greatly to both the business and to the workers themselves. Hiring older workers is standard at Gevasol and is at the top of the agenda for all those working in headhunting and hiring.

Gevasol has set an ambitious goal of having older workers make up 30% of the workforce. This goal was established after considering the continuous growth of older age populations, and that in the areas where Gevasol is situated there are large communities of older people in need of work beyond retirement. Older workers currently comprise around 20% of the company's workforce. Gevasol's 15+ years of experience in employing older workers show that employing them is beneficial for all.

The main challenges are around finding older workers with the appropriate expertise for the work, especially in northern Israel where the factory is situated, away from the central business and manufacturing districts. As a result, Gevasol partnered with the Maianot Regional Council to establish Idan Technology – a locally based entrepreneurial centre, run in a joint effort between Gevasol and the Maianot Regional Council. The centre connects education, technology and industry, enabling local communities to be exposed and integrated into industrial companies. The activities at the centre include lectures, courses, seminars, and more. These enable older populations to pass on their knowledge and skills to younger generations, and through the centre Gevasol is able to access potential older workers and hire them.

For its efforts on diversity and inclusion of older workers, Gevasol won the annual Israeli Diversity Award in 2018.



A Gevasol employee. Photo by Sharone Amit, 2018

There is currently a need to have proactive initiatives to help older workers stay in or return to the workforce. The longer-term solution, as a new OECD Report (Working Better with Age – Oct 2019) makes clear is:

“Promoting the employability of workers throughout their working lives – with a view to enhancing employment opportunities at an older age – is also a key requirement for longer, rewarding careers. In the context of population ageing, mobilising the potential labour force more fully and sustaining high productivity at an older age are critical. This in turn requires a healthy workforce with up to date skills.”¹⁰³

Key take-aways:



- 💡 Hiring and retaining older workers is a win-win for employers and employees.
- 💡 Older workers may, however, need new technology skills in order to be employable.

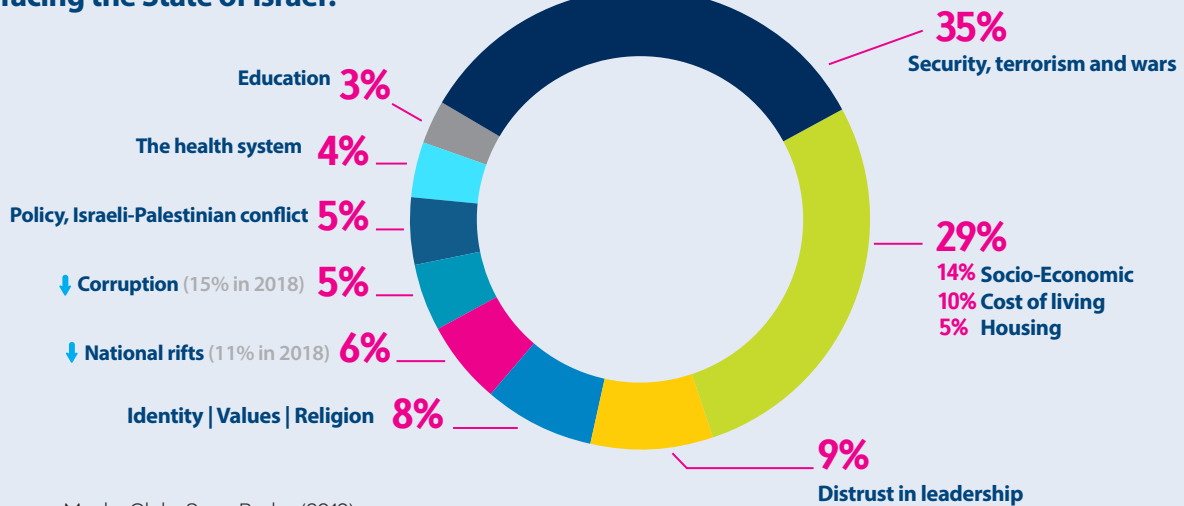


Challenge: will be to build on the pilot and run these customised pre-recruitment, training programmes at scale and to involve many more existing employees, who will also need to meet the needs of these new recruits part-way in terms of their own behaviours.

CONCLUSION

The Maala-GlobeScan Radar, a public opinion survey analysing societal attitudes, expectations and trust in businesses, has consistently shown since 2014 that, in the eyes of the public, the most significant issues facing the state of Israel after security are socio economic issues and basic needs for living. This is very consistent with the unique Israeli characteristic of “leaving no one behind”.

What are the significant issues facing the State of Israel?



Source: Maala-GlobeScan Radar (2019)

Given the negative impact of in-work poverty on business productivity, the need to improve labour force participation of currently under-represented groups, and the high significance of socio economic issues on the public agenda, it is easy to understand why businesses in Israel choose to tackle in-work poverty and increase social mobility.

It is important to note that while there are extensive efforts by businesses to include marginalized populations in their workforce, there is still a lot more to be done on this issue. Looking ahead, future work on inclusion will expand to empowerment and helping employees move from entry-level posts towards promotion to management.

Various of the practices described in this chapter have also been implemented in other parts of the world, at some stage in recent years. Significantly, now, however, there are a number of NGO intermediaries in Israel helping employers to recruit from marginalised communities and to provide support for low-income employees. These NGOs include Al Fanar, the Israeli Forum for Employment Diversity, Tsofen and others.

Additionally, there are more opportunities to apply good practice from other parts of the world. As well as being the Start-Up Nation and a High-Tech hub, Israel might be

characterised as a “Fast-learner” and “Fast Adaptor.” The country excels at what management guru, Tom Peters once described as “creative swiping.”¹⁰⁴ Namely, adopting and adapting the good ideas of others, tweaking them and testing them out in different contexts. Happily, there is an increasing body of initiatives and activities internationally, which Israeli employers can tap into and “mash up” for their own circumstances. These include the current ValuAble 500 campaign, launched at the World Economic Forum in January 2019, to persuade 500 global businesses to commit to making disability a board issue. Bank Hapoalim is an Israeli champion for ValuAble. (www.thevaluable500.com/) Other resources include the Future of Work project at the World Business Council for Sustainable Development (futureofwork.wbcsd.org/) and the UK-based Living Wage Foundation (www.livingwage.org.uk/)

Similarly, we might expect the High-Tech hub and Start-Up Nation quickly to learn from new technology start-ups in Europe like Salad Money (www.saladmoney.co.uk/) and FreeUp, UK-based companies that are developing technology to enable workers to receive early payment for earned, but unpaid, wages at zero cost to the employee. Both these services reduce the need for low-paid workers to have to use pay-day lenders which often charge very high rates of interest, and can lead to a vicious circle of everlasting debt.

Meantime, any business in Israel can consider this practical checklist for Workplace activities.

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
WORKPLACE	Establish base-line: composition of workforce: entry-level, junior/ middle/senior management in terms of gender, people with disabilities, ethnicity, etc	Extend number of target groups currently under-represented in workplace that business is trying to recruit	Establish new stretch targets on percentages of under-represented groups in workforce at both entry-level and management levels
	Set target percentages for total workforce & for management in terms of gender, ethnicity, people with disabilities, etc.	Revise and increase target numbers for employing Ultra-Orthodox Jews, Arab Israelis and people with disabilities	
	Identify & implement necessary workplace modifications in order to accommodate under-represented minority groups such as Ultra-Orthodox women, Arab Israelis	Monitor retention and workplace advancement rates for target groups. Appoint workplace champions for employing Ultra-Orthodox, Arab Israelis and people with disabilities, and working carers	
	Train first line-managers in managing cross-cultures and people with disabilities	Establish employee peer group networks for people with disabilities, Ultra-Orthodox, Arab Israelis	
	Work with partners - to identify & provide pre-recruitment training to target under-represented groups	Join external learning networks to share emerging good practice and learning	Share company experience in external talks and interviews by company chair/CEO/SMT (Senior Management Team)

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
WORKPLACE	Identify and provide support for employees living below poverty-line	Pay enhanced Minimum Wage	Develop a compressive plan to advance personal and economic well-being, focused on low income employees
		Build a career path for entry level employees	Build a compressive programme for reskilling and career path for entry and mid-level employees
			Set targets from internal recruitment for higher skilled jobs for entry level employees
	Train and provide tools for pension planning	Train content experts on pension planning within the organization	Advise on pension planning to all employees
	Fund retirement planning courses	Continue entitlement of retired employees to the organization's well-being benefits	Offer courses and training to develop skills and capabilities of retired employees
	Establish baseline of working carers in the organization	Consult with working carers on development of programme for practical support for working carers	Offer paid Carers' leave
	Monitor & regularly report on progress		

For further ideas, see Maala's ["Inclusive Growth – A Compendium of Best Practices in Israeli Businesses to support employees and increase social mobility"](#) [Sep. 2019]

2 PART TWO

CHAPTER 6 | SUPPLIERS

INTRODUCTION

In December 2014 Maala convened a meeting of some 15 CEOs from its member companies, hosted by the then chairman of Bank Hapoalim. The main agenda item was the expansion of CSR to mid-size companies in the Israeli market through the supply chain of Maala's member companies.

The suggestion was somewhat risky, as Maala's chairman, Micky Adiv, pointed out – getting CEOs to agree to add such an element to their agreements with major suppliers could be perceived as interference with their business decisions as well as a costly move. Maala put forward a first version of a light CSR index based on the existing comprehensive Maala CSR index, and asked the CEOs present to support a move to introduce the light index to their respective suppliers as a way to both start a ripple effect of spreading CSR standards to the second tier of Israeli mid-size businesses, as well as elevating procurement standards within their supply chains.

Maala came out of this meeting with unanimous approval for this plan. It was apparent that most of the CEOs present were aware of the impact that this decision might have on their business operations, but were in agreement that this was a necessary step both in terms of their commitment to responsible business as well as strengthening mid-size businesses and the Israeli economy at large.

The Maala Basic Index ¹⁰⁵ was formally launched in June 2016 rating 23 companies, backed by three large companies who encouraged a selected group of their suppliers to join. By

2019 this had risen to 84 companies supported by ten large companies who recommended the index to their suppliers. (See Table Below)

	2016	2017	2018	2019	2020 Target
Maala member companies recommending	3	8	5	10	15
Participating SMEs	23	50	75	84	100

The Basic Index is based on a questionnaire covering the main pillars of responsible business and focuses on initial steps that promote fair treatment of employees, workforce diversity, reducing environmental impact, and code of ethics. It is structured in multiple choice questions providing a management system for implementing good standards, as well as open questions that invite descriptive answers on the company's approach to responsible business conduct.

Rated companies have reported internal and external benefits as a result of participating in the index. An IT company shared that the process has increased internal cooperation between departments which didn't communicate much beforehand. The internal process of collaborating on collecting the data and reporting it created for the first time a more comprehensive picture of the company's social impact, which created the appetite to do more.

Additional feedback, which was repeated by several of the SME companies, was the opening up of a new channel of communication between themselves and the procurement departments of their large customers which developed the relationship beyond the typical dialogue that focused on costs, payments and order requirements. One of the companies went even further in describing how its CEO and senior management team felt that for the first time they

could communicate the social commitment that they felt was always there but was never seen as being within the scope of their large business customers.

The index also encourages further investment and work. For example, several companies used the index to increase internal awareness of employee volunteering, create new sustainability programmes and reported back on the benefits of that to their employees' satisfaction and motivation. Several companies started writing Codes of ethics using internal knowledge of their teams, and published these in due course. Publishing their Code of ethics also gave them an advantage with their large customers.

Preliminary data from the Maala Basic Index gives a snapshot of the strengths and challenges of mid-size businesses in Israel. 79% of the rated companies already have a code of ethics, however only 50% have shared it publicly and coverage of the code of ethics in training programmes is lacking. In diversity, some figures are higher than the large companies, with 11% Israeli Arab employees (versus 5% among large companies), but lower in terms of percentage of women in managerial positions – 20% among SMEs versus 30% in large companies.

The major differences between mid-size and large companies are in employees' welfare, specifically low-paid workers. While the numbers of companies who are committed to an increased minimum wage (around 40%) and ready to give loans at better conditions (around 70%) are similar between mid-size and large companies, in the more advanced practices the differences are very apparent, i.e. supporting social work services – only 14% versus 60%; subsidizing training and university tuition for employees and their families – 32% versus 63%; training on household finance – 22% versus 51%.

From the point of view of the large companies who promote the basic index among their suppliers, there is already an impact. There is now a group of procurement officers from Maala member companies who are turning into champions of responsible business. Bank Leumi, which will be detailed later in this chapter, is an example of a company that has already integrated questions on responsible business conduct and the Maala Basic Index in the contracts with its suppliers.

This chapter will describe various case studies that showcase efforts to empower and raise standards with mid-size businesses and thereby spread more Inclusive Growth. Some of these examples are linked directly to the process that the Maala Basic Index has initiated, and others tackle specific barriers to strengthen and empower SMEs in the Israeli market. An overriding theme of this chapter is the strengthening of a local economy in the context of a developed market. Rather than the more common work in the responsible business field of empowering suppliers across the global supply chain focusing on developing markets. This relates to the theme of this publication which is focused on the local economy. In this regard, it is worth noting that, according to the Ministry of Economy, small and mid-sizes businesses are a major growth engine for the Israeli market.

According to the 2017 data, there are over half a million SMEs who make up 99% of businesses in the country

They are responsible for 53% of business production and employ 61% of the employees in the business sector. They are also the largest contributors to adding new jobs to the market.¹⁰⁶

Sano¹⁰⁷

Sano is a well-recognized Israeli brand specializing in laundry products, home care products, cleaning and hygiene products, kitchen accessories and useful products, air fresheners, insecticides, paper products and more.

Fifty years ago, in a small hall in Tel Aviv, Bruno Landsberg set up a small cleaning factory. The factory employed three employees who created the first two products of the company – mothballs against moths in cellophane bags and a product for cleaning toilets in a pink, sealed plastic bottle. Bruno named the toilet product "Sano" – a Latin name that means "clean", and which derived from the saying "Mens sana in corpore sano," which means "a healthy mind in a healthy body". The product was very

successful and its catchy name became the brand that all the company's products currently bear.

Today, Sano manufactures more than 500 different products in a wide variety of areas at five plants across the country, employing over 2,000 people, and is listed on the Tel Aviv Stock Exchange. The current CEO is the grandson of the founder and the family still has a major share in the company.

In 2016, after already being ranked on the Maala index, the procurement officer at Sano decided to start a process of strengthening partnerships with the company's suppliers. The idea was to go beyond mutual interests in the supply chain to build a shared understanding of the needs of each side, to increase quality and reliability, and essentially to create a new long term contract in which Sano is committed to fairness and loyalty to its suppliers, while the suppliers will show Sano the same, thereby ensuring transparency, dialogue, trust and long term partnership. What some have called "long-term shared destiny relationships."



When Sano launched the process, whilst the value-based motives were present, there was also a clear business reason: the procurement team were able to prove that increasing trust and loyalty between Sano and its suppliers has a direct economic value for both sides. One of Sano's main principles to build an effective partnership with its suppliers is increasing transparency and trust. A good example of that was the suppliers' conference held in June 2018, which included extensive content on responsible business through external lectures, and an invitation to join the Maala Basic Index. This has been accepted so far by some 20 of its suppliers.

The conference also featured an online dialogue that enabled anonymous feedback to Sano. 130 suppliers participated in this conference, out of which:

- 85% declared that Sano is open to dialogue and feedback;
- 96% agreed that Sano has a high payment ethics giving confidence to suppliers that they can rely on the payments timetable (an issue that is often regarded as problematic by SMEs supplying large organisations);
- and 82% declared that the terms of the contract with Sano are clear and fair.

Sano reported to all suppliers on the results of the feedback and also transparently committed to act in response to the fact that only 64% of its suppliers felt that Sano acts fairly with its suppliers.

Another unique feature of the partnership between Sano and its suppliers allows both Sano and a selected group of suppliers to know of the current inventory in the warehouses of both sides. According to Sano's head of procurement, Sano is the only company in Israel that works on this model which allows a very high level of efficiency and transparency. All in all,

suppliers that have adopted CSR standards have seen a sharp increase in their activity with Sano, long term contracts with the company and a higher level of business success.

The head of procurement is often invited to share this case study and lecture to other procurement officers about his work and feels that he has a major share in Sano's improved performance in the Maala 2019 index. In 2019, Sano received the highest Platinum+ rating and was rated highest in its sector.

Key take-aways:



- 💡 The procurement officer becomes a champion for values that build trust with its suppliers.
- 💡 Full transparency with suppliers contributed to higher performance.



Challenge: the company points out some gaps it needs to meet in terms of suppliers' assurance that they are treated fairly.

Tavas ¹⁰⁸

Tavas is one of Israel's leading cleaning services companies, founded in 1986 by three brothers who are still involved in managing the company, following its partial sale to one of the largest maintenance and services companies in Israel: Electra FM Group. The combined company now employs 2,400 employees throughout Israel, and prides itself on the quality of service, but also on its commitment to responsible business and caring for its employees. Tavas was one of the first companies to join the Maala Basic Index in 2016.

Ilan Shimoni, one of the founders and current CEO, also serves as the chairman of the Israeli Organization of Cleaning Companies. In both his roles, Shimoni is one of the advocates for higher wages for cleaning personnel, arguing that the State minimum wage does not reflect actual living costs and pointing to the gap between what people would pay personally for cleaning their houses versus the inclination of corporations to stick to minimum wage when it comes to cleaning offices and corporate sites.

After years of preaching on this, Shimoni feels that there is finally a shift, and the values of responsible business are also reflected in the treatment and wages in his part of the supply chain – cleaning personnel. "I see clearly two trends that complement one another: a desire for social justice and zero tolerance for wrong-doings, and a shortage of employees in this sector that encourages clients to increase employees' pay in order to maintain stability and

good service. Those two trends create fertile grounds for responsible business conduct which I am pleased to see in major parts of the Israeli business sector."

Shimoni has witnessed how some of the company's major clients who started the process of introducing advanced standards through the supply chain are implementing positive steps and recognizing their efforts to achieve high standards. He is particularly encouraged by the fact that

many new procurement officers, many of whom are in their mid-30s, show a deeper social conscience that characterizes their generation.

There is still a way to go in terms of the business sector, Shimoni believes. He sees this particularly in traditional industries where procurement officers tend to be more conservative and in many cases would maintain the divide between their employees and cleaning personnel employed by a supplier, primarily in terms of benefits and wages.

Key take-aways:



- 💡 A compelling case that, given the nature and size of the company, represents a comprehensive and quick outcome of deciding to take a leadership role in the cleaning service business sector.
- 💡 It is also an example that even in challenging business circumstances you could have a clear advantage once you decide to commit to ethical business behaviour.



Challenge: it is an on-going challenge to deliver messages to clients and make sure that the company's commitment to its employees is shared with clients.

Bank Leumi

One of the first companies to join the process of inviting suppliers to join the Maala Basic Index was Bank Leumi already profiled in Chapter 5 (see page 54 above) led by its Procurement Department. Bank Leumi works with over 1,000 suppliers, has a procurement budget of about 2 billion NIS per year (\$0.57billion), and with 67% of its suppliers categorized as SMEs.

The decision to get on board with the new initiative of the Maala Basic Index was part of a long standing realization that the bank could play a significant role in helping SMEs and start-ups to grow, if the typical barriers in language, mode of operation and capacity between SMEs and large corporations could be identified and better managed. The bank has already committed to diverse and green procurement, a fair payment policy, assurance of proper working conditions for the suppliers' workers, and a transparent compact between the procurement team and the suppliers covering vital aspects of the relationship. It is argued that this produces more long-term stability for the SME suppliers and thereby contributes to more diffuse and inclusive growth in Israel.

Bank Leumi's procurement team had first shared its procurement work methodology in a closed session arranged by Maala in 2015, which in turn had been a follow-up to the December 2014 meeting with 15 CEOs described at the beginning of this chapter. Then in 2017 the bank hosted a session for procurement officers from 25 leading companies. In the session, the then head of procurement at the bank Udi Rosenbaum shared the work that they were doing and encouraged others to join the effort to capacity-build their own SME suppliers. The overriding theme was to strengthen the Israeli economy and promote more inclusive growth through capacity building and empowering SMEs.

The process of inviting suppliers to join the Maala Basic Index was publicly launched in 2016 with a formal letter signed by the Head of Procurement at Leumi,

acknowledging the importance of responsible business to the bank. The letter explained the decision to encourage suppliers and business partners to also join the initiative. The bank informed its suppliers that in selected procurement processes, the bank is seeking to further expand social and environmental criteria.



Udi Rosenbaum (right), former procurement officer at Bank Leumi, awarding a certificate to the bank's suppliers who participated in the Maala Basic Index, 2017

The main message was about inviting and encouraging suppliers to align with CSR standards. It was made clear that this was not a new formal requirement, but rather a voluntary process. All in all, between 2016–2019, the bank identified around 80 leading suppliers that were invited to join the Maala index, out of which some 23 have joined so far.

In 2017 the bank hosted a first of its kind event to honour the suppliers that have joined the index so far, with each supplier awarded a certificate.

The bank shared the strategy and the work at the Maala 2017 international conference as part of a designated session for procurement officers. One of the outcomes of this process is that within the bank's procurement tenders,

under the category of quality-based standards (versus price-based tenders), part of the score is determined on whether the company is rated on the Maala index. This is evident in the case study of Tavas, one of Leumi's suppliers, also described in this chapter. This process has proved very significant for suppliers of the bank. Bank Leumi also has a policy of paying suppliers within thirty days and since 2013 has had a Suppliers' Charter based on the Leumi Way. (The Leumi Way was formulated in 2005 by the bank's employees and was the first written code of ethics in the banking system in Israel.)¹⁰⁹

Key take-aways:



- 💡 The first company in Israel to take such a public stand on the subject of empowering and capacity building of suppliers and SMEs.
- 💡 A continued effort that found its manifestation with the bank's contracts with its suppliers, acknowledging the bank's ability to empower and build capabilities of its suppliers.



Challenge: presently, the work is with a number of selected and chosen suppliers – more work needs to be invested in expanding the initiative to engage many more suppliers..

We Source

We Source is a three-year-old initiative aiming to increase the diversity of supply chains, focused on communities within Israel who are not fully integrated in the work-place and the Israeli economy. The main message is the potential impact that companies have through their supply chains, if they would proactively seek ways to diversify their supply chains beyond their existing pool of suppliers.

The initiative is led by an organization called Jasmine, which began with the mission of helping women-owned businesses, particularly Arab women, to grow and flourish.¹¹⁰ (en.jasmine.org.il/who-we-are/)

The organization began in 2006, and through strategizing decided to expand as a hub that would help suppliers and clients alike to connect and grow. Over the years, Jasmine has helped over 11,000 women, Jewish and Arab from all business sectors. (Jasmine's President is Ofra Strauss, Chairwoman of the Strauss Group.)

"Jasmine believes that providing women with the opportunity to become financially independent will positively impact the society in Israel as a whole: many households will improve their financial status, and communities will prosper, which will decrease the tension between different parts of society and will directly affect Israel's security; the cross-community business partnerships that Jasmine encourages, will allow the different societies in Israel to learn to co-exist. Furthermore, we believe that women have the power to positively impact our future generations and so by providing them with financial independence, we provide them with the power, confidence and knowledge necessary to make a better life for our children as well."¹¹¹

We Source calls upon procurement officers to look for the following underrepresented groups within the Israeli economy: women-owned businesses, businesses owned by minority groups (in both cases the criteria is at least 51% ownership), businesses from geographical and social periphery in Israel, businesses with a substantial representation of minorities within their work force, and local SME's in reference to the clients' geographical location.

So far, We Source has created a data base of about 700 businesses who qualify for one or more of those criteria. These companies have also been checked in terms of their financial stability and other basic business criteria. Parallel to that, We Source is working with procurement officers to both understand their needs and get their feedback on what would help them reach the goal or the mission. The organization currently works with some ten large companies including Bank Leumi, Strauss Group, Zionut 2000 organization. Other partners include the largest corporations in Israel from various industry segments including Intel Israel, Verint Systems and Procter & Gamble Israel.

We Source is working on creating a digital platform to better connect the two sides. With most of those companies there is also an internal process that We Source helped facilitate, including mapping the current suppliers and identifying potential areas to invite new suppliers that meet the We Source criteria.

We Source already boasts some preliminary success of SMEs starting to work with large corporations, and also some small businesses who have already managed to double their annual revenue through those new business opportunities. The unique offering, which is also the main challenge We Source faces, is to help Israeli SMEs from under-represented communities within the economy and society. This can be even more challenging than the more common initiatives that try to connect suppliers from developing countries to the global supply chains of multinational businesses. The challenge here lies within the understanding why procurement departments need to go some way in order to work with those diverse suppliers, when one could argue that any SME would appreciate some help in getting to work with corporate giants. The long term challenge is to go beyond what is now more of a matchmaking process to a more built-in process that has in place various incentives and opportunities for SMEs to take the leap and work with those corporations.

Key take-aways:



- Many businesses seek suppliers with an added shared value- this is the potential of the initiative.



Challenge: it is difficult to enter into procurement systems and to balance between the client's wish and the capabilities of the supplier.

Israel Electric Company

Israel Electric Company (IEC), a state-owned company, is the main provider of electricity and energy in Israel,

and the sole operator of the electricity grid in Israel. It has nearly 8,000 suppliers, with a procurement budget of about 4 billion NIS a year. (\$1.3BILLION) IEC is rated Platinum+ on the Maala CSR Index and as part of managing CSR the procurement division has looked to implement new standards for some years now, also encouraging suppliers to join the Maala Basic Index.

Procurement at IEC was spread throughout different departments. In 2017, the CEO and the board of directors led the process of centralizing the procurement into one department dedicated to procurement. As part of that, policies were updated, highlighting fairness towards all suppliers; transparency and simplicity – the complex and bureaucratic procurement processes were transformed into simple and transparent steps (e.g. dropping the demand for a bank guarantee), with an aim of including small and mid-sized suppliers; and increasing the pool of suppliers. This was not an easy challenge: given the size of IEC and the company being a utility-based company, over the years most of the suppliers were large companies that could meet the financial and technical requirements that IEC needed. The procurement department began to look into various tenders and proactively searched for ways to open up processes so that smaller and new-to-IEC suppliers could apply. They held a number of open meetings with potential suppliers explaining how to respond to tenders, assisting them in the process, while at the same time doing internal work to

break up very large tenders into smaller tenders, so that more companies, smaller ones in particular, could meet the requirements.

The first meeting was held in 2017 and attracted more than 150 companies, dozens of which eventually joined as suppliers of IEC. Following this success, additional meetups

have been held since. IEC constantly works on increasing dialogue with its suppliers, i.e. visiting factories, including in remote and rural areas, in order to further engage with them. Subsequently, there have been four more meetings in which 520 companies and individual suppliers participated and most of them are now registered suppliers for IEC.

The revised procurement strategy and new procurement policies and performance have already shown good results, both for IEC and its suppliers. IEC adheres to strict supply chain standards, including enforcing employee rights in labour-intensive contracts. For example, if a contractor defies employees' rights, IEC will not hesitate to foreclose guarantees or initiate other sanctions on the contractor until all employees get their rights. These standards also include checking the environmental performance and responsibility of all suppliers, through supplier engagement surveys.

Key take-aways:



- 💡 One of the largest utilities companies in Israel that understood the importance of empowering SMEs.
- 💡 The work undertaken has created economic value for the company and an opportunity for new suppliers to start working with IEC once tenders were divided into smaller scale ones.
- 💡 The company is state owned and must abide by the government tender regulations. Nonetheless, it still finds value in incorporating social criteria into the procurement processes.



Challenge: to engage more of IEC's suppliers in more comprehensive "long-term, shared destiny"

dialogue with the company where both parties commit to identifying how to continuously improve their working relationship.

CONCLUSION

The focus and the expertise built up so far since 2015 has primarily been on improving relationships with and capacity-building for existing suppliers – especially those which are SMEs. There is great potential to extend this capacity-building and make it more strategic. This might include, for example, the use of Big Data and data-analytics to capture, codify and communicate good practice with and amongst suppliers; and create on-line information exchanges and collaboration-facilitation platforms amongst suppliers. This could also involve providing preferential loan facilities for suppliers needing CAPEX (Capital Expenditure) to increase capacity/make it more sustainable. According to the OECD, only 15% of Israeli SMEs currently export. A further opportunity to help build the resilience of SMEs would, therefore, be for some of the large companies to help their suppliers to start exporting successfully.



In the future, we might also expect large companies to be more proactive in identifying potential new suppliers: minority-owned and run SMEs from marginalised communities and to capacity-build so they are able to bid successfully for tenders, possibly giving them a price advantage worth (say 5-10% on the tender price versus competing bids). Breaking up larger contracts to make them more attractive to SMEs will also help create a more level playing-field and encourage inclusion.

There are also opportunities to develop further the capacity of intermediaries like Jasmine/WeSource and to introduce them to other businesses, so that these intermediaries can successfully connect more minority-owned / run businesses, with large companies.

Meantime, any business in Israel can consider this practical checklist for Supply-Chain activities.

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
SUPPLIERS	Review payment terms and commit to paying all suppliers on-time	Build on-line Supplier Interchange where suppliers can also share good practice to raise standards and support Inclusive Growth procurement	Break up larger tenders into smaller tenders so that SMEs can realistically bid for them
	Verify that manpower/service contractors comply with labour laws	Recommend Maala Basic Index to SME suppliers	Incentivise suppliers to join the Maala Basic Index
	Ensure procurement policy also include reference to the advancement of social and environmental issues	Check procurement processes inherently address social and environment issues	Set aside percentage of all contracts by value for suppliers from minority groups such as Ultra-Orthodox, Arab Israelis, people with disabilities. Set targets for suppliers with social and environmental edge.
	Periodically survey suppliers' views of working with the company	Run regular supplier conferences to share good practice and build capacity	Run comprehensive Supplier capacity building programmes

2 PART TWO

CHAPTER 7 | MARKETPLACE: PRODUCTS AND SERVICES PILLAR

INTRODUCTION

The third broad pillar of inclusive growth as defined by Morgan Stanley is around goods and services that are, either by their nature, or by the way that they are being marketed and promoted, helping achieve inclusive growth.

Innovative products and services are a major driver of economic growth in the 21st century. Many aspects of life have been, and still are, deeply affected by businesses introducing and marketing new products and technologies, such as communication, transportation, access to knowledge, access to healthcare, work, food and health, smart homes and smart cities, and much more. Many, if not most, of these innovative products and services considerably improve peoples' quality of life and advance inclusion.

Israel has one of the most compelling stories in terms of introducing a product that changes peoples' lives – the story of drip irrigation that changed the way that agriculture can flourish with limited amounts of water, as the slogan that the company Netafim is known for, says: ¹¹² "grow more with less". A second and more social aspect of the drip irrigation is its impact on inclusive growth in rural communities and developing countries. When drip irrigation systems are installed, members of the community, in many cases women, have much more time to develop and invest in themselves and the community, because they can spend far less time fetching water.

It is therefore intriguing to see if this spirit of innovation is manifested in products and services that have an impact on inclusive growth in the context of a developed economy. This chapter will showcase some of those examples which all reflect the challenge of walking the fine lines between a pure business benefit and offering better products and services to the public, versus fundamental and disruptive new products and services that answer the challenges of inclusive growth. Although it is hard to find as compelling an example as the drip irrigation, this chapter includes

several case studies showcasing (1) products and services helping customers live better lives from companies such as Clalit Health Services, Unilever, IBI and the Strauss Group; (2) Helping vulnerable customers to be included in a fast-changing market-place: Teva Pharmaceuticals, Bank Hapoalim; and (3) Developing Goods and Services which are more sustainable: Elbit, Impact First Investments.

PROACTIVELY HELPING CUSTOMERS LIVE A BETTER LIFE

Clalit Health Services

Israelis have benefited from the universal health coverage enacted in 1995 following the National Health Insurance Law (NHIL), and they are in comparatively good health: for example, Israel has a relatively high life expectancy at birth (82.5 years) – among the highest in the world – and low infant mortality (3.1 per thousand births) – among the lowest in the world.¹¹³

However, the same report points out that there are signs today that the relative health status of Israel's population may deteriorate in the future, as a result of rising tension between medical needs and resources that stems from state policy or, rather, a lack thereof.¹¹⁴

Clalit is the oldest health services provider in Israel, founded in 1911 by 150 immigrant workers as a healthcare association. Clalit has since developed into the largest health care establishment in Israel, with 14 general and special care hospitals and over 1,200 clinics, as well as a vast countrywide network of pharmacies, dental clinics, laboratories, diagnostic imaging and specialist centres. Clalit also has the most insured members in Israel, with over four million members, around 50% of the current Israeli population, encompassing all ethnic, religious and other population groups in the country. Clalit is one of the largest employers in Israel, with over 35,000 employees, including physicians, nurses, pharmacists,

paramedics and laboratory/imaging technicians and administrative personnel.¹¹⁵

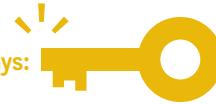
The budget constraints of the health system in Israel are no stranger to Clalit, and there is a constant effort to provide higher standards of service while keeping the costs in mind. An example of how Clalit is meeting both those needs is the introduction of Tyto.¹¹⁶ Tyto is a small device that enables certain medical examinations to be done out of the clinic, at home or elsewhere. The device is linked to a telephone app through which the patients are virtually connected with the physician and can provide essential medical indicators. The patient can be at home, in the office, or on a vacation without depending on opening hours of medical clinics. The examinations available with Tyto include nose, ear and throat, lungs and heart (stethoscope), blood pressure and infrared thermometer. All examinations are recorded and added to the patient's medical file. The device uses a camera for both video and stills. The device has received all required approvals, including the FDA approval in the USA, and is already in use in Israel.

Tyto is an innovative product, completely changing the service, experience and relationship between doctors and patients, and is a good example of how innovative technologies might actually improve service to patients while at the same time reduce costs for the health system and the public, thereby making health services more inclusive.

Furthermore, it makes medical and health services more accessible to all parts of society, especially in a geographic periphery where health services are less available in comparison with major population centres. An additional health benefit is the reduction of the risk of getting contagious diseases from other patients at the clinic.

Tyto is not meant to replace existing medical services, but rather complement them, so that people who are less digitally-oriented can still receive medical and health services at the clinics.

Key take-aways:



- 💡 A case of “innovation for good” answering both a business need and a social one and poses a new paradigm to issues of rising costs and access to medical treatment.



Challenge: in many cases those who suffer from low access to health services (elderly, rural communities etc.) are also less digitally orientated. In order to reach a higher impact, inclusivity wise, there will be a need to accompany the service with education programmes to those communities.

Unilever Israel

Unilever is a multi-national consumer goods company with hundreds of brands. On any given day, 2.5 billion people use Unilever products.¹¹⁷ Unilever runs operations in 190 countries, with over 160,000 employees globally. Unilever's operations in Israel include five manufacturing sites, marketing and distribution, as well as innovation and R&D centres. Unilever employs some 2,500 employees in Israel. Unilever Israel recognized two growing trends in grocery shopping: 1. Customers are shopping more online for their groceries. 2. Customers are going back to buying from small, local grocers, as opposed to the previous trend of buying mainly at large grocers and giant supermarket chains.

Unilever recognized the potential advantage that small grocers can have in the arena of online grocery shopping – while large supermarket chains can deliver the customer's order within a day or two, the local grocers can deliver the same day of the order. However, the local grocers lack the capacity and resources to set up their own website for online shopping. Unilever recognized this as a business opportunity from which the local customers would benefit, the grocers – i.e. the suppliers – would benefit thanks to

the increase in orders and sales, and Unilever itself would benefit as the facilitator of the online commerce between customers and local grocers.

Unilever Israel partnered with Self Point, a digital commerce start-up company near Tel Aviv, to develop the digital platform solution. Together, they developed

Shopo, an online platform for grocery shopping from small, local grocers in the neighbourhood.

Small grocers can open their own website within Shopo at a fairly low cost. However, this is only part of the solution because providing a platform does not ensure that the grocers will succeed in making use of it and benefitting their business, as several lack the know-how in terms of online platforms of e-commerce. Unilever recognized this early on, and created a Shopo Academy, guiding the small grocers through the process of setting up their website and using it for online sales. The Shopo Academy also teaches participating grocers how to run a digital marketing campaign, how to use the data collected through Shopo to create data-driven marketing, and much more.

Unilever found that many grocers were providing an order and delivery service prior to joining Shopo, traditionally by phone orders. There are two main advantages to the business in using Shopo: 1. Customers tend to buy more when shopping online. 2. The work of receiving, collecting, checking and delivering the orders is much more efficient with Shopo, saving the small grocers precious time and human resources.

Part of shopping locally is the feeling of familiarity near home. In order to maintain that as best as possible with Shopo, each local grocer's website has their store and

their face in the forefront, while Unilever remains behind the scenes and is not apparent on the website. There are other platforms competing in Israel with Shopo, offering speedy deliveries. Though these others tend to have one main website and the local grocers serve more as logistical centres, and the orders are done on the facilitating company's website. Shopo, on the other hand, offers a personalized website for each grocer, thus ensuring that they maintain their engagement with customers, their local standing and business character. Essentially, the advantage of Shopo is about relationship building between the small individual businesses and the consumers.

The advantage for the consumer when buying in a Shopo store is the quality of the collection and the attention to the small details (product expiry date, quality of the fresh products such as fruits and vegetables, etc.) and the level of reliability the customer has when buying from the local grocer as opposed to the big supermarkets.

Unilever's immediate benefits from Shopo are more advertising space and increased accurate data on sales of Unilever products. Shopo will also produce revenue for Unilever, and increase its market share in online shopping. Unilever found that not only is it increasing its market share, but actually growing the entire market of online shopping. As Unilever Israel CEO Anat Gabriel explained: "Shopo promotes Unilever as a partner of choice and also gives it valuable new consumer insights."¹¹⁸ Unilever also benefits by scaling up its own capabilities and adapting itself to the digital revolution underway. Internationally, Unilever personnel talk about the three eras of FMCG (Fast-Moving Consumer Goods) from the Advertising Age to the Retail Age to the Digital Age.¹¹⁹

Shopo has been operating for over a year, and currently includes over 20 stores throughout the country, both in central Israel as well as more rural and peripheral areas, where its impact on quality of life and capacity building of small business owners is even greater. In addition, consumers in big cities have far more options to choose from, whereas rural areas have very few options. Shopo

also aims to reach all segments of society, and currently some of its most successful shops are in the Arab sector and the religious ultra-orthodox sector.

One of the stores that joined Shopo was owned by two partners. Unilever engaged them with a marketing plan on Facebook and other social media, and they immediately shook their heads and said “no, we have to do the proper way and go door to door handing out flyers.” Eventually, the Shopo team taught them how to use Facebook, how to answer customers comments and questions. Two months later their orders increased from 30 to 260! Every small grocer has its own unique story. Many are family owned businesses, with parents and children working alongside each other. When engaged by Shopo, the generational gaps are quite evident, and this is one of the main challenges that Shopo needs to overcome, as it guides the businesses through the entire process.

Unilever tries to ensure transparency with the small businesses throughout the process. In its presentation to potential businesses to join, Unilever includes a slide on how it, as a large global company, will benefit from Shopo and from the store joining the platform.

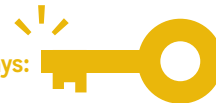
Shopo is entering a new market in Israel, and this comes with challenges as well, such as the generational gaps mentioned above. Another major challenge relates to marketing. Shopo is Unilever's first brand that is not a product, but rather a service, and it requires a different method of marketing. Shopo itself has essentially proliferated into several brands, i.e. each individual grocer on Shopo, and that is also a challenge for the Shopo team, as each store has different needs and requirements in terms of marketing.

Unilever has been quite proactive about recruiting new businesses, using its sales department (Shopo is part of the Customer Development Unit) representatives going around to stores that are potential candidates. One of the ideas for further development of Shopo in the future is to add in a community feature, for events where multiple participants are required to contribute something for a joint meal. For instance, it could be a community, a school or even a congregation shopping list. It could be a list for an event, a party or a holiday gathering. Instead of each

person bringing something physically, they can add it to the communal list at the local grocer and the total order will eventually be delivered to the event venue.

Shopo contributes to Inclusive Growth by empowering small businesses to become more resilient and expand their operations.

Key take-aways:



💡 Might be seen as an interesting manifestation of “Glocalism” – a global corporate leverages its advantages to continue to grow but also boost the players in the local market and help them grow in capacity and eventually business success.



Challenge: As Unilever points out, the challenges

are expanding to other less served markets in terms of retail coverage. A particularly interesting point is the potential social impact on communities if Shopo succeeds in adding a social network feature to the design.

IBI Investment House

IBI Investment House was founded in 1971, and specializes in portfolio management, alternative investment funds – including a fund for responsible investing. IBI manages assets at a total of around 48 billion NIS (around \$13.5 billion). IBI employs around 350 employees and has been listed on the Tel Aviv Stock Exchange since 1984. Most of IBI's financial services and portfolio management are for high net worth individuals with over 4 million NIS in liquid assets. (USD 1.15m)

Poalim IBI, an IBI subsidiary jointly owned by IBI and Bank Hapoalim, is one of Israel's leading underwriting firms, helping companies with the IPO process and with capital raising. In a joint venture with Headstart, Israel's leading crowdfunding platform for creative projects and ventures, they have set up Fundit: an online investment platform created to raise capital for businesses. Fundit's interactive platform enables companies and business entrepreneurs in any field to raise money from the public in exchange for equity or bonds.¹²⁰ Fundit is an equities trading platform that brings the entrepreneur and retail investor together,

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with minimal brokerage and maximum exposure.¹²¹ Thus Fundit is a crowd investment platform, with potential return on investment, as opposed to the more widespread model of crowdfunding projects for non-profits and philanthropy.

Fundit became possible with new regulation allowing crowd funding for investments that was passed in January 2018. Fundit has a dual positive impact: 1. it provides entrepreneurs and small businesses, with an opportunity to raise funds for their projects. 2. It provides an opportunity for average, middle-class people to partake in the world of investments without having to allocate large sums of liquid assets.

Fundit limits the amount of money each individual can invest, to 10,000 NIS (\$2828) per project, and 100,000 NIS (\$28,280) in total per year. This is designed to protect small scale investors from 'losing their shirts.'



One example of a company that raised funds through Fundit is a cooperative business of Arab cleaning ladies from Wadi Ara in northern Israel. In the beginning they raised money through Israel Venture Networks (IVN), a venture philanthropy network of entrepreneurs, business executives, venture capitalists, corporations and philanthropists from Israel and the US. This initial funding was quite low and served to pay the women for their work.

Today they have expanded to around 30 women and require higher funding to establish as a social start-up. Fundit is able to provide a solution precisely for small-scale ventures such as the cleaners' cooperative, which cannot rely on philanthropic fundraising.

Fundit has three aims: 1. To make it easy for the small-scale retail investor. 2. To protect the small investors from losing their shares. 3. To avoid having too much bureaucracy and legal obligation on the platform itself.

As for due diligence, Fundit requires that there be an experienced investor with credentials, who is otherwise not involved with the business, and is required to hold 10% or more of the original investment. In some cases, the Fundit team may do some due diligence, as Israel is a small country and it is not too difficult to find someone who knows someone connected to the project seeking finance and so make a connection to the business seeking to join the Fundit platform. This form of due diligence obviously has no legal obligations, but may suffice in some cases.

In order to get businesses to use Fundit, IBI relies on community organizers, social workers and local connectors to introduce relevant micro-businesses, co-ops etc. to the platform. Fundit profits comes from charging a percentage of every transaction from companies using the platform.

Fundit is helping to promote Inclusive Growth by helping micro-businesses and co-operatives being started by people from marginalized communities to be able to raise modest financing. This ensures these enterprises can start and develop their businesses with adequate finance. , This helps reduce the risks that otherwise viable businesses fail because of cash-flow problems – a besetting challenge for entrepreneurs across the world. This can be particularly damaging for businesses in marginalized communities. where the failure of one business from the community may discourage other community members from even trying to launch their own business.

Key take-aways:



- 💡 The service is simple, user-friendly and has a good balance of opportunity and risk.
- 💡 Small scale investors can have the opportunity to grow their capital through early day investment.
- 💡 On the entrepreneurs' side it seems equally accessible in setting up new businesses and also social businesses.



Challenge: A track record of success will define the impact as well as the balance between “regular” businesses who have the option to choose their investors, and those who without such a platform might not be able to get the funding they need.

Strauss Group's Kitchen

Although we are presenting the four pillars of Business and Inclusive Growth as separate, in practice, many of the examples quoted, span the boundaries between the pillars. One obvious example of this boundary-spanning is The Kitchen which is a food and food technology (FoodTech) business incubator, sponsored by Strauss Group in collaboration with the Israeli Innovation Authority.

Since 2014, Strauss, already introduced in chapter 5, has been investing and managing a Food-Tech incubator, The Kitchen, in partnership with the Israel Innovation Authority (IIA). The incubator is now home to 12 Food-Tech initiatives and attracts dozens of large industrial companies interested in breakthrough technology that will change the future of the food industry. These are the technologies that help produce safer food, reduce environmental impacts, develop alternatives to sugar or sodium or create alternative foods that address potential shortages of ingredients via agriculture due to land and water scarcity, or meet new lifestyle preferences with alternatives to food products derived from animals. Strauss's collaboration with the IIA was formalized in 2014, with Strauss Group and the IIA committing to investing up to \$25 million over 8 years

in 30 approved Food-Tech start-up initiatives. Strauss Group committed to fund around 40% of this investment. Entrepreneurs accepted to The Kitchen receive financial, technical and business support, an introduction to a global investor base and opportunities to engage potential investors in their initiatives. To date, 12 companies have been welcomed to The Kitchen Food-Tech hub.

As Jonathan Berger, CEO of The Kitchen has observed: “The Kitchen is a builder of companies. We invest in promising start-ups and help them break into global markets, and it is wonderful that Strauss's partners such as PepsiCo, Danone and others can be part of the international breakthrough of these exciting ventures.”¹²²

The Kitchen is incubating new products, but it is also nurturing new businesses – some of which in time may become suppliers and/or business partners to Strauss. One of the first start-ups to go to market is Yofix Probiotics that develops and manufactures vegan & soy-free fermented plant-based prebiotic & probiotic foods. The first products ready-to-market are plant-based yogurt alternatives which will be followed by yogurt alternative drinks, desserts, frozen yogurts alternatives, ice-cream base and many more.



Yofix plant-based food solutions developed at The Kitchen, Maala conference tour, 2017

Strauss's support for The Kitchen can be seen as partly supplementing internal R&D and partly a Strauss societal commitment: helping to encourage and support new FoodTech start-ups. As such, Kitchen would be eligible to be presented under the Community Pillar too!

Creating An Eco-System of Foodtech

In 2012, Strauss started its Alpha Strauss FoodTech Community in Israel, which aims to create a complete ecosystem in relevant technologies for the food industry. Alpha Strauss links research institutes, researchers, inventors, entrepreneurs, investors and food companies considering all governmental regulation and available technological assets, to drive innovation in a collaborative way.

In 2019, Alpha Strauss and the Kitchen hosted the seventh FoodTech conference in Israel, attended by about 1,500 delegates from 30 countries, offering the FoodTech startups the opportunity to present their initiatives to a wide network of potential investors and customers.

Inclusive Food Approach

As a food manufacturer, Strauss understands its role and responsibility to ensure its products are safe, not only for general consumption, but also for people with special food needs, which includes those who have different forms of food intolerances such as those living with celiac or allergies.

Strauss started engaging more deeply with consumer groups and the dialogue yielded significant insights that helped the company make changes for the benefit of consumers with special food requirements. Strauss decided to be inclusive in its approach, so even if the market for certain products is relatively small, it strives to give everyone a choice of products that are right for them.

Key take-aways:



- 💡 Inclusivity in the food sector is very much about helping consumers find what they need when they have special dietary requirements.
- 💡 The Kitchen, as a collaboration between Strauss and the government, offers a middle way to develop commercial solutions to better nutrition.



Challenge: The Kitchen is the first FoodTech hub in the country – and with a second one about to be opened in the north of the country Israel hopes to become a global centre for FoodTech.

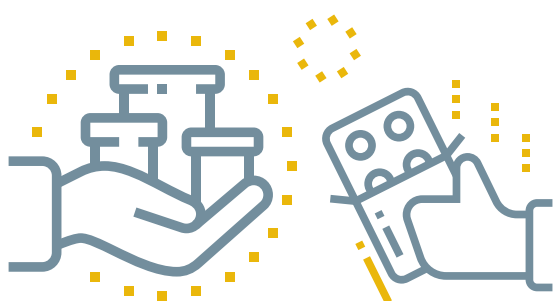
HELPING VULNERABLE CUSTOMERS BECOME MORE INCLUDED IN RAPIDLY CHANGING MARKETPLACE AND SOCIETY

Teva

As previously introduced in Chapter 5, Teva is a global pharmaceutical company, established in Jerusalem in 1901 and based in Israel.

Teva has made a commitment to the UN Sustainable Development Goals which include SDG3: Good health & well-being. At the heart of SDG3 are the problems of Non-Communicable, chronic diseases and also challenges in health care delivery and access to medicines. Teva is working to address patients with multiple chronic conditions and empowering them to self-manage their conditions and also for their health care providers to look at the patient holistically rather than by individual diseases. Teva has, for example, recently launched Digihaler – a digital inhaler that notifies the user when it is nearly empty; it gives weather reports regarding pollution and allergens; and it sends data to the patient's physician enabling them to monitor the patient's condition without having to meet in person frequently.

Several areas around the world suffer from limited access to healthcare services and medications. This is an issue mainly in developing countries, but there are also many developed areas that have a major issue of access to healthcare, such as the US. The limited access is due to various reasons, among them are low government investment and support for healthcare; patients' lack of resources to purchase medications and low adherence to healthcare protocols and procedures.



Access to healthcare and medicines is seen as a critical material issue for pharmaceutical companies.

Teva promotes better access to healthcare in three main channels:

1. Product donations – Teva donates medications that are near their expiration date (about a year before expiration) to charity organizations that pass the medications to vulnerable countries, communities and people who otherwise have limited access to such medications. These could include countries in Africa where public healthcare is often limited or communities in the US with many people that do not have a healthcare insurance, and who cannot afford medications.
2. Global healthcare tenders – global health organizations, such as the World Health Organization (WHO) and UN International Children's Emergency Fund (UNICEF) do tenders for targeted medicines in areas that suffer from shortages or diseases. They purchase the medicines from the companies that won the tender and deliver them directly to the areas in need, thus saving the end users significant costs by reducing the chain between production and consumption of the medications. Teva participates in such tenders.

3. Patient assistance programmes – in developed economies such as the US and Europe, Teva has a system through which patients who need specific medications and cannot afford them, can be vetted by third-party organizations and approved for assistance. Medications are provided by pharma companies, and once a patient is approved for aid they can receive the medication. This system helps get specific specialty medications to vulnerable patients in developed economies.

Key take-aways:



- 💡 Access to health is a major global issue in developing and developed countries. Pharma companies are expected to play their part. There is combined business case and social licence to operate benefit.
- 💡 Teva's global scope allows them to cooperate with an eco-system of global players.



Challenge: In an atmosphere of decreased trust in pharma companies especially concerning issues of pricing and accessibility, programmes such as this one need to scale up and reach as many patients as possible.

Bank Hapoalim

Established in 1921, Bank Hapoalim is today one of Israel's two largest banks and is traded on the Tel Aviv Stock Exchange. It has operations in Europe, North America and South America as well, and employs over 12,000 employees. Bank Hapoalim is one of the leading companies in Israel in terms of corporate responsibility, with a strong focus on social issues.

As the world advances and becomes more digital, companies need to adapt to the changing digital reality. For banks, it means offering more digital and online services, thus significantly reducing the physical visits of customers to their branch. This reality creates a sort of gap

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– on the one hand, customers are receiving much more services and carrying out transactions on their own, digitally, with no need for a banker/ bank clerk's intervention. On the other hand, customers don't have more extensive knowledge on banking and finances which they used to receive from bank staff when visiting the branch.

Bank Hapoalim realized that this gap needs to be closed, and the vast knowledge held at the bank needs to make its way to the customers without them coming to the branch. The bank recognized that it will benefit from this, because in the digital era, the more knowledge the customers have, the better they will conduct their business with the bank. And that will lead to more long-term sustainable customers, with better knowledge of how to handle their personal finances.

The bank established the Financial Growth Centre as part of the Bank Hapoalim Campus which now offers services to the public at large. The campus offers workshops all over the country, on various different issues and topics. There are 21 different workshops to choose from: workshops on digital banking; on household finances and improving financial literacy; workshops for small businesses; workshops for teenagers and young adults, and more. The activities are free of charge, and are open to the public at large, to customers of all banks in Israel. Some of the workshops are carried out through strategic partnerships with organizations and institutions such as: the Israeli Association of Community Centres, Pa'amoniim – an NGO that guides and educates people on household finances

(mentioned earlier in chapter 5), and the Adler Institute, which specializes in guiding and educating people on family related issues. For example, the workshop with the Adler Institute focuses among other issues on guiding parents on how to financially educate their children.



Bank Hapoalim's Financial Growth Center, visited during a Maala conference tour, 2017

The bank recognized the challenge to gain public trust in the campus and the Centre for Financial Growth. The bank, therefore, openly announced that, while these platforms are initiated by Bank Hapoalim, they will not engage in promoting and selling the bank's services to the public. In addition, the bank worked with external parties to receive a stamp of approval on the quality and content delivered through these platforms. These have included endorsements from, amongst others, Prof. Zvi Eckstein, head of the school of economics at the Interdisciplinary Centre Herzlia (IDC) who is quoted in Chapter 2 above.

Bank Hapoalim has concluded that the way to better attract the public to learn is by framing the learning as guidance towards major stages in life, in which people would be more interested. The bank was surprised to see that people were interested in these services pretty much from the start. It reinforced the importance of collaborating with NGOs to gain public trust. The Centre for Financial Growth was opened in March 2018, and by the end of the year 6,500 people had already attended workshops.

In addition to the workshops, the bank set up a new website, dedicated entirely to financial education. The website holds information, knowledge and training tools for financial education, and does not promote the business activities of the bank. The website was launched in Arabic as well, in order to expand its offering to a broader public. There are also workshops in Arabic, and there are extensive efforts to offer the services in English and Russian as well, thus catering the services to the majority of the population in Israel.

A third leg of the centre's operation focuses on Training the Trainers. For example:

- Training volunteers of ELEM, an NGO that helps youth in distress: the Centre has developed a unique programme in which the volunteers learn how to teach young people about household finances, and how to accompany them throughout the year. As a result of the programme, the volunteers who were trained by the Centre, have met hundreds of young people, who are now much more aware of their financial status, and are growing to become much more responsible with their financial behaviour.
- Training teachers on how to teach financial education in schools and other institutions. One of the successes with this was training 50 teachers from the Jewish Ultra-Orthodox (Haredi) schooling system, who would then teach Haredi children about household finance. This was a major breakthrough, since the Haredi population has far less core curriculum studies such as maths, English and civics. And so getting them to learn financial education is significant.
- Offering scholarships to college students in peripheral areas, such as southern Israel, to volunteer with families in financial hardship and help them handle their household finances. The students are trained by Pa'amoni.

The bank plans to develop more services at the Centre for Financial Growth and to fine-tune the existing ones.

One could argue that financial education should fall under the auspices of the Ministry of Education and should not be carried out by a commercial for-profit institution such as a bank. But, as with so many other social issues, cross-

sector collaboration is crucial to succeeding in tackling the issue. Bank Hapoalim is not working alone, but rather collaborating with NGOs and municipalities to advance financial literacy and educate the public at large.

An employee survey within the bank showed that Bank Hapoalim employees feel proud of the Centre for Financial Growth. This goes to show that such initiatives can have a significant impact within the company as well as with the broader public.

Key take-aways:



- An ultimate manifestation of a bank's social purpose combined with a business reason as well. As was shown at the beginning of this chapter, the Israeli public expects a bank to help its customers who are in financial difficulties. This is part of the answer.



Challenge: as people tend to be less open to traditional methods of learning (i.e. training sessions) the challenge is to use innovative ways such as gaming and "meeting people where they are at" to scale up the educational impact.

SUSTAINABLE INNOVATION: DEVELOPING GOODS AND SERVICES WHICH ARE MORE SUSTAINABLE

Elbit Systems

Elbit is a hi-tech company producing advanced innovative military and civilian systems, products and technologies. Among the main focuses of the company are: airborne technologies, including both military (aircraft and helicopter systems) and commercial aviation systems; cyber and intelligence systems, and more.¹²³

Elbit has developed a business strategy of converting military products and technologies for civilian purposes, and currently has seven civilian subsidiary companies dedicated to that.

Examples include:

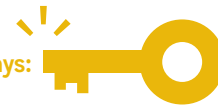
- Brightway Vision – developing technologies for autonomous cars. Already has an agreement with B.M.W.
- Beyeonics – Developing Augmented Reality device to assist medical surgeons in the process of surgery.
- Eversight – Developed glasses with live information and data for bicycle riders. The technology is based on Elbit's visors for air force pilots, which show data on the visor without the pilot having to constantly look at the dashboard.

Elbit is also converting technology for farming and agriculture. In the US, Elbit has converted its Hermes 450 unmanned aircraft system (UAS) to generate real-time data on crop conditions, to support improved crop management. They worked with local farmers to gather and analyze data. Imagery from the UAS can help farmers understand and monitor real-time changes in field variability throughout the season helping them with crop management for better farming efficiencies, increased yield and reduced labour investment. To date, such data has only been available via satellite at monthly intervals and much lower resolution.

"The potential for beneficial use of drones in civilian applications is tremendous. We are already working on applications in crop agriculture and infrastructure support, and we see many other areas of opportunity. In agriculture, we are assessing what else farmers need. For example, cattle counting could be handled by our Hermes 450. We are aware of potential challenges relating to reliability, safety and privacy and expect that a regulatory framework will be developed to enable these advanced applications to contribute to improving the quality of life in many ways."

Yuval Chaplin | Director of Major Campaigns, Elbit Systems of America ¹²⁴

Key take-aways:



- Military and R&D investments could be powerful when they are transferred to civil usages.



Challenge: being a hybrid company in terms of lines of products to different segments both in terms of pricing and process.

IMPACT INVESTING: ISRAEL AS THE FUTURE IMPACT TECH (STARTUP) NATION

Cecile Blilious has been described as "the mother of Impact Investing in Israel"¹²⁵ and is a global thought-leader in Impact Investing. In 2011, Blilious co-founded Impact First Investments which is the pioneer platform combining social impact with Israeli hi-tech.¹²⁶

Blilious argues that Impact Investing in Israel is fifteen years behind the world's leaders, but catching up fast. She also argues that the Israeli high-tech sector faces two big challenges in relation to Inclusive Growth in Israel. First, high tech businesses have to be global from day one in order to succeed. They have to appeal immediately to an international market. Paradoxically, this may mean that some of the fruits of Israeli innovation – particularly around sustainability and social inclusion – may not always be available in Israel itself. Secondly, it is not easy for people from poor backgrounds and minority groups to get jobs in high tech – except for those who have graduated from the elite IDF cyber units like Unit 8200.

Blilious is out to change this by seeking out and investing in start-ups with the aspiration and potential to grow sustainably and inclusively. Impact First became Israel's first certified B-Corp in 2013,¹²⁷ and expects its investees to go through B-Corp accreditation too. The rationale is that in addition to Family Offices and

high net-worth individuals within Israel, Impact First is seeking investments from impact investors internationally. Blilious argues that in order to attract these international investors, the company and its investees need to have an internationally recognised accreditation. Hence, the emphasis on B-Corp rather than a domestic model such as the Maala Basic Index for SMEs – although in practice, participation and success in the Maala Basic Index could be a gateway to the more onerous and comprehensive B-Corp accreditation in the future. Blilious also argues that because her investees will have to trade internationally from the get-go, again it helps for them to have achieved B-Corp status when pitching to potential international business customers and collaborators.¹²⁸ Impact First has made nine investments so far. It operates like a Venture Capital fund, providing not just finance but also advice and contacts, and serves on the board of investee companies. It is expected that the first exits will occur within the next two to three years – more likely as a result of M&A (Mergers & Acquisitions) activity rather than through IPOs (Initial Public Offerings).

Impact First is physically based in the offices of Pitango – Israel's largest venture capital fund – in Herzliya which is an affluent city in the central coast of Israel, at the northern part of the Tel Aviv District, known for its robust start-up and entrepreneurial culture. Pitango provides back-office functions for Impact First and Pitango executives form the Investment Committee for Impact First. Blilious's vision is that all investing will be impact investing and that before long all high-tech start-ups in Israel will be Impact Start-Ups – but will not need a separate designation.

Blilious differentiates between impact natives and impact migrants. Impact natives are companies that are created under the premise of tackling a well-defined social/environmental problem. These companies are born out of a desire to better the world by tackling specific global challenges using impact-intentional business practices. They generate more than just revenue; they cultivate measurable social impact in areas such as HealthTech, AgTech, WaterTech, or EdTech.¹²⁹

By contrast, there are what Blilious calls the impact migrants, referring to those businesses that, although were

not created under the premise of addressing a specific social or environmental issue, have a desire to transition into impact by defining their impact mission and tracking new impact targets.

"For these companies," writes blogger David Dwek, founder of The Student Investor Blog, "the opportunities are vast: discovering new market segments, attracting higher capital and a more diverse talent pool, and aligning their values to the business by better engaging with stakeholders."¹³⁰

Dwek argues, quoting Impact First, "All that is required for a start-up to transform into an impact startup is: (1) awareness about the UN's SDGs and the impact investing ecosystem that can be translated into intentionality, and (2) help and advice from an expert or leader in the impact space to guide them in determining how their product/service can be purposeful, defining their impact metrics, and framing their impact mission."¹³¹

Blilious herself is an evangelist for the potential that Israeli high tech has to improve access to health, education, better nutrition, clean water and irrigation around the world, linked to the UN Sustainable Development Goals, but that it should also contribute to more Inclusive and Sustainable Growth in Israel too. She particularly highlights the opportunities in the Israeli food tech sector.

Amongst the first businesses that Impact First has invested in, is EyeControl which creates wearable communication devices for locked-in patients and ICU patients at high risk of delirium. As often is the case, the passion behind the technology comes from the founders' personal dilemmas.

Or Retzkin, one of the co-founders, met Shay Rishoni and Itai Kornberg at a hackathon. Shay suffered from ALS, which hindered his ability to effectively communicate with caregivers and loved ones. Or bonded immediately with him due to his grandmother Julie, who lost her ability to communicate shortly after being diagnosed with ALS. Since they all understood the magnitude of the physical and mental health challenges hindered communication creates for over 10 million "locked-in" and at-risk delirium patients worldwide, they set out to create EyeControl.

Another business in the Impact First portfolio is MedOrion, which offers an example of the Bilious impact migrant theory. Its founders, Asaf Kleinbort, Eviatar Khen, and Shai Levi, recognised a lack of effective personalised and all-encompassing population health marketing tools and saw a real business opportunity in building an AI-powered platform to deal with the mass preventive medicine market gap.¹³²

Key take-aways:



- Once again, Israeli innovators and entrepreneurs are taking models from other parts of the world and giving them a distinctive Israeli twist.
- There are myriad opportunities for both Impact Natives and Impact Migrants to develop profitable products and services which also tackle social and environmental problems and contribute to more Inclusive Growth.



Challenge: to apply the Impact First philosophy to mainstream venture capital sector.

CONCLUSION

As noted in the beginning of this chapter, there is a fine line between business benefits and impact on inclusive growth. In the context of a developed market like Israel, it is even more challenging to create this “Shared Value.” The cases presented in this chapter show some attempts to connect the two. In order to actually understand the impact, more time is needed as the initiatives develop and hopefully achieve that dual impact.

In the future, we expect companies to be looking at their product/service portfolio and developing plans either to make any unsustainable products more sustainable or progressively to phase them out or replace them. Companies may also become more proactive in developing products and services targeted more at particular minority groups. Companies – especially those in high tech – will need to develop clear ethical criteria covering the use or misuse of their products and services – for example, for cyber and surveillance products.

As the essential duality of sustainability and inclusion becomes more widely understood and accepted, more businesses will adopt Circular Economy thinking and tap into the resources of intermediaries such as the Ellen MacArthur Foundation (www.ellenmacarthurfoundation.org/) and the growing number of sector and issue-specific Corporate Sustainability coalitions such as the Sustainable Apparel Coalition and the Israel Green Building Coalition (www.ilgbc.org). Businesses should also consider how more strategic Corporate Community Involvement could provide crucial insight for the development of new products and services.

Meantime, any business in Israel can consider this practical checklist for Marketplace activities.

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
GOODS & SERVICES	Identify vulnerable customers and ways to reduce their vulnerability	Review product/service portfolio and identify any which inadvertently increase social & economic exclusion and look to modify or remove from portfolio	Add increasing inclusion as a core "stage-gate" criteria for company's innovation process and business development
			Encourage employees to become "social intrapreneurs" who champion creation of products and services which enhance Inclusive Growth
			Link executive compensation to inclusive growth criteria relevant for the company

2 PART TWO

CHAPTER 8 | BUSINESS AND SOCIETY

INTRODUCTION

As was described in previous chapters, social issues have always been the most dominant in Israeli CSR. The 2011 social unrest, referenced in the Preface (page 12) and mentioned also by various business leaders who were interviewed for this publication, is perceived as a turning point for Israeli businesses in terms of the relationship between business and society. This chapter will describe several case studies that demonstrate a new approach to long term strategy that considers broader stakeholder needs and commits businesses to more inclusive practices. This chapter also examines the evolution of philanthropic and community engagement approaches of Israeli businesses over the years.

To understand how important inclusivity is in Israel, it is worth looking at the GlobeScan-Maala survey of public expectations from businesses. The survey has been conducted annually by Maala for the past six years since 2014, in cooperation with, and based on, the global Globescan Radar questionnaire. (GlobeScan is a public opinion research consultancy that does reputation, brand, sustainability, engagement, and trends research. It is headquartered in Toronto)¹³³

On the question of the significant issues that the state of Israel faces, two main issues have constantly dominated the public discourse: security and socio-economic issues referring specifically to inequality, social gaps and cost of living. In 2014, 40.6% of respondents mentioned security issues as the main issue, while 37.6% referred to social economic issues as the main problem.¹³⁴ The numbers have stayed pretty much the same throughout the years. In 2019, 35% referred to security and 29% to socio-economic issues.¹³⁵

Another relevant factor is the level of trust in Israeli businesses over the years. While in 2014 the net trust in businesses was -38.6% (net trust refers to the number of people who trust minus the people who do not trust), in 2019 it rose dramatically to +14%. The increase came gradually, with each year showing a slightly better figure. In terms of the actual figure for Israelis who trust businesses, the number has risen from 25% in 2014 to 39% in 2019. It is also worth noting that in terms of net trust, Israeli businesses enjoy a much higher level of trust than the government which scored -10% in 2019.

To further understand the connection between trust and business impact on inclusivity, the 2018 survey asked respondents what is most important to the improvement of quality of life. Two main issues dominated: minimizing costs of products and services and reducing the tax burden. In 2019, that was further developed to look into three specific business sectors, banking, retail and food & beverage, and explore what would increase consumers' trust in them. In all three sectors, issues of fair pricing were the top priority, with direct references to inclusivity, such as in banks – expectation to assist customers encountering financial difficulties, and in food – contribution to community and non-profits, which reflects yet another prominent characteristic of the Israeli society of the importance of food security.

This is reflected in another question which asks the respondents how they would allocate a 100 NIS donation. The highest amount of 16 NIS went to food distribution for the needy and summing up social causes that refer to inclusivity and helping those in need, the amount adds up to 62 NIS.

Which causes would you donate to? How would you distribute NIS 100?



Source: Maala-GlobeScan Radar (2019)

Like businesses elsewhere, companies in Israel are supporting communities and social causes through the provision of cash, company and personal time of employees, expertise, facilities, linking to core business operations; and also individually & collaboratively with other businesses, advocating for social and economic inclusion.

This chapter will start with the practice of responding to the trust crisis, (Strauss Group, Bank Hapoalim); to be followed by case studies showing how businesses are Promoting Inclusive Growth through Corporate Community Involvement: Intel, ICL; Improving Education (5x2 Collective Impact Initiative from High Tech Sector); better management of failing schools; Helping Youth at Risk (Bank Leumi and Youth at Risk, SAP's Social hack-a-thons and help for people with disabilities); and how fast-growing technology start-ups are getting involved: Tmura – The Israeli Public Service Venture Fund.

a fundamental factor in long-term value-creation. Strauss declares that it strives to be a trustworthy company and considers this as being at the heart of its business strategy. This is based on the understanding that being perceived as trustworthy can become a competitive advantage.

Following much research, study and debate, the company has developed the view that trust is based on three main dimensions: leadership, culture and governance. This has been followed by the decision of the executive management to place the goal of being a trustworthy company at the heart of their business philosophy. The company has accelerated a systematic process to understand what behaviours inspire trust. This includes genuinely listening to stakeholders in both formal and informal contexts. The work is pulled together under the Strauss Trust Barometer / Survey and considered an ongoing and fundamental commitment.

RESPONDING TO THE "TRUST CRISIS"

Strauss Group – Being Trustworthy as a source of competitive advantage

As was noted in previous chapters, the 2011 social protest in Israel was perceived by Strauss as a big wake-up call to engage more with its stakeholders and look at trust as



Osnat Golan, VP Corporate Communications & Sustainability, noted: "We would love to say there is a quick fix to building trust. That would make everything easier. But there isn't. The expectations of our stakeholders are increasing and, in order to remain trustworthy, we must constantly adapt ourselves to every day's new reality. In this way, trust is created every day anew, decision by decision, action by action, reaction by reaction, influencing whether we gain trust or lose it. Underlying these decisions, actions and reactions must be a deep empathy and understanding for those whose trust we must earn. At Strauss Group, we have made it our mission to understand what creates trust, so that we can respond by being trustworthy."¹³⁶

Pricing

Strauss addresses the important message received from its consumers in Israel through direct feedback and also through the Strauss Trust Survey, that the cost of living is challenging, and the cost of food in particular is a cause of stress. This was a message that came through loud and clear in the social protests in Israel in 2011.



Since then, Strauss Group has publicly undertaken to stem the increase of food prices and drive food prices

down wherever possible through passing on the benefits of operational efficiencies and investments in advanced technology.

During the past 8 years Strauss have not raised food prices in Israel and even have reduced the prices of several foods.

Strauss Trust Survey

Since 2015, Strauss has annually engaged with a range of key stakeholders, seeking to understand their expectations, concerns and perspectives about issues that affect them in relation to health and nutrition, food, food companies, the cost of living and other socio-economic conditions. It has also included feedback on the conduct of Strauss and how the company meets stakeholders' needs. Strauss commissioned an independent firm to conduct this research. In 2018 the approach was updated and focused on stakeholders' attitudes to trust, specifically to know what the company needs to do to earn their trust. The survey was expanded to include additional groups, such as consumer segments from different backgrounds. This is now the Strauss Trust Survey.

This is arguably the most extensive outreach by any consumer-facing company in Israel right now.

The company reports that: "receiving the direct, unedited, unfiltered views of all these groups, who have the power to grant our Social License to Operate, or not, is a bold step for our leadership and our managers. We believe this is one of the most important game-changing processes for our company, and we are using the insights from our Trust Survey to fuel deep discussion at senior management levels and inform our strategy and actions."¹³⁷

The outreach of Strauss's Trust survey in 2018:



Major findings on what inspires trust in food companies in Israel include:

1. Transformational leadership – The company must be seen to be driving change, being a pioneer in the market, the first to bring new technologies and innovations that benefit the consumer and advance healthy lifestyles. This is not only about products, it is also about creating new and inspiring goals. Employees want to work for a company that has a shared and unifying purpose – as Larry Fink, the CEO of BlackRock – the world's largest institutional investor – has noted in his increasingly urgent annual letters to corporate CEOs of companies in which BlackRock invests.

2. Responsible conduct and transparency – Responsibility and transparency go together. Consumers want information about things that affect them; to know that the company conducts its business ethically and responsibly, especially in areas that affect them. For each group, the focus may be different – consumers relate more to products, employees relate more to employment conditions and equal development opportunities, the media places focus on how the company communicates on difficult issues or in crisis situations and investors want clear financial reporting.

3. Helping me – Ultimately, everyone understands that they have to look out for themselves. So, their expectation of companies is that they will help them do just that by providing the information, products, tools, guidance and frameworks so that they can make informed decisions in the best way. Companies should aim to help all players in the value chain inclusively, for example, this means addressing the needs of consumers who have special health or religious food requirements, or the needs of small retailers in the market.

4. Fairness: win-win – Companies must balance commercial interests with those of all others in the value chain – consumers, retailers, farmers, employees and others. There must be a win for everyone, not just for the company profitability. Products must be healthy AND priced fairly. Employees must receive fair and competitive compensation in ALL roles, not just management. The key is exercising reasonable balance so that everyone can benefit.

5. Openness and familiarity – A company should not be a black hole- there need to be names and faces that people can see and relate to and trust. There should be accessibility to the company leadership, its factories and technologies. Israeli companies in Israel are expected to understand and

connect to the local heritage and culture. Inside the company, there should be an open-door policy at all levels and no barriers to communication or silos between departments.

6. Sustainability and solidarity – Companies are expected to exercise care and concern for all those affected by their business. This includes consideration of local communities and supporting social causes. It is also an expectation that companies will be stewards of the environment and minimize harm. Animals should be respected and cared for. The business should consider and care for all people, animals and natural resources in its sphere of influence.

Key take-aways:



- 🔑 Strauss was one of the first companies to join the then new responsible business community that was formally created in Israel in 1998 with the establishment of Maala, and was the first Israeli company to prepare a CSR report (eventually, however, this report was not published as the company underwent a major merger process).
- 🔑 By taking on the trust issue in this thorough 360-degree way, the company again sets a high standard.
- 🔑 It also reflects the company's willingness to be engaged in a constantly evolving process, and to feel comfortable with saying that "we are better off than where we started, but we haven't arrived yet to where we need to be."



Challenge: Trust is a very illusive and complex notion to manage which requires constant attention, evolving forms of engagement, and widening the span of communities to engage with.

Bank Hapoalim Focus on Stakeholders

Bank Hapoalim (already introduced in Chapter 7) is yet another example of the fundamental shift in major businesses in Israel following the 2011 social protests. Although they had had extensive activity around responsible business and community engagement, they decided to take things to a new level in January 2016. Specifically, the bank formed a stakeholder division headed by an executive vice president who is part of the bank's board of management. This was based on a profound understanding of the need to move the dialogue from shareholders to stakeholders.

Banks, globally, were never the most popular business organization to begin with. The 2008 economic recession was a major turning point, both globally and locally. It got big business to think something has to change. In Israel it became even stronger in 2011 following the social protests. The 2011 unrest wasn't directly against banks: it was more largely against government and food companies. Nevertheless, there was a feeling that something had shifted.

Consumers and citizens expected different behaviour and understanding on the part of business. The bank noted that this kind of a change cannot happen without deepening its understanding on what the new needs and expectations of stakeholders are.

The events of 2008 and 2011 left businesses in Israel feeling like the rules have changed.

The current head of the stakeholder division, Yael Dromi, came from outside of the bank, having been a senior editor of one of Israel's leading financial newspapers.

Dromi brought with her an outsider's perspective – much needed in an organization most of whose employees and managers have been with it for years. It has changed the conversation according to Dromi: “the customer now has a place in the board of management.”

One example of the benefits of having a stakeholder division point of view at the management table, is the ability to respond to the challenge that banks in Israel and globally are experiencing with closing physical branches as they go digital. Bank Hapoalim can testify to the significance of this issue to its stakeholders: while 80% of costumers demand digital services and visit physical branches much less frequently, those that do, notably senior citizens, are very much affected by it. The traditional process of closing branches didn't work; in some places it created outrage that the bank didn't know how to handle at first. In early 2019, when a certain closure of a branch had reached national headlines, management called in the stakeholder division to take charge. In that particular case the decision was reversed, but a more comprehensive outcome was a whole new process of closing branches formulated by the stakeholder division: “You have to first talk to the community, understand their needs, see if there are other branches locally they can go to. You have to see if you have enough ATM's. You have to do it through dialogue and understand that it could be a lengthy one.”¹³⁸

Another step taken is to boost digital training in neighbourhoods and cities with a large population of older customers. The investment in training is perceived to have a good return. Namely, on taking away one source of opposition from bank closures; increasing trust with regulators who are in charge of making sure all citizens have access to banking services; and showcasing the linkage between community investment and the bank's core responsibilities. It is also a manifestation of the bank's commitment to serve marginalized communities as well. In short, the bank sees this effort as good for the business, the bank's values, the customers, and its reputation.

The division runs an ongoing dialogue process with various stakeholders. The outcomes of this dialogue are presented six times a year to the management board. Senior management has to listen to issues relating to poor ratings that the bank receives on various issues from transparency to what could seem as minor issues raised

by small businesses and private clients. Obviously, not all concerns can be answered, but the process in itself is taken very seriously: “You can never meet expectations, but just having dialogue and meeting somewhere in the middle is valuable. We at the stakeholder division don't have the answers, but our job is to think about it. In fact, we have 100 people dedicated to cracking it.”¹³⁹

The stakeholder division believes that its work has to be connected to the business strategy and goals. This leads its operations in three main areas:¹⁴⁰

1. Representing the voice of stakeholders at the bank, while reflecting gaps and public responses to the bank's actions.
2. Leading and initiating measures aimed at strengthening trust and relationships with the various stakeholders, with a focus on dialogue, fairness, and added value.
3. Leading and initiating processes and actions aimed at generating shared value to benefit all stakeholders, in collaboration with the various areas of the bank.

The stakeholder division includes the following units within it: the Social Banking Centre, Social Networks, the Customer Insight Centre, the Ombudsman, Poalim Volunteers, the Poalim Campus, and the Financial Growth Centre.

Hapoalim staff are trained now in stakeholder engagement: “We talk to our employees in our training centre about integrity, values, fairness, about customers. We see the stakeholder conception as part of the training.”

Key take-aways:



- 💡 The bold move of the bank in forming the stakeholder division is highly regarded by many professionals in and outside of Israel.
- 💡 The bank is happy to share its work and progress with partners and competitors alike.



Challenge: Stakeholder management requires alertness, vigilance, openness and mediation in order to keep both business and stakeholders in sync.

PROMOTING INCLUSIVE GROWTH THROUGH CORPORATE COMMUNITY INVESTMENT

Intel Israel

"Innovating Together": Intel Israel's innovative community engagement programme.

Over the past few years, Intel's community relations have been placing a stronger emphasis on partnering with the towns and communities where Intel is located whilst exploring ways to become involved in the social challenges these towns and communities are grappling with, as demonstrated in the public spaces.

A more profound look into towns and their public spaces shows that towns are becoming a mix of physical and virtual spaces where the physical can hardly be distinguished from the digital. Successful transformations in the public space should not be limited to the space's social and material dimensions but also the digital ones. In addition, as IT technologies become increasingly mobile and people remain connected also when they are in the public space, the attention often toggles between the physical and virtual worlds. Digital Placemaking processes deal exactly with this duality.

Digital Placemaking is the digital evolution of Placemaking, a joint process undertaken by a community, its municipality and professional parties to design their public space. Placemaking projects are implemented to generate social, cultural, environmental and economic value.

The addition of the digital dimension fundamentally transforms the way public space can be experienced, expands the toolbox that can be used for Placemaking and creates opportunities for connecting with new target audiences and reinforce their affinity to a certain location. At the same time, it provides an opportunity for imparting knowledge, tools and 21st century skills to the citizens.

In the context of "Innovating Together", the addition of the digital dimension from digital place-making has opened the door for Intel to introduce its greatest asset – technology and technologists – into social projects. Technology is incorporated not only in the design and development of intervention in the public space but also into ongoing processes that blend creation, education and technology in active citizen engagement before and after the setup of the facility.

"Innovating Together" is a programme where Intel works with the municipalities and communities in which its campuses are located on making the city's public spaces more inviting, dynamic and attractive with Intel's technologies." said Revital Bitan, Intel Israel CSR manager. She added "Under this initiative,

Intel primarily leverages its resources and creativity to address a range of challenges to quality of life which are important for the communities in which it operates.

The programme emphasizes the connection of people, community and technology in the urban space".

The joint work is carried out by Intel, municipality and community representatives as well as additional professionals such as engineers, designers and other creatives. Since one of the programme's goals is also to increase Intel's exposure to the community for the longer term and establish ongoing relationships, the activity in each community is not limited only to building a beautiful technological facility but rather emphasize the joint work processes and the creativity, learning and special use of technology they involve in order to encourage active residents' engagement before and after the technological project is completed.

The Programme has been implemented for the past three years in three sites in Israel: Kiryat Gat, Haifa and Jerusalem. This year will see its expansion into a fourth site, Petach Tikva.

Case study: the Shoftim park in Kiryat Gat

Kiryat Gat is a city in the southern part of Israel. It lies 56 km (35 miles) south of Tel Aviv.

"Innovating Together: the Shoftim Park" was an initiative pioneered by Intel Kiryat Gat and the local municipality, which aimed at transforming the Shoftim Park into a dynamic, safe and attractive place for citizens and visitors through creativity and technology in collaboration with the community.

The Shoftim Park was chosen by the municipality since it is located amidst several neighbourhoods with different socio-economic characteristics and is a crossroads for many people. The Park is surrounded by many educational and community institutions: an elementary school, two high schools (one religious and one secular), two after-school clubs, two synagogues, one Mikveh (bath for ritual immersion), a youth learning centre, and more.

In recent years, the Park has lost its appeal, becoming a deserted and unattractive venue during daytime and a hub of crime and vandalism during night-time. For this reason, it was decided to establish a centre that would attract families for fun community activities in the hope it would drive away the petty criminals and return the park to the citizens.

The vision was to attract more people, from a range of social and age groups to spend time at the park, interact with one another, hold family gatherings, play and feel safe. This in turn, was also meant to promote greater pride in their community and town. In this way, Intel was going to make a significant contribution by responding in new ways to specific needs and challenges of the community, in the places that are important for them and with a new "place experience" augmented with technology.

The project involved the construction of an interactive, technology-based game facility, a giant "Simon" facility that follows the rules of the old game (press colours according

to specific pace) and is played while running around it. The facility – which is the largest "Simon" facility in the world – was voted by the citizens out of 16 ideas proposed by the Innovators Community made up of Intel employees. It has become the de facto most exciting fitness facility of Kiryat Gat.

In addition to providing the technology for the apparatus, Intel has promoted activities with a range of community groups to increase their engagement with the Park and its surrounding and strengthen their bond with Intel. Examples include public activities around technologies and renovation ventures carried out by citizens, artists and Intel volunteers to beautify the public space.

This initiative added to an even broader effort championed by the municipality at the Park, which involved renovating large parts of it to make it more inviting for families. The Project has already led to increased use of the park by residents, pupils and the elderly. A satisfaction survey found that the citizens are very happy with the investment in improving their quality of life.

Amongst the community-bonding activities that have resulted from the programme are:

- Intel volunteers collaborated with the Kiryat Gat learning centre for youth at risk in building an artistic installation to enhance the Learning Centre.
- Intel factory management collaborated with the after-school clubs Eylon, Ibtzen and Margalit in building bicycles in collaboration with the NGO "Cycling Together". The newly built bicycles were given to the clubs' children to provide them with a basic childhood experience which most of them lack. Volunteering promotes a healthy, green lifestyle and is closely aligned with the "Innovating Together @ Shoftim Park" venture.
- An innovation lab was opened in cooperation with the Kiryat Gat Youth Centre. It targets young start-up entrepreneurs in the community and gives them access to Intel technologies in particular and to technological tools in general so they can develop their ideas.
- Different community groups (children, youth, the elderly, and families) are trained on using the "Simon" game as part of more active lifestyles.

- Digital creativity workshops are offered to citizens and youth. The resulting works reflect their personal perspective on the Park “where you get to meet everyone”.

Key take-aways:



- An innovative approach demonstrating that building the programme through community engagement rather than pre – planning spreads the impact.
- There are a number of dimensions coming together here: digital orientation and citizenship, community engagement, place making and empowerment.



Challenge: such a programme requires high involvement of the company's community team and an ongoing effort to engage with various groups versus the more familiar model of working with representatives and established organizations.

ICL

One of the key global market players in the agriculture, food, and fertilizers industry,¹⁴¹ ICL is a global company whose products meet the basic trends and key needs of world development and population growth. Its strategy focuses on realizing the growth potential of innovative agriculture solutions¹⁴²; and on enhancing its long-standing market leadership across its three core mineral value chains of bromine, potash, and phosphate.¹⁴³ ICL is a public company whose shares are dual-listed on the New York Stock Exchange and the Tel Aviv Stock Exchange. ICL has global operations with mining and production sites in Israel, Europe, North and South America, and China; employing approximately 13,000 people worldwide. ICL produces approximately one third of the world's bromine, and a sixth of the world's potash, and is a leading global provider of pure phosphoric acid.¹⁴⁴

ICL is currently a global leader in controlled release fertilizers that enhance nutrient efficiency and minimize leaching and volatilization into the environment. These products enable growers around the world to reduce fertilizer usage and simultaneously achieve higher quality crops and yields with a lower environmental impact.¹⁴⁵

In Israel, ICL sees itself as an inseparable part of life in the communities in the Negev (southern Israel), where most of its plants are located and where most of its employees live. The company believes that community involvement and encouragement of dialogue related to sustainable development are among its responsibilities to employees and other stakeholders. The company encourages its employees and managers to take an active part in weekly voluntary work. Personal volunteering is usually conducted in the afternoons (not during working hours) in educational, society and environmental organizations. In 2018, 14% of its employees in Israel participated in volunteering activities. The total time spent volunteering by employees was nearly 19,000 hours, or 4 hours on average employee.¹⁴⁶

ICL has several projects and initiatives with the community. The company's flagship social project is called Thinking Doing, launched in 2014.¹⁴⁷

ICL's primary mission, as a key player in leading change in the quality of life of communities in the Negev, is to motivate collaborative processes in the establishment of a sustainable community network, that in turn creates and motivates regional processes through partnerships and empowerment of local initiatives. The programme aspires to ensure community resilience and to improve quality of life in the Negev region.

The programme creates a regional network of local entrepreneurs, who have both the ability and desire to contribute to the local community, and to the entire Negev region. It promotes close cooperation with municipal authorities and allows for the pooling of resources to improve the physical and social conditions made available to residents.

Local residents choose areas in which they wish to promote an initiative related to education and community, public spaces and creating communal infrastructure, local economy, and environmental issues. The local entrepreneurs connect local residents to the initiative in order to make a notable social impact.

ICL provides professional and economic support to different initiatives in the Negev region. In addition, its employees volunteer in the various community projects.

The company acts as a catalyst to motivate processes that will create a joint effort of business, the environment and the community to strengthen the Negev.

During the development process of this project, local residents select areas in which they wish to focus their activities, and a community representative is involved in each part of the programme.

The Operating Model:

- Partnering with municipal authorities to promote social and environmental issues and establish a link to the local vision
- Establishing a local steering committee
- Establishing a professional team led by the local municipality
- Mapping communities, needs, dreams and challenges
- Selecting a main issue linked to the local vision;
- Publishing a call for proposals
- Guiding and leading community initiatives
- Building a professional human infrastructure

- Creating young leadership, through scholarships for students, playing a key role in Thinking Doing projects.

The Thinking Doing programme began as a pilot project in the town of Yeruham and has been in operation there since 2014. A regional network of local social entrepreneurs was created, possessing the ability and the desire to contribute to the local community and to the entire Negev region. Together with residents of Yeruham and the town's local leadership, and by connecting with the town's agenda and the head of local council's vision for sustainability, the programme supports social and environmental initiatives of local residents, thereby aiding in rebranding Yeruham as a sustainability fostering town.

Following two years of operation, a local coordinator was appointed on behalf of ICL and the local Council, who is responsible for leading sustainability issues in Yeruham in general and for the implementation of the Thinking Doing programme in particular.

The connections and partnerships between various organizations in the town, as well as empowering social entrepreneurs and motivating partnership processes, have served to create social empowerment and self-esteem, in addition to transforming the public realm into a 'warm home' for the town's diverse population. Yeruham is comprised of a diverse human mosaic, and hence public discourse and shared social action are an important platform for the development of local economy, employment, infrastructure, the environment, intellectual property and the quality of life in the town. Thanks to the successful combination of active entrepreneurs and a supportive leadership, a change for the better is already visible on the ground.

This model of activity was the first of its kind in the Negev and served as inspiration for additional municipal authorities in the Negev, who have since joined the Thinking Doing programme.

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Among the successful projects developed as part of the Thinking Doing programme in Yeruham:

- Construction of a network of community gardens, community meeting places and community libraries.
- The Shade Trees project – adding and maintaining shade trees in public areas.
- “Improve the World” (Tikkun Olam) community woodworking workshops – a local project that evolved into a regional project.
- Subsidized community alternative healing clinic.
- Yeruham Mosaic – a project showcasing the legacy and heritage of Yeruham neighbourhoods.
- The Wagon project – a project promoting woodworking and design next to one’s home. Following the operation of the first “Wagon” in Yeruham, the project was expanded also to the Ramat Negev regional council, and later on also to the towns of Mitzpe Ramon and Dimona.

The Thinking Doing programme has expanded and currently operates also in the Tamar and Ramat Negev regional councils, as well as in the cities of Be’er Sheva, Dimona and Mitzpe Ramon. The programme is carried out under the administration of ICL in collaboration with municipal authorities and NGOs, with volunteering of ICL employees and financial support of the company.¹⁴⁸

The programme was the basis for an annual community conference, allowing a glimpse of the creativity and richness of Negev communities. The conference, which manifests multi-sectorial partnership, began in Yeruham in 2018, as part of the long-term partnership with the town. The 2019 conference was held in the Ramat Negev Regional Council. The conference is held in full cooperation with the municipal authority and showcases the regional activities of various Negev social entrepreneurs, not necessarily belonging to the Thinking Doing network.

The conference provides an opportunity for an all-round view of social resilience in the region, and allows for dialogue

between council and town leaders alongside the presentation of success stories of social entrepreneurs and residents who promote change for the benefit of the Negev communities.¹⁴⁹

Key take-aways:



- Builds on the strong bond that usually exists between traditional industry and communities where its plants are located and demonstrates the company’s commitment to the community.
- A strong emphasis on capacity building – through the joint initiative with local municipalities, and empowerment of communities.



Challenge: with such ongoing programmes it is sometimes difficult to set targets for impact and define the fine line between the municipality’s duties and the company’s involvement.

IMPROVING EDUCATION

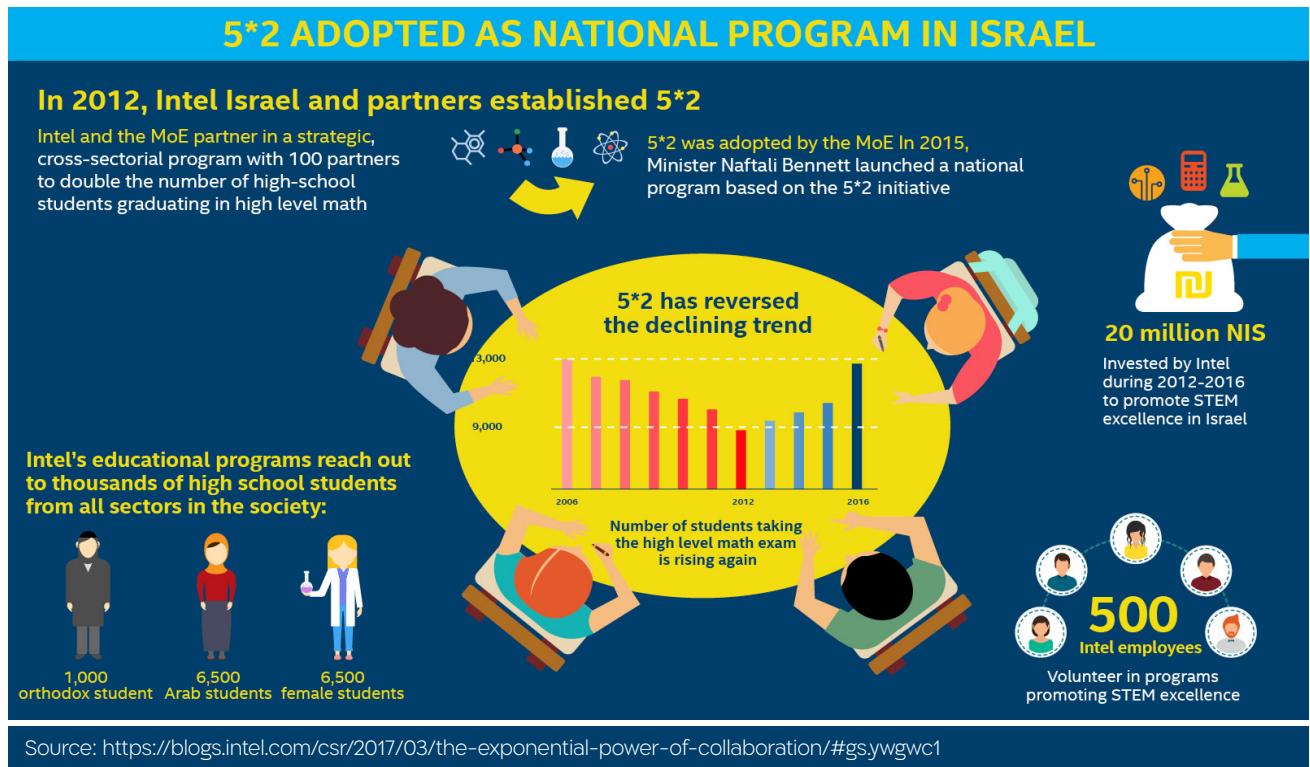
Today’s high school students are tomorrow’s high-tech professionals, scientists and researchers. Their ability to excel in Math and Science will have a critical impact on Israel’s economy and society in the coming decades. While the high-tech industry continues to bloom in Israel – gaining the country international recognition as the “Start-Up Nation” as noted in the Preface – there was a sharp decline of 30% in the number of students who successfully complete high level Math (5 study units) from 2006 to 2012. This decline had a number of reasons that if not formally addressed could jeopardize the continuous growth of the high tech industry in the country.



Intel Israel

Intel Israel initiated the 5*2 initiative in 2012, partnering with several other businesses. In 2015, the Ministry of Education adopted the programme as a national initiative. The goal was

to double the number of high school students who excel in math and sciences, over the course of five years (2012-2017).



5*2 Initiative in Israel

"Intel was one of the leaders in creating this initiative," said Bella Abrahams, Intel Israel Public Affairs Director. "Our engineers, together with engineers from 25 other companies, volunteered in high schools, speaking to students and parents, sharing their experiences and helping them understand the huge benefits of studying sciences and math for their own future. In addition, non-profit organizations partnered to provide backup tutoring and other essential services, while the Ministry of Education contributed by policy changes where required, budget expansion, national awareness, and more." "Our lessons learned from the 5*2 and other initiatives include the importance of connecting the corporation's core business needs with society's core needs, from the social and/or government perspective," added Abrahams, emphasizing that: "This is done by addressing a national social problem that intersects with a business concern."¹⁵⁰

The 5X2 Initiative – Joint Initiative of business, government and civil society

The 5X2 Initiative was launched in 2013 following a significant drop in the number of high school graduates in mathematics, physics, chemistry, and technology, as well as a growing shortage of teachers in these fields. At the same time there has been a consistent growth in the industries which demand excellence in these fields. These trends have an immediate and long-term impact on increasing the gaps in Israeli society, and on the future of the economy.

The 5X2 Initiative is designed to double the number of high school graduates in the fields of Mathematics, Physics, Chemistry and Engineering at the level of 5 units in order to prepare them for the challenges and opportunities of the 21st century. The initiative operates according to the Collective Impact Model. The non-profit organization Sheatufim acts as the backbone organization.

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(Sheatufim was established in 2006 by philanthropists including Israeli family foundations and social entrepreneurs from Israel, Europe and the United States. It rests on their shared vision of a pluralistic and proactive civil society that fosters dialogue and connects non-profit organizations, government offices and philanthropists in Israel.¹⁵¹)

Sheatufim functions as the “conductor of the orchestra” and the “engine” that drives the initiative forward. As the “Backbone Organization,” Sheatufim is responsible, among other things, for formulating an agreed, joint platform that includes defining the common vision, the mission, the goals and the modes of action. The organization supports the 5x2 Initiative’s steering committee at all stages of the process, including funding, promoting supportive public policy and coordinating all the partners.

5x2’s mission is to promote excellence in scientific and technological education as an engine for the development of a general culture of excellence in education. “We are committed to achieving this while simultaneously, reducing gaps and providing equal opportunities for all students, male and female, and from all the many facets of Israeli society”.



The Partner Network currently consists of about 100 representatives of organizations. Other prominent players include the Defence Ministry, the IDF and local government, as well as academic institutions, schools, science museums, educational organizations and philanthropic foundations.

A unique coalition of businesses, including over 40 leading High-Tech companies from Israel and abroad, has been formed in the framework of the initiative. These business partners include Dell, eBay, HP, IBM, Microsoft, PayPal, Salesforce and Western Digital.¹⁵²

The 5X2 Initiative works in strategic cooperation with the Ministry of Education. Since 2014, the Ministry of Education has been spearheading the joint initiative with the National Programme for the Advancement of Excellence in Mathematics and Science.

The 5X2 steering committee includes 18 representatives of organizations and leads the policy-making and the strategy formulation of the initiative.¹⁵³

Already in its seventh year, the 5×2 initiative has been deemed a success, returning the level of STEM (science, technology, engineering and mathematics) studies nationally to the previous peak level of 2006.¹⁵⁴

Key take-aways:



- 💡 Good evidence of a win-win outcome where tech companies and the education system share a common interest in boosting STEM studies.



Challenge: Collective action is successful when the chosen topic is one that signifies wide agreement on a challenge, as well as a clearly defined mechanism for all parties to contribute.

MOBILISING MANAGEMENT EXPERTISE AND INTEREST TO TURN ROUND FAILING SCHOOLS

Businesses can support NGOs and community causes in numerous ways – often referred to as the 7Ps:

- Profits (cash contributions)
- Product (including services)
- Premises (hosting NGOs, giving them surplus buildings eg final period at the end of a long-lease)
- Promotion (using cause-related marketing to publicise a cause or social campaign)
- Partnership (mobilising / joining other business and Civil Society)
- Power (lending the credibility of the firm, showing due diligence has been done on an NGO partner etc, making introductions to others, lobbying on behalf of the NGO/ cause with municipalities, central government etc)
- And, perhaps, most importantly, People (employee volunteering, sharing professional expertise, management skills etc). Amanda Bowman from the corporate volunteering NGO Emerging World, emphasises that “expectations from employees are changing. For example, millennials overwhelmingly state that they want to make a difference to issues that they care about and research shows that they prefer to volunteer with their colleagues. They’re also looking for new and different ways of dealing with the stresses of balancing work and life – and volunteering is seen as part of that. Equally, employees want to bring their whole selves to their workplace each day and not to leave their values at the front door.”¹⁵⁵

Tovanot B’Hinuch

Yair Seroussi, a former Treasury official and ex-chairman of Bank Hapoalim, described to us one powerful example of harnessing People Power. This has involved mobilising business and now other leaders too, to help improve the management of schools in very difficult socio-economic areas: Tovanot B’Hinuch.

Tovanot B’Hinuch (literally translated as Insights in

Education) is an innovative initiative providing a professional management platform enabling public schools in Israel’s urban and geographic periphery to transform into inspiring institutions for the school’s community (students, teachers, parents, local community) in terms of its educational and social achievements and accomplishments.

The initiative was established in 2011 by Yossi Vardi and Karen Tal, who was then the principal of the Bialik-Rogozin School in Tel Aviv for six years. The school, which was at risk of closure, was awarded the National Education Prize in 2011. During her term as principal, the comprehensive model was developed and applied successfully. Several such success stories in various schools led to the development of a holistic model which places the school as a major anchor in the students’ everyday life and in the community. It operates in all types of schools – grammar and high schools, religious and secular, Jewish and Arab.

The initiative supports the schools participating in the programme by assisting them with human capital and financing, sharing knowledge and assisting in the creation of a community of volunteers and partnerships as part of the community development. The schools in return are committed to continuous improvement in order to achieve a transformation in the school, harnessing community development and sharing the accumulated knowledge.

The initiative guides school principals and administrators to develop a perception of leaders and social entrepreneurs working to create a comprehensive response to students’ educational, emotional and social needs.

It started in five schools: appointing a chair and board members to help the school manager; and bringing in volunteers from local businesses to help the school. This quickly extended to 35 schools in and around Tel Aviv. According to Seroussi, one school in a deprived area of Bat Yam that is part of the initiative, improved its National Examination scores from 25% of the national average to 85% over seven years. The only change in the school’s circumstances was the addition of a board of business people to support the school manager (who was the same person over the period). Seroussi himself now chairs this initiative.

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Goals and operational principles of the initiative¹⁵⁶

Goals:

- Designing the school as a major stronghold in the students' lives and in the surrounding community, providing a suitable, total response to scholastic, social and emotional needs.

- Creating partnerships for change – educational and social – which makes it possible for: the school principal and staff to generate a dramatic turnaround in the school; the students to change their launching pad for life; civil society – companies, non-profit associations, individual volunteers – to give and to influence.
- Strengthening Israel's public education system, introducing public discourse supporting educators and the respect of which they are worthy.

Operational principles:

- Encouraging perception of the school principal as an educational leader and social entrepreneur, motivated by a worldview of breadth and depth, driven by a vision and capable of achieving optimal results.
- Establishing action committees and volunteer corps, with people from the industrial world, the economic sector, academia, the military and the social arenas which give the principal the tailwind for making the vision for the school come true.
- Forming a cohesive package from the knowledge management methods and best-practice tools for management and integrating them into the school.
- Generating partnerships between state authorities and social entities to push the school forward and pool resources in an optimal manner.
- A learning organization – disentangling major insights

from each school and their conceptualization, and teaching colleagues by creating a learning community of the participating schools – the school principals and management teams of the action committees and the volunteer corps. All of the parties are in constant communication facilitating development of a broad view of the educational model.

- A proactive approach and action inspired by passion for creativity

Israel's Ministry of Education has identified 500 schools across Israel facing challenges, and in which the pupils are at risk of being in an on-going cycle of deprivation and social and economic exclusion. Significantly, Israel's Ministry of Finance recently issued a Request for Proposals to extend the pilot scheme to bring in business people to schools and to formalise these Education-Business Partnerships.

Key take-aways:



- Strong evidence of the potential for a careful matchmaking between business leaders and school principals to empower both sides.



Challenge: When scaling up in cooperation with the Ministry of Education, as described above, the need to keep the "personal touch" that the initiative is based on.

HELPING YOUTH AT RISK

Bank Leumi – Aharai¹⁵⁷

About Bank Leumi:

As introduced in chapter 5 and again in chapter 6, Bank Leumi is Israel's oldest bank, founded in 1902. With over 200 branches spread across the country, Leumi is deeply embedded in Israeli society. Unsurprisingly, therefore, Leumi's community policy aims at building inclusion and strengthening Israeli society. The main emphasis is on

helping young people and enhancing their capabilities through education; improving their academic achievements via personal training; instilling values in them; encouraging them to pursue higher education and increasing the number of IDF recruits through a meaningful community service experience. The focus on these activities stem from the belief that they constitute an “entry ticket” into Israeli society.”¹⁵⁸

Leumi encourages its employees to take an active part in volunteer activities and to be involved in community life, again with an emphasis on youth. Employees are involved in several forms, including: taking an active part in community activities and events together with young Israelis, hosting them in bank branches for tours, giving them lectures on wise financial management, conducting organizational workshops, and more.¹⁵⁹ Leumi's partnership with the NGO Aharai is one of the flagships of its community work.

About Aharai:

Aharai means ‘Follow Me’ in Hebrew. It was established over 20 years ago and has been a strategic partner of Bank Leumi for the past 15 years. Aharai is a social and educational NGO engaged in developing young leadership, as well as encouraging social involvement among youth and young adults. Through educational programmes which connect the participants to milestones of Israeli society, the organization instills in its school-aged members a feeling of success while encouraging them to integrate as contributing citizens in Israeli society.

The majority of Aharai participants come from Israel's social and geographical periphery (but not all. The idea is to create a mix of Israeli youth from various backgrounds).

Aharai operates about 400 groups in 150 communities throughout Israel, focused primarily on leadership and preparation for a meaningful service in the IDF (Israel Defense Forces). About 9,000 teenagers from all sectors participate in these groups each year. Thus far, Aharai has over 50,000 graduates.

Aharai's activities include, among others: hiking courses, learning centres for the Israeli matriculation exams, empowerment for youth of Ethiopian origin, military preparation courses, community service and an alumni association.

The larger organizational goals of Aharai are:

- Educating youth for active citizenship and social involvement.
- Raising awareness of democracy and fostering tolerance.
- Navigating youth at-risk to the path of success.
- Training young leaders, particularly from deprived populations.

Aharai conducted an impact evaluation survey amongst 2,000 of its graduates and active participants. This found that:

- 70% expect that their level of education and economic status will be higher/surpass that of their parents.
- The percentage of students in higher education among graduates of the programme is double the percentage of students in the general public in Israel: 66% aged 26–30 from Aharai graduates vs. 35% in the general public (according to the Central Bureau of Statistics).
- 60% of graduates are employed in the public sector vs. 35% in the general public (according to the Bank of Israel).

Following participation in Aharai programmes:

- 93% of survey responders declare that they have someone to consult with in major life choices.
- 73% declare that they know people who will help them secure better jobs.
- 82% declare that the programme contributed to their personal and social development.
- 72% declare that the programme contributed to their capacity building and gave them better skills to succeed in the military service and life in general.

Through focusing on the military service, Aharai aspires to help youth at risk get on the right path to fit in and be a part of society – something which in many cases they did not achieve in the formal education system. As argued in Chapter 3 above, the underlying perception is that the Israeli army (IDF) serves as a melting pot of Israeli society and poses a unique opportunity for youth from deprived backgrounds to better integrate into society.

As discussed in chapter 3, the Israeli army does not merely serve as Israel's Defence Force but also plays a key role in Israeli society. Military service is perceived as the ultimate contribution to society in Israel. In addition, the military service is mandatory, meaning that almost all parts of society are obliged to take part. This poses a very unique situation in which teens from all socio-economic segments of society meet, live together and serve side by side. Such connections and relationships would be far less likely to occur if not for the shared experience of serving in the Israeli army.

The military service per se is not the goal of the Aharai programme, but rather a means of giving youth at risk a second chance through informal education. The young people are recruited to Aharai programmes both through schools and from the streets, as many of them are teens who dropped out of school.

Many participants emphasize that being in Aharai was the first time they were ever encouraged to succeed and were appreciated for their skills and capabilities. Many discover that they are capable of much more than they had believed possible.¹⁶⁰

Aharai programmes have been very successful so far:

- 80% of graduates are active in their communities and promote issues that are close to their heart.
- 80% feel that they have fulfilled their potential in terms of education.
- 87% feel that they have fulfilled their potential in terms of their professional career and their current occupation.

Aharai now makes an extra effort to recruit youth of Ethiopian background. The impact with this population

group is similarly successful: 83% of graduates from an Ethiopian background indicated a high level of personal development and capacity building.

Cooperation between Bank Leumi and Aharai:

Leumi is the main supporter of Aharai's activities, having donated over 66 million NIS over the 15 years of strategic partnership (about \$20 million). More than 550 Leumi employees volunteered in Aharai projects in 2018. The volunteer work included:

- Mentoring – professionals from Leumi advise the NGO's managers and help them in their field of expertise (HR, Finance, Strategy, Marketing, Training, etc.)
- Use of the Bank's assets and premises for ongoing activities of the organization.
- Participating in Aharai's activities and special annual events, such as the concluding journey of the programme at Mount Herzl in Jerusalem, with thousands of Aharai members taking part.

Bank Leumi also gives Aharai graduates an opportunity to work at the bank, and if they last an entire year they are awarded a bonus of 10,000 NIS (about \$2,850) for sticking with the job and not dropping out. If the bank finds them to be fit for employment, they will be hired as bank employees.

Potential future extension of Aharai

Interestingly, Cecile Biliious, co-founder and Managing Partner of Impact First Investments (see Chapter 7 above page 94) argues that Israel now needs a second Aharai – or at least a new division of the existing organisation – to help the target youth at risk to prepare not just for the general units of the IDF, but for the elite IDF cyber units, because it is from these units that young people graduate into well-paid jobs with good career prospects in Israel's burgeoning high tech sector – and that without some such proactive initiative, there will continue to be social and economic exclusion.

Is there an opportunity for (say) the HR Forum of High tech Industries Association, Tmura, technology Venture Capitalists

etc to create and pilot a dedicated programme within Aharai to help Youth at Risk with the requisite potential to qualify for the elite technology units of IDF such as Unit 8200, rather than having to try and retrofit remedial training and networking opportunities post-IDF service?

Key take-aways:



- 💡 The long-term partnership between Leumi and Aharai is a good example of diligent and ongoing investment that is required in order to make a lasting social impact.
- 💡 The effort that the programme makes to evaluate its impact is important and shows clear evidence of success.



Challenge: Using the lever of the military service has a clear evidence of success, offering additional programmes post military service might prove as substantial as well.

SAP Israel

Investment in promoting technological accessibility and greater social inclusion of people with disabilities¹⁶¹

SAP Israel has used a well-established methodology of the hack-a-thon, adapted it for social good and codified a process for employees to champion social innovations.

It began with a regular hackathon. This is a methodology that is used quite often in SAP and in the high-tech sector in Israel generally. In this particular hackathon, SAP management realized that employees wanted more community related projects to work on. During this hackathon a few examples came out, and when talking to employees, they said: “we are doing a lot in the community but we can do so much more in our areas of specialism, which takes our advantages as a programming company and applies them.”

Yael Sagi Hagag, Vice-President, HR takes up the story: “we started thinking about Issie Shapiro, which is a special house here in Raanana¹⁶², for kids with really severe

disabilities. They have a whole spectrum of needs. Many of us want to make an impact where we feel we are most capable and to do something close to home.”

As a result, a few employees, coming from different teams in SAP Israel, got together, both during and after work, in a very ad hoc way and had some modest impacts. As a result, at the next hackathon, there was a dedicated channel for employees interested in projects to help the community. The intention was to encourage employees to work on community projects. This channel in the hackathon was very successful. 61 employees signed up for this channel in the hackathon, one of the most signed for. Generally, each channel involved 30-40 employees.

This led the Human Resources department to propose to the management that they develop a model for supporting community projects which would be sustainable over time. The goal was to empower employees without provoking so many different projects that could result in a management backlash because employees were getting too distracted from their daily work.

As Hagag noted, “we needed a model that will be a lasting one, that we have the bandwidth to support. On the one hand, we did not want people feeling that they are doing something they shouldn’t be doing in their working time, but nor did we want management push-back! There is always a delicate balance between volunteering and getting good feedback from managers, until managers feel it is all getting to be too much and you need to get back to ‘real life!’”

Given the number of different teams and units working out of SAP in Israel and the potential for some managers to be supportive and some to be unsupportive, it was recognized that the company had to create very clear guidelines and a robust model, so that it is not at the discretion of each manager. The company applied standard project management principles to this community activity.

Essentially SAP Israel encourages employees to become social intrapreneurs and as a number of companies internationally have found, in trying to build a supportive eco-system, it is sensible to set some parameters in terms of priorities for intrapreneurial activity. In this instance, SAP decided that the focus in the coming years would be

accessibility, and specifically technology to enable greater accessibility for disadvantaged groups.

As Hagag explains: “We didn’t want to propose something totally new, because there were already a few teams working on things in the area of accessibility and we wanted to make it the right fit, not bring something from the top, but having the voice of the people, so this was first.”

Having decided on the focus, the company also decided that there would be a maximum of five teams at any given time. This was based on a judgement about how much community-related activity the company could realistically support. Each team would have around 6-10 employees involved.

Each project has a project leader that also reports back to management from time to time, about progress, challenges and what investment is needed, just like any other commercial project. It was agreed that projects can meet twice a month for a full day each time, so it is a meaningful investment of SAP resources: somewhere between 720 and 1200 employee days per year.

The project teams only meet on Sundays, in order to minimize disruption to commercial work (Standard work week in Israel is Sunday till Thursday). Sunday was chosen as it is usually a quieter day, especially for employees who work with global teams in Germany, the US, and more. Line managers know that project members will be absent on a Sunday once every other week.

Community projects normally involve an NGO partner, and SAP require that the NGO nominate a project leader from its side as well, same as in any commercial project which requires a customer who can specify their needs, in order for SAP to come up with relevant solutions.

As Hagag explains: “in order to know what solution is needed we need to know the challenges and the customers. Like every other SAP product, we want to better understand the customer, and we learned that in the past,

where there was no clear need from the field, or there was no project lead from the NGO, it didn’t work. We will not approve any project until we know we have leads on both sides: us and the customers, meaning the NGO or the partner we are partnering with.”

SAP employees now have several successful projects completed, including an accessible keyboard, which helps people with different disabilities and an accessible calculator which can be used by people with different needs, whether it’s cognitive difficulties, eyesight issues, etc. Another project produced an app that helps people learn sign language in Hebrew.

As the programme matures, SAP is now looking into having NDAs (Non-Disclosure Agreements) and legal agreements with partners which will enable SAP to use the innovations also in commercial applications.

Key take-aways:



- 💡 This example shows how companies can adapt their core methodologies and processes for community activities.
- 💡 Many employees are looking for more purpose and meaning in their lives and a chance to work on a substantive and practical community project is very attractive, especially where it involves using employees’ skills and experience; and also provides opportunities to acquire new skills.
- 💡 Companies wishing to encourage intrapreneurial activity, but are concerned about potential anarchy from “letting a hundred flowers bloom” can set some parameters to direct the employees’ energies and enthusiasm



Challenge: how, beyond employee motivation and morale and positive reputation in the community, can companies like SAP also find commercial benefits from such activities.

FAST-GROWING TECH START-UPS GETTING INVOLVED

As we have already emphasized, Israel is now widely known internationally, as “Start-Up Nation” with a dynamic high-tech sector. The technology Start-Up “eco-system” is also starting to become more proactive in contributing to Inclusive Growth.

Tmura

Unsurprisingly, given the close and symbiotic relationships between Silicon Valley in the US and the so-called “Silicon Wadi” in Israel, Israel has replicated the Silicon Valley model of encouraging successful high tech start-ups to share the fruits of their success, by vesting some of their shares in the community, when they initiate their IPO (Initial Public Offering). The main mechanism for doing this is Tmura – The Israeli Public Service Venture Fund. Tmura is a non-profit organization established in 2002 by the Israeli venture capital and high-tech communities. Tmura aims to support charitable activities in Israel, by sharing a portion of the wealth created by the country's technology sector with education- and youth-related initiatives.



Tmura receives donations of equity stock and stock options from private (and, to a lesser extent, public) companies. Once a company's shares are liquid, Tmura exercises the options and sells the shares, and allocates the proceeds of

those donations to worthy non-profit causes in Israel, with a focus on education/youth-related organizations. Upon a successful exit, the donor company will be encouraged to select a grant recipient or recipients from Tmura's list of recommended projects.

Alternatively, if the donor company prefers, it may also direct the proceeds to a project of its choice. To be consistent with Tmura's objectives and in order to ensure that the funds are directed to recognized and worthy organizations, if the donor company choose this route, the recipient must still meet Tmura's basic criteria for support¹⁶³. 620 companies have donated options to Tmura so far which has generated over \$17,500,000 for education and other youth-related initiatives.

CONCLUSION

There is a strong emphasis on applying corporate and individual expertise and management skills to partnerships with NGOs, municipalities and social causes. In recent years, a number of collaboration platforms and umbrella organisations have emerged, through which even SMEs can contribute their expertise and people power.

Companies can be more systematic and strategic by applying some form of the A.C.T.I.O.N. model for community involvement, described in Chapter 4. Businesses can also adopt a “Waste is wealth” mindset to the community by, for example, donating surplus office furniture and other redundant equipment to local NGOs; and by giving surplus food from workplace canteens, restaurants and special events to groups such as Leket Israel foodbank (www.Leket.org) so as to help tackle immediate problems of poverty. More fundamentally, however, businesses need to consider how their community involvement can be strategic and support its action in the workplace, supply-chain and marketplace to achieve Inclusive Growth. More broadly, businesses need to be good corporate citizens: paying their fair share of taxes and educating institutional investors about why supporting Inclusive Growth makes good business sense.

Meantime, any business in Israel can consider this practical checklist for Community activities.

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
COMMUNITY	Audit existing community involvement and how far this already enhances Inclusive Growth	Identify and establish external NGO partners for company-led projects	Identify and establish programmes that are linked to the company's core impact on inclusive growth
			Set targets and measure percentage of community involvement programmes impacting inclusive growth
	Invite employees and other stakeholders to identify fresh ways that company could promote Inclusive Growth	Establish a process to evaluate employee ideas for community involvement to encourage more Inclusive Growth	Train staff likely to be involved in partnerships with NGOs, public sector and other businesses, in Partnership Skills

3 PART THREE GOING TO SCALE

CHAPTER 9 | HOW CAN MORE BUSINESSES CONTRIBUTE TO INCLUSIVE GROWTH IN ISRAEL AND INTERNATIONALLY

We hope that “Leaving No One Behind” will inspire many more businesses in Israel – both large and small – to contribute to Inclusive Growth; and will encourage businesses already engaged to extend their activities.

Businesses that want to begin their efforts to encourage Inclusive Growth in Israel can take the Foundation Stage actions in one or more pillars. Businesses already involved can accelerate to the Development Stage. We encourage businesses to graduate over time to a Champion Stage. (see Table below)

This should not just be delegated to the Corporate Responsibility or External Affairs function. Rather, reviewing current performance and opportunities for improvement and innovation in implementing the different items on this Checklist, should be a cross-company exercise involving Human Resources, Purchasing, Marketing & Sales, Production, R&D, New Business Development and Finance too.

As well as developing their own activities, businesses can be advocates for this Inclusive Growth Agenda with their suppliers, other businesses in their sector or in

their neighbourhood and through trade associations and other business representative organisations of which they are members. This also calls for engagement between companies and their investors on how more Inclusive Growth will make their business more sustainable and better able to generate decent returns into the indefinite future.

We suggest that businesses might employ some version of the A.C.T.I.O.N framework described in Chapter 4. Amongst other things, this might involve N – nurturing: building the capacity of intermediary NGOs like Co-Impact, Aharai, Al Fanar, Israeli Forum for Diversity, KamaTech, Paamonim, Tsofen and WeSource so they can work with many more businesses. This could be particularly important because

the Israeli way tends to eschew top-down grand plans, in favour of more organic understanding of a “direction of travel,” with individual companies, then coming up with their own ways to get there.

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
WORKPLACE	Establish base-line: composition of workforce: entry-level, junior/ middle/senior management in terms of gender, People with Disabilities, ethnicity, etc	Extend number of target groups currently under-represented in workplace that business is trying to recruit	Establish new stretch targets on percentages of under-represented groups in workforce at both entry-level and management levels
	Set target percentages for total workforce & for management in terms of gender, people with disabilities, etc.	Revise and increase target numbers for employing Ultra-Orthodox Jews, Arab Israelis and people with disabilities	

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
WORKPLACE	Identify & implement necessary workplace modifications in order to accommodate under-represented minority groups such as Ultra-Orthodox women, Arab Israelis	Monitor retention and workplace advancement rates for target groups. Appoint workplace champions for employing Ultra-Orthodox, Arab Israelis, people with disabilities, and working carers	
	Train first line-managers in managing cross-cultures and people with disabilities	Establish employee peer group networks for People with Disabilities, Ultra-Orthodox, Arab Israelis	
	Work with partners - to identify & provide pre-recruitment training to target under-represented groups	Join external learning networks to share emerging good practice and learning	Share company experience in external talks and interviews by company chair/CEO/SMT (Senior Management Team)
	Identify and provide support for employees living below poverty-line	Pay enhanced Minimum Wage	Develop a compressive plan to advance personal and economic well-being, focused on low income employees
		Building a career path for entry level employees	Build a compressive programme for reskilling and career path for entry and mid-level employees
			Set targets from internal recruitment for higher skilled jobs for entry level employees
	Train and provide tools for pension planning	Train content experts on pension planning within the organization	Advise on pension planning to all employees
	Fund retirement planning courses	Continued entitlement of retired employees to the organization's well-being benefits	Offer courses and training to develop skills and capabilities of retired employees

3 PART THREE

Chapter 9 | HOW CAN MORE BUSINESSES CONTRIBUTE TO INCLUSIVE GROWTH IN ISRAEL AND INTERNATIONALLY

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
WORKPLACE	Establish baseline of working carers in the organization	Consult with working carers on development of programme for practical support for working carers	Offer paid Carers' leave
	Monitor & regularly report on progress		

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
SUPPLIERS	Review payment terms and commit to paying all suppliers on-time	Build on-line Supplier Interchange where suppliers can also share good practice to raise standards and support Inclusive Growth procurement	Break up larger tenders into smaller tenders so that SMEs can realistically bid for them
	Verify that manpower/service contractors comply with labour laws	Recommend Maala Basic Index to SME suppliers	Incentivise suppliers to join the Maala Basic Index
	Ensure procurement policy also include reference to the advancement of social and environmental issues	Check procurement processes inherently address social and environment issues	Set aside percentage of all contracts by value for suppliers from minority groups such as Ultra-Orthodox, Arab Israelis, people with disabilities. Set targets for suppliers with social and environmental edge.
	Periodically survey suppliers' views of working with the company	Run regular supplier conferences to share good practice and build capacity	Run comprehensive supplier capacity building programmes

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
GOODS & SERVICES	Identify vulnerable customers and ways to reduce their vulnerability	Review product/service portfolio and identify any which inadvertently increase social & economic exclusion and look to modify or remove from portfolio	Add increasing inclusion as a core "stage-gate" criteria for company's innovation process and business development
			Encourage employees to become "social intrapreneurs" who champion creation of products and services which enhance Inclusive Growth
			Link executive compensation to inclusive growth criteria relevant for the company

PILLAR	FOUNDATION	DEVELOPMENT	CHAMPION
COMMUNITY	Audit existing community involvement and how far this already enhances Inclusive Growth	Identify and establish external NGO partners for company-led projects	Identify and establish programmes that are linked to the company's core impact on inclusive growth
			Set targets and measure percentage community involvement programmes impacting inclusive growth
	Invite employees and other stakeholders to identify fresh ways that company could promote Inclusive Growth	Establish a process to evaluate employee ideas for community involvement to encourage more Inclusive Growth	Train staff likely to be involved in partnerships with NGOs, public sector and other businesses, in Partnership Skills

The overall message should be that there are now numerous examples of businesses in Israel successfully contributing to more Inclusive Growth; and also that there are intermediaries with relevant expertise and networks to help businesses progress in each of the four pillars of business action for Inclusive Growth.

There are obviously also opportunities to consolidate and extend this expertise. For example, to work with the Diversity Forum, the HR Forum of the High Tech Industries Association, Co-Impact, Caregivers Israel and other interested partners to find the practical how-to guidance for Israeli employers to (a) employ and (b) be

able to promote Arab Israelis, Ultra-Orthodox, people with disabilities, older workers, and working carers – and to identify common themes.

LESSONS FOR BUSINESSES INTERNATIONALLY

What are the relevant lessons for readers of Leaving No One Behind beyond Israel? For readers in:

- Business
- Corporate Responsibility Coalitions
- Think-Tanks working on social exclusion and Inclusive Growth

Businesses

Businesses in many other parts of the world are also suffering from a lack of trust.

Many of the specific actions in the table above are relevant for businesses in other countries, particularly to reach out to communities under-represented in the labour force in their countries.

Corporate Responsibility Coalitions

The Maala CSR Index and Basic Index for SMEs is something that other national coalitions could implement with their local Stock Exchange or a media partner.

Similarly, coalitions can work with their member companies to help them to challenge their suppliers to raise their ethical and sustainability standards and, thereby, become more resilient and inclusive.

Think-Tanks working on social exclusion and Inclusive Growth

Whilst models of pre-recruitment, customised training, of capacity-building suppliers, of innovation to support vulnerable customers and of local economic regeneration have been developed in many other parts of the world too, the specific combination of examples from Israel, offer some interesting, additional approaches, as in how businesses can support Inclusive Growth.

3 PART THREE GOING TO SCALE

CHAPTER 10 | CONCLUSION

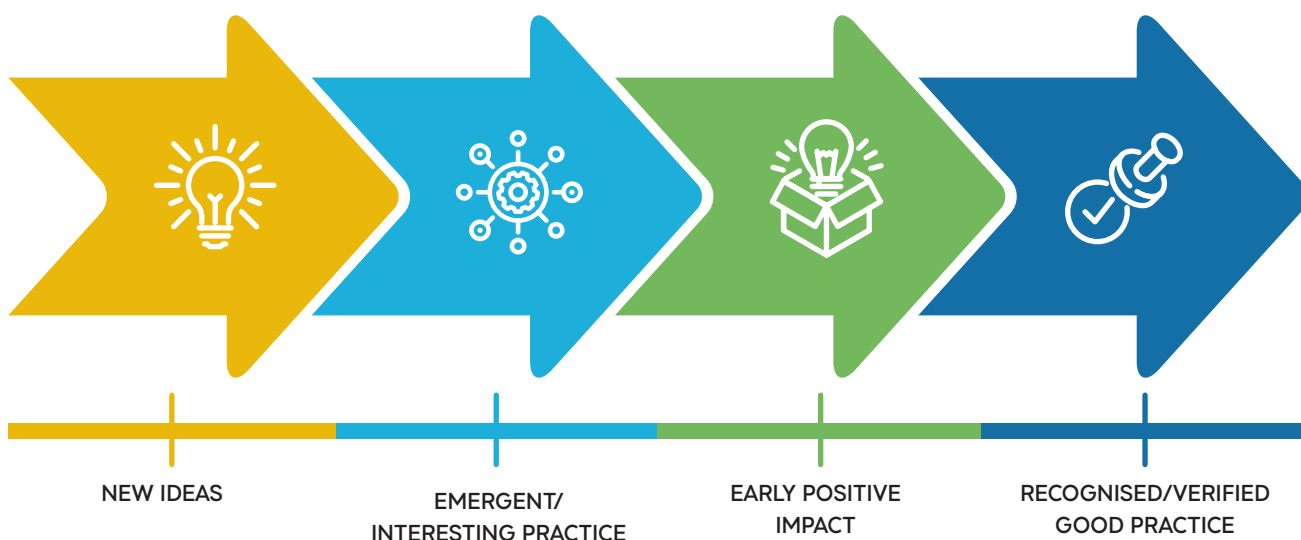
Whereas Start-Up Nation described an emerged phenomenon, we believe that in Leaving No One Behind, we are describing an emerging phenomenon. Our hope is that by doing so, by drawing attention to it, and by “joining up the dots,” we will speed up and intensify the activity already under way – and also stimulate additional actors to join in.

Leaving No One Behind is not intended to be the last words on this crucial topic. Rather it is designed as a Call For Action and an invitation to collaborate further, and to bring in additional partners.

We want to hear from the CEOs and managements of Israel's largest companies, from CSR officers, from those running the Israeli operations or R&D Centres of global businesses; from start-up entrepreneurs and social entrepreneurs; young people, older citizens; from trade unionists; officials and people working in government and in municipalities; from staff, board members, volunteers, donors of charities and voluntary organisations; from venture capitalists and impact investors; from social commentators and academics; and from regular visitors to Israel.

On each point on the innovation ↔ impact spectrum below, where are there further examples of business contributing to inclusive growth in Israel?

INNOVATION ↔ IMPACT SPECTRUM



One of our international reviewers challenged us to identify what would success for Inclusive Growth in Israel look like? With the heavy caveat that Inclusive Growth is an on-going task rather than an end destination, this question is indeed an excellent start point for a wide stakeholders' discussion on what to aspire to. In that, we hope that this book is a

basis for such a discussion and a catalyst to engage as many stakeholders as possible.

Some of these aspirations will predominantly depend on the interventions and policies of government, municipalities and Civil Society organisations. Some will principally involve

employers – and employees themselves – taking action. In many cases, these aspirations will require effective collaboration between business, public sector and Civil Society.

"Leaving No One Behind," has deliberately concentrated on the role that some businesses in Israel are already playing, in the hope and the expectation, that its publication will encourage many more businesses in Israel to get involved.

In "Start-Up Nation," Dan Senor and Saul Singer describe Israel as a "beta-country," addressing seemingly insurmountable challenges:

"Israel is one of the world's foremost ideas factories and provides clues for the meta-ideas of the future." It is our conviction that those "meta-ideas of the future" include businesses taking more proactive and strategic approaches to achieving Inclusive Growth, as part of a new Social Contract between business and society.

For twenty years, Maala has been at the forefront of debates about responsible business in Israel. It has deftly scanned the international horizon and introduced relevant experience and expertise to the Israeli business community. At the same time, it has encouraged members which are the Israeli part of global businesses, to draw in the good practice of the global companies. It has worked with Israeli-headquartered companies to tease out and articulate their philosophies and practice. Maala has also been well-placed to encourage and cajole more and better Corporate Responsibility in Israel. It has been willing to synthesise local and global, and to keep on advancing the agenda. There can be no doubt as to the urgency both in Israel and globally of tackling inequalities and achieving more Inclusive Growth. "Leaving No One Behind" signposts a route to more Inclusive Growth. Many more businesses both in Israel and internationally are called now to join this journey.

With this book, Maala also wishes to put down a marker and make a statement of intent about becoming a hub for emerging ideas and good practice in business and inclusive growth.

Perhaps it is fitting in the tenth anniversary year of the original publication of "Start-Up Nation," to give the

last word to its lead author: Dan Senor. He spoke to a major conference in Israel just a few months ago¹⁶⁴. He concluded his TED-style talk with a powerful peroration which clearly linked Israel's continuing global success as the Start-Up Nation and a global innovation and high-tech hub, with the pragmatic and the moral case for being more proactive in promoting Inclusive Growth.

Senor concluded his talk:

"The opportunities for Israel in the world are enormous. Now Israel is indispensable to the new geography where innovation is dispersed across the world. What is striking, is how many nations want to partner with Israel. That is the opportunity. The challenge is, Israel is running out of people. There are only so many Israelis currently plugged in to the Israeli labour force who can currently do these (innovation/high tech) jobs. So how do we keep the promise? How do we keep marvelling at what Israel is doing here and around the world?"

We have to further develop talent inside Israel. Develop the pipeline of human capital. This serves two purposes: (a) it maintains Israel's connectivity to the world; and (b) it fulfils our obligations here to help those demographics of Israeli society that have not yet experienced the promise of this amazing innovation economy."

POST SCRIPT

HOW MAALA WILL TAKE FORWARD THIS PROJECT TO ENGAGE MORE BUSINESSES IN ISRAEL AND INTERNATIONALLY ON THE INCLUSIVE GROWTH AGENDA?

Tami Leffler | Momo Mahadav | Elisha Silberklang

We recognise that optimising efforts for Inclusive Growth will require action from Governments, local governments, Civil Society, trade unions, academia and think-tanks, as well as from businesses.

As a Corporate Responsibility coalition, however, Maala commits particularly to efforts to engage more businesses – both in Israel and internationally.

Within Israel, we intend to promote awareness of “Leaving No One Behind” and its contents and engage with stakeholders about the priorities identified for action. Building on the 2017 and 2018 annual Maala conferences which both focused on Business & Inclusive Growth, the 2019 conference will make this publication a centre-piece (Tel Aviv: December 4-5).

Furthermore, we invite all member companies to help to expand the checklist of practical ways that businesses in Israel can contribute more systemically to Inclusive Growth (chapter 9).

In 2020, additional questions about Inclusive Growth in the annual Maala ESG Index on the Tel Aviv Stock Exchange, will come into force. The data will collate additional examples of how leading Israeli businesses are contributing to Inclusive Growth as demonstrated by their Index submissions. More broadly, this invites a ‘deep dive’ on the data about Business & Inclusive Growth, which might be derived from the longitudinal data available in a mix of: TA-Maala Annual Index since 2005, the SME Index since 2016, the annual GlobeScan-Maala Radar since 2014 and other relevant sources. The objective will be to examine the relative effectiveness of business contributions to Inclusive Growth, and to explore hitherto unidentified but valuable connections between different pockets of business activity.

The book will serve as a stepping stone for further work that is innovative in inclusion with Maala member companies and partner organizations.

Internationally, Maala wishes to share the experience of Israeli businesses in contributing to Inclusive Growth, with international audiences in business, Civil Society, international institutions, media and academia.

Maala will seek to share the main findings of this publication for international audiences via conferences, media interviews, webinars, round-tables and more. Maala is also ready to host field-trips for interested groups of international business leaders, wishing to learn from the experiences of businesses in Israel. The content of Leaving No One Behind and associated, background resources and research materials is readily available to other players in the field: Corporate Responsibility Coalitions, think-tanks, research centres and others. The Maala CSR index – and the Basic CSR Index for SME suppliers – could also serve as a tool for national based responsible business networks working on inclusive growth.

We strongly believe that the work is not only about facing the risks of ignoring social and economic exclusion, but also about realizing the opportunities from proactively promoting Inclusive Growth. This is evident as the world grapples with the achievement of the Sustainable Development Goals. Maala and its members and partners are ready and able to be part of this effort, both in Israel and internationally.

Our work on Leaving No One Behind also showed us that some aspects of social exclusion are more widely recognised than others; and that some forms of business contribution to inclusive growth are already being more widely practised than others. This analysis marks the areas where future work is needed.

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David Grayson, Tami Leffler, Momo Mahadav, Elisha
Silberklang.

ABOUT THE AUTHORS



David Grayson

David is Emeritus Professor of Corporate Responsibility at Cranfield School of Management. From 2007-17, he was the founder-director of the Doughty Centre and Professor of Corporate Responsibility at Cranfield. He was a visiting Senior Fellow at the CSR Initiative of Harvard's Kennedy School of Government: 2006-10.

David has chaired or served on various charity, social enterprise and public sector boards. He currently chairs the national charity Carers UK and the international charity: The Institute of Business Ethics. He is part of the Circle of Advisers for Business Fights Poverty. He is a former Managing-Director of the Responsible Business Coalition: Business in the Community and has worked with many international coalitions, institutions and companies around the world.

The Guardian newspaper has named David as one of ten top global tweeters on sustainable leadership alongside Al Gore and Apple CEO Tim Cook: @DavidGrayson.

David is the author of seven books and has contributed to a further 20 on responsible business and sustainability. His most recent book is: "All In – The Future of Business Leadership," co-authored with Chris Coulter and Mark Lee: www.AllInBook.net
www.DavidGrayson.net



Momo Mahadav, CEO, Maala

Momo is a key player in the Israeli CSR arena and has a proven track record of leading value and behavioral based change processes within the business, public and social spheres. He joined Maala in 2006, bringing with him extensive experience working in public policy frameworks and environmental and community work. He was appointed CEO in 2009.

Following a disruptive change in the field, Momo defined Maala's new business strategy, including doubling the number of companies participating in the Maala CSR Index, expanded media exposure and cooperation with numerous partners. In 2016, the annual Maala CSR Conference was restructured into an innovative international format, featuring Israel's creative approaches to corporate citizenship alongside cutting-edge knowledge presented by global thought leaders.

Momo was previously Director of SPNI's (Society for the Protection of Nature in Israel) Tel Aviv Center for Environmental Action; coordinated city-wide projects at the Tel Aviv Municipality; and worked as a community organizer. He also serves as a board member in a number of non-profit organizations in Israel. Momo holds a master's degree in Public Policy and a B.A. in Social Work, both from Tel Aviv University.



Tami Leffler, Director, Social Innovation and Information Management, Maala

Tami has vast experience in working with large Israeli companies on their social innovation strategies. Tami joined Maala in 2002 and her expertise includes knowledge management in the CSR research realm, as well as consulting companies on human capital investments, designs and executes corporate events and collaborative initiatives.

Tami has led several projects and initiatives at Maala, including a most recent extensive Starter-Kit on employment of older workers. Her tireless work and rich track record have contributed greatly to the development of the Responsible Business community in Israel.

Tami holds an M.A. in communications from the Hebrew University of Jerusalem, and completed her studies in information and database management at the Technion – Israel Institute of Technology



Elisha Silberklang, Project Manager, Maala

Elisha joined Maala in 2017, and has since been key to broadening and expanding Maala's international outreach. He took part in writing a number of reports produced by Maala in English on various topics in the field of sustainability and responsible business.

Elisha has helped develop and grow Maala's connections with the global sustainability and CSR community, as well as set up and manage Maala's website in English – serving as a Gateway to CSR in Israel.

Previously, Elisha worked as a research assistant in the department of History in the Hebrew University of Jerusalem, where he completed his B.A. in History.

FURTHER RESOURCES FOR READERS WISHING TO EXPLORE THE TOPIC OF BUSINESS AND INCLUSIVE GROWTH FURTHER

2019 Global Inclusive Growth Summit co-hosted by the Aspen Institute and the Mastercard Centre for Inclusive Growth – includes 18 videos on YouTube of main sessions of summit:

<http://www.globalinclusivegrowthsummit.com/>

Business for Social Responsibility (BSR) Inclusive Economy Programme

<https://www.bsr.org/en/expertise/inclusive-economy>

Global Impact Sourcing Coalition

A forum of the world's leading companies committed to incorporate and scale impact sourcing as a business strategy—ending poverty through procurement.

<https://gisc.bsr.org/>

Reducing Poverty through Employment Toolkit from BSR and GISC:

https://www.bsr.org/reports/Reducing_Poverty_through_Employment.pdf

JP Morgan Chase Policy Centre to develop and advance sustainable, evidence-based policy solutions to drive inclusive economic growth in the U.S. and around the world:

<https://www.jpmorganchase.com/corporate/Corporate-Responsibility/policycenter.htm>

Mastercard Centre for Inclusive Growth:

<https://www.mastercardcenter.org>

Morgan Stanley's Institute for Sustainable Investing,

"Inclusive Growth Drivers: The Anatomy of a Corporation," explores four key areas where a corporation's activities can impact inclusive growth: Human Resources, Products and Services, Operations Management, Firm Management and Governance:

<https://www.morganstanley.com/ideas/4-ways-to-incorporate-inclusive-growth>

OECD Business for Inclusive Growth Platform:

<https://www.oecd.org/inclusive-growth/businessforinclusivegrowth/>

RSA Inclusive Growth Commission was an independent, impactful inquiry designed to understand and identify practical ways to make local economies across the UK more economically inclusive and prosperous:

<https://www.thersa.org/action-and-research/rsa-projects/public-services-and-communities-folder/inclusive-growth-commission>

UK All-Party Parliamentary Group on Inclusive Growth:

<https://www.inclusivegrowth.co.uk/>

World Business Council for Sustainable Development: Future of Work Project:

<https://futureofwork.wbcsd.org/>

World Economic Forum GrowInclusive: This project is part of the World Economic Forum's Shaping the Future of the New Economy and Society Platform:

<https://www.weforum.org/projects/inclusive-growth-and-development>

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