

LEAVING NO ONE BEHIND

Israeli Business and Inclusive Growth



David Grayson

Tami Leffler

Momo Mahadav

Elisha Silberklang

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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.

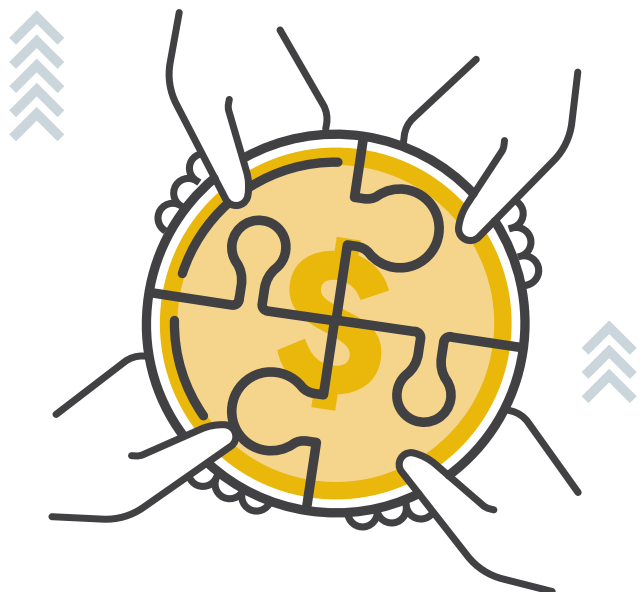
In the market-place, companies are developing products and services which are more inclusive and being more proactive in reaching out to customers from marginalized communities.

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.





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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		



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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.

