# REFLECTIONS ON THE VOLUNTARY NONPROFIT SECTOR IN ISRAEL
## An International Perspective

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*This article reflects 25 years of research on the voluntary nonprofit sector in Israel, the United States, and Europe. Although there has been an explosion of interest and research on this sector in recent years, there are still large gaps in the knowledge base. However, what we do know shatters the myth of the voluntary sector's supposed advantages in service delivery of cost savings, efficiency, and high quality. It seems that it is more important* how *a service is delivered than by* whom *it is delivered and that a diversity of types of service providers is preferable to a monopoly by one sector, either government or voluntary.*

This article marks the 25th year since my first visit to Israel.

In 1968 I began my first research project outside the United States: a comparative analysis of community work in Israel and the Netherlands. After that project I decided to study for the first time in Israel a group of 15 voluntary nonprofit organizations (VNPOs) serving the physically, mentally, and sensorially handicapped. Because of my interest in the future of such organizations in welfare states, I used Israel as a pilot study for the first cross-national comparative study of VNPOs and included similar agencies in England, the Netherlands, and the United States.

Shortly after the publication of a book based on this research, I returned to these 15 Israeli agencies in 1982 to study continuities and changes during a decade of tremendous upheavals in Israeli society. My last interviews with their executive directors occurred in 1988, before I launched an update of a 1975 study in England and the Netherlands and also an examination of similar agencies in Norway and Italy as part of a recently completed book.

In the intervening years, there has been an explosion of interest and research on VNPOs in many countries, including Israel. It is therefore appropriate now to review the evolution and current status of VNPOs, particularly in the personal social services, and to look at Israel in this broader international context.

After first explaining the terminology used in this article, I describe briefly several major trends affecting VNPOs in North America and Europe and three unique features of the VNP sector in Israel before comparing it with its counterparts in other countries. The article concludes with implications of these comparisons for the future of VNPOs in Israel, Europe and North America.

### DEFINITION OF TERMS

Because it is in between the state and the market, the VNP sector is increasingly called *the third sector*. Essentially, it is a short-hand term referring to a collection of many different types of organizations found in all countries that have these five characteristics:

1. They have a formal structure.
2. They are legally independent and self-governing.
3. They do not distribute profits.
4. They have some degree of voluntarism, at least in governance, if not in service provision.

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5. They are expected to produce a public benefit.

In addition, most VNPOs share two functions: service provision and advocacy. In the latter capacity, they operate as interest groups for a cause or a constituency, seeking social change and to influence public policy. In Israel, as in the United States and the United Kingdom, these functions are usually combined in the same organization, in contrast to Europe where they are usually promoted by two different types of organizations.

Such organizations are typically found in the fields of health care, education, social welfare, culture and the arts, and the environment. Types of organizations in the VNP sector include self-help groups and foundations; civic, religious, political, professional, and trade associations, as well as unions. Some examples of VNPOs in Israel are the 18,000 *amutot*, voluntary tax-exempt associations registered with the government, including about 400 major VNPOs, many of which comprise the membership of the *Migzar Hahitnadvut Ve'hamalcarim*, the voluntary sector in Israel. VNPOs include such organizations as Akim, Yad Sarah, Enosh, and Matav, as well as Wizo, Na'amat, ORT, and Magen David Adom. Some would add the large public organizations, such as the Jewish Agency, Hadassah, and Sh'aare Zedek Hospitals, and the universities, which are at least nominally *malcarim*.

Despite their great diversity, most VNPOs have the hybrid character of both a voluntary association and a service bureaucracy. They also have some of the features of both governmental and for-profit enterprises, although they are not part of government, nor do they operate for profit. Although there is still no agreement on definitions or classifications among voluntary organizations, it is possible to make a rough distinction between associations and agencies, depending on the role of the membership and the employment of paid and professional staff for the delivery of a public service.

Given the broad scope and diversity of VNPOs, does it make sense to speak of a sector? Is it more than a rhetorical device or a statistical artifact? The concept of a third sector may be useful if we remember that it is an abstraction—a convenient summary expression—a "guiding metaphor" that has implications for social policy. This is because decisions have to be made regarding not only who should receive what public services but also who should finance and deliver them.

## BACKGROUND

Since the mid-1970s there has been an upsurge of public interest in North America and Europe in the role of voluntary nonprofit organizations (VNPOs) as an alternative to government in the provision of public services. Even in Eastern Europe with the dismantling of former Communist regimes, there is mounting interest in VNPOs as a new form of service provider—in between capitalism and socialism—and as a force for social change, particularly in Poland, Hungary, Czechoslovakia, and East Germany. In the European community, there are now many cross-national federations of voluntary organizations, in addition to a proposal to organize a counterpart of the Independent Sector in the United States—a membership organization of national nonprofit social welfare agencies—and plans to "harmonize" the various national laws pertaining to VNPOs.

Although the relationship between the state and voluntary associations is deeply rooted in history and in political theory, there has probably been more public discussion and research on the role of the voluntary organizations and the third sector since the 1970s—when the concept was first introduced—than in the previous 50 years. For example, it is estimated that there are now over 200 researchers in 40 different countries, including at least 9 in Israel, who are studying this sector. Within the last 5

years, more than a dozen scholarly books have been published, and 20 research centers have been established in the United States and several in Europe. A new interdisciplinary field in the social sciences has emerged with its own scholarly journals and international conferences.

## MAJOR TRENDS AFFECTING VNPOS

At the same time there has been a convergence of three related trends: an increase in the number and type of VNPOs; greater utilization of them by government to deliver public services, leading to their mutual dependency; and a fading of the boundaries between the public and private sectors.

### Increase in the Number and Type of VNPOs

Although VNPOs had grown up alongside the post-war welfare states, there was a takeoff in this sector in the 1980s, with a remarkable growth of all types of third sector organizations, including self-help groups and family and corporate philanthropic foundations. There was also an increased use of volunteers in both VNPOs and governmental organizations. The 1980s have been called a "Golden Age" for voluntarism because this expansion occurred not only in the United States and Britain but also in countries differing widely in the scope of their welfare states and political culture, such as France, Italy, Norway, and Israel. In each country, the particular division of responsibility between government and its third sector is rarely formalized, but it reflects a distinctive history and sociopolitical context. Yet, they all share a basic perception of VNPOs as innovative and flexible; protective of particularistic interests, pluralism, and diversity; and able to promote citizen participation and to meet needs not met by government. Together with government, VNPOs may relieve, replace, or reinforce the primary social systems of family, neighbors, and friends. In the public sector, they may substitute for, influence, extend and improve the work of government, or offer complementary services that are different in kind.

In Israel, the first, and still the only study of its third sector, was published in 1985, and it estimated that VNP expenditures represented almost 8% of the gross national product, which was twice its comparative size in the United States and the United Kingdom. Over half of the social services were provided by VNPOs, mainly in health and education, where their employees constituted 40% of the national labor force.

What accounts for all this activity? Related developments in ideology and in social policy help explain this increased use of VNPOs by government, both of which are a response to the crisis of the welfare state of the 1970s, mainly its costliness and rigidities.

From the ideological perspective of halting the expansion of the welfare state, there has been a rediscovery by both the Right and the Left of the importance of the civil society and of the special role of VNPOs as intermediary organizations, acting as countervailing forces to the power of the state over the individual in a democracy. This special role accounts for the absence of independent voluntary organizations in totalitarian countries and the critical importance of their role in countries with very strong central governments, such as France and Israel.

On the Right, particularly in England and the United States, voluntary organizations are seen as a bulwark against further governmental intervention or at least as an alternative, if not a substitute for it, and as a form of privatization. On the Left, these organizations are often viewed nostalgically, as a means of recovering a lost sense of community through voluntarism, self-help, and other forms of citizen participation. Hence, there are calls for privatization, partnerships, and welfare pluralism in England and for empowerment and co-production in the United States. In France, socialists and others seek to promote *autogestion*

(self-government), and in Italy there has been a significant trend toward *voluntariato*.

Both the Right and Left, however, usually fail to distinguish among different forms of voluntarism—between volunteers as unpaid staff and as peer self-help—and between mutual aid associations, neighborhood or community-based organizations, and service bureaucracies staffed by professionals. This confusion is part of the mystique of voluntarism, in which its virtues are exaggerated and contrasted with what are believed to be the inherent vices of government or the market.

**Greater Use of VNPOs by Government**

The second development involves the convergence of several policy streams in Europe and North America conducive to the greater use of VNPOs to implement public policy: retrenchment in public spending, governmental decentralization, debureaucratization, and, particularly in the field of mental health, deinstitutionalization.

At the same time, an entity sometimes called "the contract state" has rapidly emerged as VNPOs have been used to deliver personal social services to an ever-growing clientele for whom there is governmental responsibility. These include the needy elderly, mentally ill or retarded children and adults, the physically handicapped, abused or neglected children, and others who require personal social services, such as day or institutional care, counseling, and various types of rehabilitation services. It is this use of VNPOs that has been the subject of most of my research in Israel, Europe and the United States.

In Israel and in many other countries, the state, through its grants, subsidies, and fee-for-service payments, has everywhere become a partner, a patron, or a purchaser of social services. In fact, wherever there is a substantial voluntary sector, it is now dependent on governmental support to a greater or lesser degree. For example, in the United States, governmental funds have become a more important source of revenue for VNPOs than all private giving combined, although this varies in different fields of service. Over half of all federally funded personal social services are now provided by nongovernmental organizations. Similarly in England, despite the apparent cutbacks in public spending since 1975 during the Thatcher regime, statutory fees and grants have been the fastest-growing source of voluntary sector income, almost doubling in amount and as a percentage of total income in the last 15 years. In addition, in Italy, Spain, and France where the growth of VNPOs is a very recent phenomenon, there has been a striking increase in their utilization and funding by local government from which they receive about 80% of their funding.

Why are governments relying increasingly on VNPOs to deliver the public social services? The reasons given are usually lower costs, more flexibility in delivering services that may be highly specialized or controversial, or as a way of bypassing onerous restrictions. These tend to be the "real" reasons, whereas the values of voluntarism are often cited as "good" reasons. The VNP form is also highly attractive to governments in Israel and elsewhere that establish quasi-nongovernmental organizations (*guangos*) and paragovernmental organizations to operate sheltered workshops and various forms of residential care that they can then control. There is still a lack of appropriate concepts, models, and theories to describe and explain this interpenetration of the three sectors.

Underlying these developments is a basic operating principle in public administration of separating financing from service provision, which occurs in contracting, and it is also the basis of some of the forms of privatization. Welfare states vary considerably in the extent to which they separate public financing from service provision. Imagine a continuum with the Netherlands, where VNPOs are the primary service delivery system, and Sweden, where practically no

VNPOs are used, at either end. Closer to the Netherlands is Germany where well over half the social services are subsidized by government but provided by VNPOs. Other countries with similar patterns are Italy, Belgium, Switzerland, and Austria. England and Norway are closer to Sweden because of the dominance of their statutory systems, whereas France, Canada, and Australia stand between them and Israel and the United States, which are both closer to England.

Despite the variations in their reliance on VNPOs, it is surprising to find that all welfare states in the advanced industrial countries have encountered similar problems in their service delivery systems: the spiraling of costs, over- or underuse, fragmentation of services, and other obstacles to access, accountability, equity, planning, and coordination. At the same time, curiously, the standards of quality—insofar as we have data other than expenditures—do not seem to be markedly different between the Netherlands, Sweden, West Germany, or Switzerland, each of which has sharply different relationships between government and VNPOs. This suggests a rather "unthinkable" thought; namely, that the legal "ownership" of an organization—whether it is governmental, nonprofit, or for-profit—may not be as important as such organizational variables as size, age, bureaucratic structure, degree of complexity and professionalization, type of service technology, sources of income, degree of competition in the external environment, and so forth. Perhaps *how* may be more important than *who* delivers a social service, although advocates of priva-tization would disagree, claiming that government has become too big and inefficient and that its functions and expenditures can be reduced most effectively by introducing various market mechanisms. We shall return to this argument later.

## DISTINCTIVE FEATURES OF THE THIRD SECTOR IN ISRAEL

The third sector in Israel has three distinctive features that have been shaped by its unique history. First, in contrast to most European and North American countries, the voluntary sector preceded the development of the State of Israel; it was the first, not the third sector in the Yishuv. The many pre-state voluntary associations—Zionist, religious, and trade union—performed a nation-building function during the 1920s when Palestine was under the British Mandate. Most of the functions of the network of pre-state voluntary organizations were transferred to the new state and became its future infrastructure. This transfer has had three consequences:

1. It helps account for the long-term continuity of social institutions in Israel and their remarkable stability in the midst of the continual turbulence of wars, mass immigrations, and other major social changes. Note, for example, the persistence of the same division of responsibility between the state and VNPOs in health, education, and day care of preschool children, as well as the absence of a constitution or a national health system.
2. More specifically, the origin of the state in the voluntary organizations of the Yishuv explains the pervasive politicization of religion, philanthropy, and most aspects of the civil society in Israel.
3. It also accounts for the anomaly of two parallel, powerful streams of voluntarism in a highly centralized and dominating state: an intense, sectarian (Orthodox religious) and a strong secular form of voluntarism.

The second distinguishing feature of Israel's VNP sector is that, despite very sharp ethnic, religious, and political differences, if not polarization, there is still a blurring of the boundaries between public and private, state and society, and church and state in a centralized party state. It has been observed by many that there are few nontotalitarian countries where there is so

little differentiation between the state and the other sectors of the society and where the state is involved in every aspect of society, particularly the economy in which over one-fourth of the labor force is employed by the government. Israel, an early prototype of a mixed political economy, is characterized by a complex mingling of public and private funds and functions in which the boundaries between the state, the market, and the third sector are ambiguous. I recall once asking a government official how Israeli agencies distinguished between funds they received from the state and the municipalities and those from fees and contributions; he replied, "What difference does it make? It all comes from the Jewish people." Perhaps in this sense, Israel may be an apt illustration of Barry Bozeman's (1987) claim that "all organizations are public," according to the degree to which they are subject to governmental influence.

Yet, despite the pervasiveness of the state and other large public institutions, such as the Histadrut and the Jewish Agency, there has still been a great expansion of volunteerism and nongovernmental social service agencies, interest groups, and foundations. Although at first it was believed that the state did not need nongovernmental organizations to carry out its enormous responsibilities, the immensity of the tasks of immigrant resettlement and defense gradually changed the government's attitude to one of encouraging, utilizing, and supporting voluntary organizations. As in other countries, new types of specialized agencies have been formed in recent years to deal with child abuse, battered women, drug addiction, and specific diseases. To this list one should add Arab-Jewish co-existence, civil rights, and other causes, such as those supported by the New Israel Fund. Also typical of the traditional vanguard role of JDC-Israel and its working relationships with the state has been the development of community organizations, such as the *matnassim*, a network of local community centers.

The dominant relationships between government and VNPOs in Israel typically reflect both collaboration and competition, love and hate, and they could be described as "competitive interdependence" or "antagonistic cooperation." They also involve the typical Israeli patterns of VNPOs "creating facts" and then expecting the government to bail them out, which often occurs, as well as failures of government to keep its promises of support.

Although these interorganizational relationships are usually described as a partnership, a more appropriate metaphor might be that of a game or a market. The term "partnership" tends to obscure power relationships; after all, there are all kinds of partners, silent and junior, and Israeli governmental agencies are not known for their willingness to share power!

Governmental-voluntary relationships in Israel also differ in other ways from those in the United States and the United Kingdom: they are more informal and involve less accountability. At the same time, among VNPOs there is much less fear of loss of autonomy from the alleged controlling and corrupting influence of governmental funds, a belief widely held in the United States.

Thirdly, Israel's voluntary agencies are distinguished from those in other countries by their legendary ability to obtain contributions from abroad, particularly for capital purposes, but also for their annual operating expenses. This historic pattern of Jewish philanthropy is so much taken for granted that its exceptional character is insufficiently appreciated. Is there any Israeli organization that does not have its "Friends" abroad? There are also few counterparts to the UJA, The Jewish National Fund, Israel Endowment Fund, New Israel Fund, or the JDC.

This reliance on both a domestic and a foreign market for contributions is reflected in the fact that Israeli VNPOs seem to derive a smaller proportion of their income from government than similar agencies in European countries where philanthropy is

much less important. Much of the growth of many Israeli agencies in recent years when there has been a reduction in their governmental funding and in-kind staffing has come from their own fund raising.

Ironically, Arab organizations in the administered territories, as well as those in Israel, also rely heavily on contributions from abroad. Another similarity is that some of the voluntary associations that the Palestinians have developed since 1967 might become part of the infrastructure of a future self-government, comparable to what developed in the Yishuv.

There is, however, a dialectical character to this dual market for fund raising available to most Israeli institutions, whether governmental, public or voluntary, religious or secular. It is a source of great strength, but at the same time, it also makes Israeli VNPOs more vulnerable to load-shedding and cutbacks by government, which is well aware of their capacity to tap both a domestic and foreign market and of their usefulness as a possible resource to compensate for any losses in governmental income. In addition, the government may welcome the infusion of foreign exchange into the economy.

## COMPARISON OF ISRAEL'S VNP SECTOR WITH THOSE OF OTHER COUNTRIES

All countries are alike, and, of course, all countries are different. As Burton Weisbrod (1988) has said: "Each society must find the particular combination of institutional forms that suits its needs at a given time." VNPOs are part of their countries' history, but more specifically, they reflect the various ways that different societies have dealt with social conflicts between the state and its citizens or the civil society as a whole, including organized religion. Because of these distinctive histories and institutional structures, cross-national comparisons may have more value for theory building than social policy.

For example, although the Netherlands and Israel both have a similar pattern of religio-political coalitions, they differ markedly in the role of the state and the sponsorship of social services. The Netherlands is the best example of "institutionalized privatization" in one of the most generous of welfare states where all the social services have been provided by over 4000 VNPOs that receive virtually all their funds from the central government and constitute a quasi-state. In the last few years, however, in response to rapid secularization and a change in the power structure, the government was able to initiate long-sought changes in the financing and in the structures of many VNPOs. These changes resulted in the elimination of over 40 national agencies, and, by requiring sectarian agencies to merge in local communities as a requirement for funding, the government actually reduced the number of VNPOs.

Two important lessons about the role of pluralism in income and in service provision can be derived from the Dutch experience. First, from the standpoint of individual voluntary organizations, it confirms the belief about the dangers of being dependent on a single source of revenue and of not having a sufficiently diverse income base as is found in Israel, the United States, and the United Kingdom. The Dutch VNPOs are essentially public agents, at best quangos, with relatively little control over their resources and policy. Very few of these organizations in the Netherlands have had to develop a fund-raising capacity on their own, and they consequently lacked active board leadership and constituencies that might have had some influence in a changing political scene.

Second, from the broader standpoint of a service delivery system, the Dutch experience shows the disadvantages of a quasi-monopoly, whether by government or by nongovernmental providers, compared to a more mixed welfare system as in Israel and other countries. Yet, what is of equal significance is that even with this form of privatization—by using the VNPOs as a

substitute for a governmental system—the Netherlands found itself with the same problems afflicting service delivery systems in other countries: spiraling costs; over- or underutilization; duplication, lack of coordination, and other inefficiencies; bureaucratic rigidity, lack of consumer involvement, and a technocratic professionalism. Based on our recent research in the Netherlands, my colleagues and I concluded that the more one is dependent on the voluntary sector—the greater its scope and responsibilities—the more it will generate the same problems identified with the provision of services by governmental bureaucracies.

This is a conclusion that seems to weaken the case for privatization and to strengthen the argument for more diversity among the providers of public services. Among its other benefits, a mixed pattern of service delivery may offer the possibility of enabling empirical comparisons about the performance of different types of providers, instead of relying on myths and stereotypes about the advantages of one sector or the other. Whatever terms are used, it is apparent that a diversity of income sources, a mix of service providers, and pluralism in politics and religion are all conducive to voluntarism.

Each country also has an organizational culture that is the product of its historical development: how does this influence the two major functions of VNPOs as service providers and as advocates seeking to influence social policy?

Because organizations reflect their environment, it is not surprising to find that Israeli organizations are more entrepreneurial; they have to hustle and "handel" out of necessity, like their American and British counterparts. They are much less like the more bureaucratic, professionalized organizational structures in Germany and the Netherlands, which are heavily subsidized. Relationships to government in these European countries are generally more formalized and regulated than in Israel, and also the boards of directors may be less important.

As one would expect, organizations with an entrepreneurial character are found in countries where philanthropy is important, such as the United States, Canada, the United Kingdom, Singapore, India, and Israel. VNPOs originally emerged with greater independence in these countries because they had to develop a variety of income sources in a highly competitive, laissez-faire, and uncertain charity market.

In comparing the political or advocacy role of VNPOs in different European countries, we note that before their rapid recent growth in France, Italy, Spain, and Norway, a centralized state or church limited the development of independent voluntary associations. This helps explain why most of the VNPOs in predominantly Catholic countries are less than 30 years old.

Countries with relatively weak central governments and corporatist structures, such as Germany and the Netherlands, rely on national roof, umbrella, or peak associations to represent the leading interest groups in the development of public policy. In Germany, the six major Free Welfare Associations constitute a single, massive conglomerate that dominates the field and has enormous power over social policy, probably more than in any other country. For example, the government must first obtain their permission if it wants to establish a public social service agency in a community.

In the space of a decade, VNPOs in France went from being on the fringes of public policy to receiving new funding and responsibilities for providing social services and a place in the highest social and economic councils. They were also influential in introducing and implementing new legislation in housing and income support. These gains in political status and power were due mainly to the support of a key faction in the Socialist Party in the early 1980s, and they contrast with the absence of effective linkages to political parties by most other European VNPOs.

The weak political influence of the Italian and Israeli VNPOs and their relative marginality in public policy reflect the absence of a structured role for them as found in Germany, Norway, and the Netherlands. Yael Yishai (1990), in her recent book on interest groups in Israel, has noted the lack of congruence in their use of various lobbying strategies and forms of protest found in more pluralist societies, such as the United States and United Kingdom, but which are less effective in a political system that is not so dependent on nonparty constituencies. Although a large number of interest groups in Israel have access to government, few of them claim any significant influence.

## IMPLICATIONS FOR THE FUTURE

Despite the differences in their sociopolitical contexts, VNPOs in Israel, Europe, and North America face a common future of having to do more with less. Yet, even in an era of more limits on public spending, VNPOs and governments will still need and depend on each other more than ever. There are many forces pushing governments toward VNPOs, such as the pressures for privatization that seek to promote a wider use of nongovernmental organizations as a means of reducing public social welfare spending. This belief is, however, misguided. There is no consistent empirical support for the assumption that long-term savings can be obtained through the use of nongovernmental social service providers or that the private sector has the resources to take over a wide range of governmental functions, as the Reagan administration assumed in the United States.

Although no country has found a practical replacement for public financing of the social services, this responsibility in the years ahead will probably be modified because welfare states are all under an unparalleled strain. A combination of aging populations, rising medical costs, persistent unemployment, budgetary crises, and economic stagnation has forced countries, such as Sweden, which elected its first Conservative government, France, Italy, Spain, and the Netherlands, to rethink their costly social programs. It is now generally accepted that an era of unlimited expectations of state responsibility has ended. Hence, it is widely acknowledged that the state will be more of an enabler, rather than a doer or direct provider of social services, with greater emphasis on financing, planning, priority and standard setting, and on regulation.

The last question I want to consider is not whether there will be a greater use of nongovernmental organizations and more, closer, interdependent relationships with government but rather what will be the consequences for the service delivery system and its clients, for government, and lastly for VNPOs? What have we learned about the effects of the closer involvement of government and VNPOs in recent years?

As one might expect, there are advantages and disadvantages, costs and benefits to that closer involvement. Based on some of the experience in the United States, the United Kingdom, and several European countries, we can conclude that diversity among service providers is preferable to a monopoly by either sector. Yet, there are the inevitable tradeoffs. Although the substitution of multiple providers of public services for government can bring about better access and services for some persons, at the same time when responsibility is so divided, there may be less likelihood of achieving the social policy goals of equity, entitlement, and accountability. Other trends that have been noted include the phenomenon known as "creaming" in which the VNPOs exercise discretion in selecting the less difficult and costly cases, leaving the more intractable and expensive cases for government. In addition, many believe that the extensive use of VNPOs could also weaken the sense of collective responsibility for dealing with social problems that has been characteristic of the welfare state and thus could further reduce the resources available to the less affluent parts of the population.

Most researchers who have tried to study

the comparative cost effectiveness of different types of service providers have reluctantly concluded that no sector is consistently superior. They have found, for example, more cost differences in the residential care of children or the aged *within* a sector than *between* them and that generalizations about one type of service or a social policy are not necessarily applicable to others.

As to what difference it makes to clients whether a service is provided by a particular type of provider, there are practically no data for making valid or reliable generalizations. We return again to the supposition that *how* may be more important than *whom*.

For government, the greater use of VNPOs can result in more flexible administration and possibly lower costs, but only in the short run. The delegation of service delivery does not, however, lessen governmental responsibility for assuring public accountability. Indeed, by increasing its dependency on external providers, government has an even more difficult task. In general, the record of most governments for monitoring the performance of its contractors is not encouraging, as evident in the annual reports of the *m'vaker ha'medinah*, Office of the Inspector General of the State of Israel. Some of the dilemmas in securing accountability were epitomized for me in the reply of an official to my question as to why the government seemed to require so little information from the VNPOs it funded: "If we knew more, we'd have to pay more."

Finally, the effects on VNPOs of being a public service provider vary according to their field of service, the type of clientele and their problems, the size of the organization, its age, and other such variables. It makes a big difference whether the organization is Magen David Adom or Shema. It is likely that, like their counterparts in the United States, the United Kingdom, and the Netherlands, Israeli VNPOs will grow somewhat in size and complexity, and become more formalized and professionalized. They will have to confront, as have the VNPOs in the United States and the United Kingdom, the twin hazards of entrepreneurialism and vendorism: that is, of becoming more like a commercial or a governmental organization, notwithstanding the fact that each type of organization has certain strengths.

If the United States and the United Kingdom are harbingers of a "New Age" of high-performance organizations in the social services, then there will probably be greater expectations in Europe and Israel for more accountability, efficiency, and effectiveness. Meeting those expectations will require much more attention by VNPOs to three elements:

1. The type and quality of executive leadership will need to be improved in accordance with some of the principles developing in the new programs of professional education for the management of VNPOs in the United States and the United Kingdom.
2. There will need to be more use of strategic planning whereby organizations review and clarify their mission and purpose, determining what it is that they can do that is different or better than for-profit or governmental social service agencies. Are they really more flexible, responsive, and innovative, as has usually been claimed, or is this too part of the mystique of voluntarism?
3. This "New Age" will require more interorganizational collaboration, both *within* the third sector and *between* VNPOs and government as a means of adapting to the increased scarcity, competition, and uncertainty in the social service world.

These considerations suggest a host of critical questions. How can VNPOs compete with for-profit enterprises and not lose their distinctive nonprofit character? How can VNPOs preserve their traditional role as alternative organizations, supplementing and

complementing government, while not becoming a public agent, a cheaper substitute for the state? How can they cope with the tendencies of some governmental agencies to, as they say in Britain, "hive off" their responsibilities? How can VNPOs maintain their identity, flexibility, and discretion—as well as their advocacy role—when they are mainly public service providers?

It would be encouraging if we had better answers to these questions, but there are, regrettably, very little data on which to draw. Few researchers in the social sciences or in the helping professions have been interested in learning what enables some organizations to grow and prosper or to discover what strategies are effective in adapting to changes in their fiscal environment.

We do know a little more now than 35 years ago when an eminent political scientist could only say about nonprofit organizations that "they must tolerate a great deal of foolishness if they are to survive." Yet, there are still large gaps in our knowledge base, and there is a significant need for the development of more and better knowledge in this new interdisciplinary field of studies of the third sector and its voluntary organizations. If we are concerned about the future of the welfare state, then we shall have to think more seriously and learn more about the capabilities and limitations of voluntary organizations as we approach the 21st century.

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