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Jewish and Arab nonprofits in Israel: a comparison of the state of the sector

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Received: October 15, 2025
Revised: January 28, 2026
Accepted: March 4, 2026

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Competing interests

No potential conflict of interest relevant to this article was reported.

Funding sources

Not applicable.

Acknowledgements

Thank you to the University of Haifa for their support during this research.

Availability of data and material

Upon reasonable request, the datasets of this study can be available from the corresponding author.

Abstract

The ongoing war in Israel has created widespread devastation among many communities in Gaza, the West Bank, and Israeli-controlled territory. Nonprofit organizations serve an important role in sustaining and strengthening communities. When the conflict is over, strong nonprofits will be actively involved in the recovery. This study draws from national nonprofit data in Israel (translated into English) and is supplemented with field research on nonprofit ethnic identity to create an original dataset of nonprofit capacity. The study seeks to investigate whether nonprofit capacity differs by ethnic background. The results indicate meaningful differences between Jewish and Arab nonprofits, likely leading to uneven redevelopment. Jewish and Arab nonprofits are analyzed with regard to staffing, funding and other indicators of capacity. Policy recommendations are provided to better equip Arab nonprofits for increased capacity.

Keywords: Israel, nonprofit capacity, government funding, Arab, Jewish

Introduction

Nonprofit organizations (NPOs) play a crucial role in addressing societal needs in partnership with government, particularly in conflict-prone regions like Israel (Haque, 2020; Johnson et al., 2025; Milward, 2016). The nonprofit sector's capacity to mobilize resources and provide services is essential for both immediate relief and long-term recovery, especially in the aftermath of prolonged conflict (Gidron et al., 2012). Understanding disparities in nonprofit capacity between Jewish and Arab communities is critical for ensuring equitable development and recovery. This study addresses the research question: How do nonprofits in majority-Jewish and Arab regions of Israel differ with regard to financial and human resources? Existing literature underscores the importance of investigating these differences to inform policy and capacity-building efforts (Brown & Guo, 2010; Eisinger, 2002).

Research on nonprofit sectors in other ethnically diverse regions has shown that systemic inequalities often result in uneven access to resources and opportunities (Toepler, 2018). In Israel, these disparities are further exacerbated by sociopolitical dynamics, making this comparative analysis both timely and

necessary. By focusing on funding and staffing, this study seeks to identify the structural challenges and opportunities that shape nonprofit efficacy in Jewish and Arab communities.

While much of the existing literature has focused on the challenges facing nonprofit organizations in developing countries, less attention has been paid to the unique dynamics of nonprofit sectors in ethnically divided societies such as Israel. This review aims to fill that gap by addressing the distribution of nonprofit capacity between Jewish and Arab populations.

This paper will review the literature describing the nonprofit sector in Israel with special attention to the role the ethnicity plays in Israeli nonprofit dynamics. It will also explore the characteristics of high-capacity nonprofits and how these indicators are related to the social/cultural dynamics of a community. Using archival data reported to the Israeli government, it will then analyze differences between the capacity for nonprofits in the majority Arab and Jewish communities. These results will suggest some areas where there is greater equality and other areas where organizations in Arab serving areas fail to meet the threshold set by nonprofits in Jewish-majority communities. These results will be discussed with a focus on implications for nonprofit capacity building.

The nonprofit sector in Israel

The nonprofit sector in Israel has evolved as a hybrid system influenced by the state's welfare model, cultural dynamics, and external philanthropic support (Gidron et al., 2012). As of 2023, Israel's nonprofit sector comprises over 47,000 registered organizations, with functions ranging from education and health to social services and advocacy (Israeli Guidestar, 2023). Nonprofits serve as intermediaries between the government and society, addressing gaps in welfare provision while reflecting communal values and priorities (Katz, 2020). These organizations play a vital role in delivering services to underserved communities, especially in regions facing social, economic, and political marginalization.

Israel's nonprofit sector operates within a unique sociopolitical context. Jewish nonprofits have historically benefited from strong institutional support and global networks, whereas Arab nonprofits often face systemic barriers, including limited access to funding and government partnerships (Jubran, 2018). Past research has suggested that these disparities are reflected in the distribution of resources, with Jewish nonprofits receiving a disproportionate share of government and philanthropic support (Schmid, 2004). Relatedly, there is reason to believe that nonprofits respond differently, or at least are perceived to respond differently, based on their faith tradition (Johnson et al., 2025; Mackenzie-Liu et al., 2022).

Furthermore, significant challenges also arise from the regulatory environment. Arab nonprofits report difficulties in navigating bureaucratic processes, which often hinder their ability to access government funding (Challand, 2008). These barriers are often compounded by the political sensitivity surrounding Arab communities in Israel, leading to a lack of trust in government institutions and the broader social system. Despite these challenges, Arab nonprofits have demonstrated resilience, leveraging community support to address pressing social issues (Morrar & Sultan, 2020). Understanding these dynamics is essential for promoting equity within Israel's nonprofit sector.

Jewish philanthropy in Israel

To better understand these dynamics, it is important to recognize the unique cultural and institutional values that underlie philanthropy within the different ethnic communities. Jewish philanthropy in Israel is deeply rooted in historical and religious traditions that emphasize communal responsibility and mutual aid (Schmid, 2004). Philanthropy has been instrumental in building state institutions, supporting social services, and fostering community development. Key sources of funding include local donors, global Jewish networks, and diaspora contributions (Ben-David, 2021). Organizations like the Jewish Agency and Keren Hayesod have historically mobilized resources for Jewish communities, playing a pivotal role in shaping the nonprofit landscape (Katz, 2020).

The global Jewish diaspora has also been a significant source of funding for Israeli nonprofits, particularly those serving Jewish communities. Donations from the diaspora communities have supported initiatives ranging from education and healthcare to cultural and advocacy (Ben-David, 2021). These contributions not only enhance the capacity of Jewish nonprofits but also reflect the strong transnational ties that characterize Jewish philanthropy (Schmid, 2004). Jewish philanthropy, therefore, extends beyond national borders, creating a network of financial and human resources that strengthens Jewish-serving nonprofits across Israel. While Jewish philanthropy is diverse, it disproportionately supports Jewish-serving organizations, often neglecting Arab communities. This trend reflects broader social divisions and prioritization of resources for Jewish state-building efforts (Katz, 2020).

Arab philanthropy in Israel

Arab philanthropy in Israel operates under distinct cultural, economic, and political constraints. While not all Arabs in Israel are Islamic, Islamic traditions of charitable giving (zakat and sadaqah) have influenced support for nonprofits. Arab philanthropy emphasizes community solidarity and support for marginalized populations (Challand, 2008). Arab nonprofits often rely on local donations, which are limited by the socioeconomic conditions of Arab communities (Morrar & Sultan, 2020). The economic disparities between Jewish and Arab communities mean that Arab nonprofits face different funding dynamics in comparison to their Jewish counterparts.

External funding for Arab nonprofits is also constrained by political sensitivities and regulatory barriers. International donors face challenges navigating Israeli government restrictions, and there have been some reports that local governments provide minimal support to Arab nonprofits (Jubran, 2018). Arab nonprofits would thus be excluded from government programs and funding opportunities, which further exacerbates their resource limitations. Despite these challenges, Arab nonprofits have developed innovative strategies to mobilize resources, including partnerships with international organizations and grassroots fundraising campaigns (Morrar & Sultan, 2020).

The resilience of Arab nonprofits is evident in their ability to address critical social issues despite limited resources. For example, many Arab nonprofits focus on education, healthcare, and social justice, areas often neglected by government and mainstream philanthropy (Challand, 2008). These efforts highlight the importance of strengthening Arab nonprofit capacity to promote equity and social cohesion in Israel. Increasing the capacity of Arab nonprofits is not only a matter of economic

fairness but also a necessary step toward building a more inclusive and cohesive society in Israel.

Among the many theories to explain the strengths and scale of the nonprofit sector is interdependence theory. First advanced in Lester Salamon's (1995) *Partners in Public-Service: Government Nonprofit Relations in the Modern Welfare State*, interdependence theory suggests that the strength of the nonprofit sector can be understood in the degree to which government actors sponsor nonprofits as partners in achieving public objectives. The theory suggests that the nonprofit sector is a function of government sponsorship, and that governments will advance their goals through direct funding and policies that encourage charitable support. As such, one would expect to find that nonprofit capacity increases in contexts where government and nonprofit goals are aligned.

Determinants of nonprofit capacity

Nonprofit capacity refers to an organization's ability to achieve its mission effectively through financial resources, human capital, and organizational infrastructure (Eisinger, 2002). Key determinants of nonprofit capacity include:

- ① Financial resources: Access to diverse funding sources, including government grants, private donations, and earned income, is critical for nonprofit sustainability (Lee, 2008; Toepler, 2018).
- ② Human resources: A skilled workforce and active volunteers enhance organizational effectiveness and service delivery (Brown & Guo, 2010).
- ③ External environment: Sociopolitical context, regulatory frameworks, and community support shape nonprofit capacity and operations (Young & Harris, 2000).

The presence and strength of nonprofits are shaped by the social context in which they operate (Onder, 2011). In Israel, these determinants are influenced by ethnic and regional disparities. Jewish nonprofits often have greater access to government funding and philanthropic networks, while Arab nonprofits face systemic barriers that limit their capacity (Gidron et al., 2012). These disparities reflect broader patterns of discrimination and exclusion that permeate every aspect of nonprofit management, ranging from financial resources to staffing and organizational development.

Nonprofit capacity: Financial resources

Government funding

Government funding is a significant source of support for nonprofits in Israel, accounting for nearly half of the sector's revenue (Israeli Guidestar, 2023). However, funding allocation is influenced by political and ethnic considerations. Jewish nonprofits receive disproportionate funding from central and local governments, reflecting broader social inequities (Jubran, 2018). Arab nonprofits often struggle to secure government grants due to bureaucratic hurdles and discriminatory practices (Challand, 2008). This unequal allocation of government funds leaves Arab nonprofits at a distinct disadvantage in providing essential services to their communities.

Furthermore, historical and institutional biases favor Jewish nonprofits, resulting in more substantial central government support. Jewish nonprofits have established stronger connections with government institutions, which facilitates access to funding (Jubran, 2018; Schmid, 2004). Additionally, the political landscape in Israel often prioritizes Jewish organizations due to their

alignment with state-building efforts (Gidron et al., 2012).

Hypothesis 1: Nonprofits in primarily Jewish communities receive greater central government funding than nonprofits in primarily Arab communities.

At the same time, local governments often reflect broader social perspectives. Within a democratic system, a local majority can influence local funding (Panday & Chowdhury, 2020) and lower-level public administrators are often more responsive and attentive to issues of social equity than senior public administrators (Park, 2022). The ethnic majority of a locality typically has more political influence at the local level, which translates into better funding opportunities for their nonprofits (Challand, 2008). Therefore, despite bureaucratic hurdles and discriminatory practices that limit their access to local government funding, Arab nonprofits may exercise greater influence (Jubran, 2018).

Hypothesis 2: Nonprofits in primarily Jewish communities do not receive greater local government funding than nonprofits in primarily Arab communities.

Private philanthropic funding

Private philanthropy is another critical funding source for Israeli nonprofits. Jewish nonprofits benefit from extensive networks of local and international donors, particularly from the Jewish diaspora (Ben-David, 2021). In contrast, Arab nonprofits rely heavily on local donations, which are limited by economic disparities in Arab communities (Morrar & Sultan, 2020). International funding for Arab nonprofits is constrained by political sensitivities and donor preferences. The lack of philanthropic support for Arab nonprofits limits their ability to scale their impact and address the needs of their communities.

Given that Jewish nonprofits benefit from extensive local philanthropic networks, while Arab nonprofits face economic constraints within their communities, the economic disparities between Jewish and Arab populations mean that Jewish nonprofits have access to more affluent donors (Ben-David, 2021; Morrar & Sultan, 2020). Furthermore, Jewish philanthropic traditions are deeply rooted in communal responsibility and mutual aid, which enhances local support for Jewish nonprofits (Schmid, 2004).

Hypothesis 3: Nonprofits in primarily Jewish communities receive greater philanthropic funding from within Israel than nonprofits in primarily Arab communities.

Likewise, the global Jewish diaspora provides significant financial support to Jewish nonprofits, whereas Arab nonprofits face political and regulatory barriers to international funding. Jewish nonprofits have established strong transnational networks that facilitate international donations (Jubran, 2018; Schmid, 2004). In contrast, Arab nonprofits often struggle to attract international funding due to political sensitivities and restrictions imposed by the Israeli government (Morrar & Sultan, 2020).

Hypothesis 4: Nonprofits in primarily Jewish communities receive greater philanthropic funding from outside Israel than nonprofits in primarily Arab communities.

Nonprofit capacity: Human resources

Human capital, defined as the skills, knowledge, and experience possessed by individuals, plays

a crucial role in determining the capacity of nonprofit organizations. Human resources are essential for nonprofit capacity, and the decision to work for a nonprofit is shaped by a range of individual and contextual motives (Das, 2022; Park & Word, 2012). In Israel, significant disparities exist between the human capital of Jewish and Arab communities, which in turn affect the capacity of nonprofits serving these populations. Jewish communities generally have higher levels of education and professional experience, which translates into a more skilled workforce for Jewish nonprofits (Chernichovsky, 2021). This advantage enables Jewish nonprofits to attract and retain qualified staff, enhancing their operational efficiency and service delivery (Schmid, 2004).

In contrast, Arab communities face systemic barriers to education and employment, resulting in lower levels of human capital. These barriers include limited access to quality education, higher dropout rates, and discrimination in the labor market (Tehawkho et al., 2023). Consequently, Arab nonprofits often struggle to find and retain skilled employees, which hampers their ability to effectively deliver services and achieve their missions (Morrar & Sultan, 2020). The lack of human capital also affects the leadership capacity of Arab nonprofits, as fewer individuals possess the necessary skills and experience to lead these organizations (Strichman et al., 2008).

Moreover, the disparities in human capital contribute to differences in adaptive capacity between Jewish and Arab nonprofits. Adaptive capacity, the ability of an organization to learn and respond to changes, is crucial for long-term sustainability (Strichman et al., 2008). Jewish nonprofits, with their higher levels of human capital, are better positioned to engage in continuous learning and innovation, enabling them to adapt to changing circumstances and improve their performance. In contrast, Arab nonprofits, constrained by lower levels of human capital, may find it challenging to implement adaptive strategies, limiting their growth and impact (Chernichovsky, 2021).

Finally, greater financial resources allow Jewish nonprofits to hire more staff, enhancing their operational capacity. The availability of funding directly impacts the ability of nonprofits to employ a skilled workforce (Schmid, 2004). Jewish nonprofits, with their better access to funding, can afford to hire more employees, which in turn improves their service delivery and organizational effectiveness (Gidron et al., 2012).

Hypothesis 5: Nonprofits in primarily Jewish communities have more employees than nonprofits in primarily Arab communities.

Differences in volunteer engagement also might play a significant role in nonprofit capacity. Jewish communities tend to have higher rates of volunteerism, driven by strong cultural and religious traditions that emphasize communal responsibility and mutual aid (Daoud et al., 2010). This robust volunteer base provides Jewish nonprofits with additional human resources, enhancing their ability to deliver services and engage with the community. In contrast, Arab communities, while also valuing volunteerism, face socioeconomic challenges that can limit their capacity to volunteer. Economic hardships and higher unemployment rates mean that individuals in Arab communities may have less time and resources to dedicate to volunteer activities (Haklai, 2013). Despite these challenges, Arab volunteers often report high levels of personal and social benefits from their involvement, indicating a strong commitment to community support (Daoud et al., 2010).

Both Jewish and Arab nonprofits rely heavily on volunteer labor, reflecting strong community

engagement across both groups. Volunteering is a common practice in both communities, driven by cultural and religious values that emphasize communal support and solidarity (Challand, 2008; Houston & Freeman, 2024). Despite financial disparities, the spirit of volunteerism remains strong in both Jewish and Arab nonprofits (Morrar & Sultan, 2020) and thus differences that materialize as a result of human capital are likely to be less pronounced.

Hypothesis 6: Nonprofits in primarily Jewish communities do not differ from nonprofits in primarily Arab communities in terms of the number of volunteers.

Nonprofit capacity: Ethnicity, community and the environment

Ethnic and community differences significantly impact nonprofit capacity in Israel. Jewish nonprofits benefit from historical, institutional, and financial advantages that enhance their capacity to deliver services and advocate for their constituencies (Katz, 2020). Arab nonprofits, on the other hand, face systemic barriers rooted in socioeconomic disparities, political marginalization, and cultural differences (Morrar & Sultan, 2020). These disparities in nonprofit capacity are a reflection of the broader social inequalities that exist between Jewish and Arab populations in Israel.

Research indicates that cultural competency within nonprofit organizations is crucial for effectively serving diverse communities. Nonprofits that lack cultural competency may inadvertently perpetuate biases and fail to address the unique needs of minority communities (Horton-Sauter, 2018). This is particularly relevant in Israel, where cultural and ethnic divisions are pronounced. Jewish nonprofits often have better access to resources and networks that enable them to build capacity and deliver services more effectively (Schmid, 2004).

Moreover, the regulatory environment in Israel poses additional challenges for Arab nonprofits. These organizations frequently encounter bureaucratic obstacles that hinder their ability to secure funding and operate efficiently (Challand, 2008). The political sensitivity surrounding Arab communities further complicates their interactions with government institutions, leading to a lack of trust and cooperation (Jubran, 2018). This lack of trust is a significant barrier to building nonprofit capacity and achieving equitable service delivery.

The importance of addressing racial and ethnic disparities in nonprofit capacity is underscored by the need for equitable community development. Nonprofits play a vital role in providing social services, advocating for marginalized groups, and fostering social cohesion (Hill & Curry-Stevens, 2017). Therefore, enhancing the capacity of Arab nonprofits is essential for promoting social justice and reducing inequalities within Israeli society. This requires targeted interventions, such as capacity-building programs and equitable funding policies, to support Arab nonprofits and ensure they can effectively serve their communities (Toepler, 2018).

Additionally, collaboration between Jewish and Arab nonprofits can be a powerful strategy to bridge capacity gaps and promote mutual understanding. Joint initiatives can leverage the strengths of both communities, fostering a more inclusive and cohesive nonprofit sector (Young & Harris, 2000). Such collaborations can also help address common challenges and create opportunities for shared learning and resource mobilization.

Methods

The data used in this report is drawn from the 2023 Israeli Guidestar report. The report draws from official nonprofit reports submitted to the government and includes the three major forms of nonprofit incorporation found in Israel: public benefit companies, Ottoman associations, and endowments. The reporting process for Ottoman associations differs from other organizations in that no verbal report is required, as such the data in this data set includes only organizations that submitted reports online since 2018 and the public benefit companies that submitted verbal reports.

The dataset includes 47,065 nonprofits. The Israeli Guidestar data does not include community characteristics for the communities in which the organization is located. In order to examine the effect of ethnicity on nonprofit capacity characteristics, the Israeli Guidestar data needed to be matched with government reports. These reports were used to calculate the ethnic composition of the cities in which the nonprofits were located. The nonprofits identified 1,251 unique city names, though many of these represented duplicates with unique Hebrew or Latin spellings. The government ethnicity report and the Guidestar data were electronically merged in Excel and reviewed by a Hebrew-speaking graduate student to identify inconsistencies and to correct spelling when appropriate matches could be found. This resulted in a final list of 6,469 nonprofits for whom an accurate match could be made.

The Guidestar data includes the self-reported number of employees, members, and volunteers. For organizations income or expenses of over 500,000 NIS, the source and amount of income reported to government is also included. Data on government financial support are included and represent the official amounts disbursed by each level of government to the nonprofit.

Each locality was recoded to represent a binary condition of Arab majority or not, with those communities in which more than 50% of the population reported Arab ethnicity included in the “Arab majority” category and all other communities labeled as Jewish majority. A test of difference (t-test) was then conducted for each of the dependent variables of interest: donations from abroad, domestic donations, number of employees, number of volunteers, central government support, local government support, and other support. Additionally, a chi-squared test was conducted to compare the industry composition of the Arab and Israeli communities to better understand how industry might affect the differences found. Analysis was conducted using the Statistical Package for the Social Sciences (SPSS). The results are presented in the next section.

Results

Given the ongoing conflict in Israel between Arabs and Jews and the longstanding influence of conservative Jews in the Israeli government, this study hypothesized that nonprofits in primarily Jewish communities would receive greater government funding from the central (Hypothesis 1) but not from the local governments (Hypothesis 2). While hypothesis 2 was conclusive with the findings in the study, the results fail to support a difference in central government funding. As can be seen in Tables 1 and 2, there is no statistically significant difference between the level of government support between the majority Arab and Jewish communities, despite rather larger differences in the means

Table 1. Central government support for nonprofits by community ethnicity

| Variable | Ethnicity | N | Mean | Std. dev. |
|---------------------------------|-----------|-------|--------------|---------------|
| Support from central government | Jewish | 4,469 | 4,509,244.04 | 2,9629,265.50 |
| | Arab | 295 | 2,051,833.25 | 5,815,044.37 |

t-test: 2.024, p=0.155.

Table 2. Local government support for nonprofits by community ethnicity

| Variable | Ethnicity | N | Mean | Std. dev. |
|--------------------------------|-----------|-------|------------|--------------|
| Support from local authorities | Jewish | 4,469 | 736,611.09 | 7,745,658.22 |
| | Arab | 295 | 383,061.11 | 1,899,169.76 |

t-test: 0.612, p=0.434.

of those communities.

In contrast to central government support, meaningful differences were found in philanthropic support for nonprofits located in majority Arab and Israeli communities. Hypothesis 3 suggests that nonprofits in primarily Jewish communities receive greater philanthropic funding from within Israel than nonprofits in primarily Arab communities. The data suggests that there is a 97.2% level of confidence that nonprofits in Jewish communities receive more in domestic philanthropic support than nonprofits in majority Arab communities. The effect size is similarly substantively significant with domestic philanthropic support 2.5 times the amount annually (Israeli $x=1,219,583$ and Arab $x=475,952$) as seen in Table 3.

Likewise, nonprofits in primarily Jewish communities receive greater philanthropic funding from outside Israel than nonprofits in primarily Arab communities (Hypothesis 4). There is a 91% confidence difference between foreign support for nonprofits in Jewish and Arab communities. However, the effect size is even more pronounced with foreign support at over 12 times the level for those nonprofits in Israeli communities (Table 4). It is worth noting that there are differences within the field regarding the necessary level of confidence needed to draw conclusions about substantive significance. While this study adopts the perspective that confidence levels above 90% warrant exploration, this is far from a universal conclusion. In the case of hypothesis 4 and 5, the findings may be impacted by sample limitations or statistical anomalies. The hope is that future research will triangulate the results.

Given this difference in funding, Hypothesis 5 suggested that nonprofits in primarily Jewish communities would have greater access to employees to fulfill their mission than those in primarily Arab communities and this was borne out in the data. At an over 90% level of confidence, the

Table 3. Domestic philanthropic support for nonprofits by community ethnicity

| Variable | Ethnicity | N | Mean | Std. dev. |
|-----------------------|-----------|-------|--------------|--------------|
| Donations from Israel | Jewish | 4,469 | 1,219,583.60 | 5,707,133.98 |
| | Arab | 295 | 475,952.55 | 4,408,567.70 |

t-test: 4.818, p=0.028.

Table 4. Foreign philanthropic support for nonprofits by community ethnicity

| Variable | Ethnicity | N | Mean | Std. dev. |
|-----------------------|-----------|-------|--------------|--------------|
| Donations from Abroad | Jewish | 4,469 | 1,059,104.08 | 9,884,784.27 |
| | Arab | 295 | 82,651.13 | 509,770.08 |

t-test: 2.828, p=0.09.

average nonprofit in a Jewish community had over twice the number of employees as that of a nonprofit in an Arab majority community (Table 5).

Given that volunteers do not require the same level of financial support of nonprofits and for many nonprofits volunteers are used as a substitute for paid employees, Hypothesis 6 proposed that nonprofits in primarily Jewish communities would not differ from nonprofits in primarily Arab communities in terms of the number of volunteers. This was supported by the data. While the sample means did differ dramatically between those nonprofits in Jewish and Arab communities, the test did not find this difference to be statistically significant (Table 6).

While any differences (or lack thereof) could be explained by financial and geopolitical reasons, it could also be explained by differences in the industry mix between those nonprofits that operate within majority Jewish and Arab communities. A chi-squared test of difference was determined to compare this industry mix of these communities. This analysis only includes those nonprofits for which one industry was specified. As can be seen in Table 7, there are significant differences in the industry mix of nonprofits between the majority Jewish and Arab communities. Arab communities are much more likely to host arts and culture organizations (20.4% vs. 6.1%), community and society (16.9% vs. 10.6%) and sports nonprofits (14.3% vs. 7.3%). By contrast, nonprofits in Jewish

Table 5. Number of employees of nonprofits by community ethnicity

| Variable | Ethnicity | N | Mean | Std. dev. |
|---------------------|-----------|-------|--------|-----------|
| Number of Employees | Jewish | 4,469 | 104.89 | 573.26 |
| | Arab | 295 | 48.37 | 106.94 |

t-test: 2.861, p=0.091.

Table 6. Number of volunteers of nonprofits by community ethnicity

| Variable | Ethnicity | N | Mean | Std. dev. |
|---------------------|-----------|-------|--------|-----------|
| Number of Employees | Jewish | 4,469 | 108.33 | 1,153.54 |
| | Arab | 295 | 19.12 | 53.54 |

t-test: 1.764, p=0.184.

Table 7. Industry comparison

| Industry | Majority | |
|-------------------------------|------------|----------|
| | Jewish (%) | Arab (%) |
| Advocacy organizations | 1.1 | 1.3 |
| Arts and culture | 6.1 | 20.4 |
| Community and society | 10.6 | 16.9 |
| Education | 24.8 | 25.2 |
| Environment and animals | 0.8 | 0.0 |
| Health | 3.8 | 4.1 |
| Housing and urban development | 0.2 | 0.0 |
| International relations | 0.3 | 0.0 |
| Professional associations | 1.5 | 1.0 |
| Religion | 14.0 | 5.7 |
| Science and technology | 1.4 | 1.6 |
| Social service | 9.4 | 5.7 |
| Sports | 7.3 | 14.3 |
| Volunteering and philanthropy | 0.5 | 0.0 |
| Legacy or commemoration | 1.5 | 0.3 |

Chi squared: 199.993, p<0.001.

majority communities are much more likely to host social service (9.4% vs. 5.7%) and religion (14% to 5.7%). These industry mix dynamics may help to explain some of the differences found in organizational resources.

Discussion and Conclusion

Therefore it is essential to examine the places where we see differences between majority Arab and Jewish communities to account for differences in foreign and domestic support, as well as staffing levels. One reason why this might be present is the differences in the industry makeup of nonprofits; Arab-majority communities are overrepresented in arts and culture, community and society, and sports organizations and Israeli nonprofits being overrepresented by social service and religious nonprofits. While some differences in employees exist based on industry mix, the differences between Arab and Jewish-majority communities are largely offset; the preponderance of higher staffed social service agencies in Jewish communities is counterbalanced by the greater number of staff employed in community and society nonprofits within Arab-majority communities (Table 8). As such, the difference in employees is likely due not to staffing needs, but to revenue. The oversized role of donations to social service organizations in Jewish majority communities and robust funding of religion by domestic sources offset any philanthropic advantages that might accrue to majority Arab communities in the areas of arts and culture, community and society, and sports.

While this might be seen charitably as a sign that differences in philanthropic support are the result of community-based preferences/nonprofit industrial mix, rather than systematic discrimination in charitable support, it is nonetheless concerning. Given the important role that social service organizations play in serving the neediest in communities, the imbalance between Arab and Jewish-majority communities is nonetheless concerning. The Mossawa Center: The Advocacy Center for Arab Citizens in Israel, an Arab leaning nonprofit recently announced their attempts to address “a wave of government legislation aimed at deepening discrimination and restricting civil society activity, including proposed amendments to the Associations Law that limit the work of human rights organizations, as well as attempts to undermine judicial independence and weaken oversight and accountability mechanisms (Mossawa Center, 2026). This alerts all people of goodwill to a need to be vigilant in adopting policies that balance the need for stability with the human right to be treated in a way consistent with fundamental human rights.

This is especially pronounced given the ongoing conflict in Israel and the inevitable role the

Table 8. Comparison of resources by subsector

| Industry | Donations from abroad | | | Donations from Israel | | Employees | |
|-----------------------|-----------------------|--------------|---------------|-----------------------|------------|-----------|-----------|
| | N | Mean | Std. dev. | Mean | Std. dev. | Mean | Std. dev. |
| Arts and culture | 439 | 266,987.28 | 1,913,989.12 | 296,778.75 | 1761193.71 | 25.95 | 62.69 |
| Community and society | 706 | 814,668.84 | 6,926,026.54 | 979,224.69 | 4329112.26 | 115.79 | 363.84 |
| Sports | 497 | 57,853.56 | 646,409.34 | 150,066.01 | 1067152.65 | 33.32 | 87.75 |
| Religion | 878 | 444,758.13 | 2,633,754.69 | 1,039,706.13 | 4846794.81 | 16.76 | 88.05 |
| Social services | 600 | 1,867,113.38 | 11,693,845.92 | 2,327,678.23 | 6861181.99 | 131.74 | 1,157.14 |
| Total | 4,564 | 926,824.42 | 9,010,899.11 | 1165230.01 | 5598697.26 | 89.60 | 521.59 |
| | | F=19.57 | 0.000 | F=17.403 | p≤0.001 | F=5.07 | p≤0.001 |

social service organizations play as both a social safety net and in any future rebuilding initiatives. While a tentative cease-fire has begun, nonprofits continue to express concern that they are unable to effectively deliver aid and advance their social service mission. Oxfam, as cited in the *British Journal of Medicine*, warns that closed borders and other obstacles inhibit an effective response (Mahase, 2025). The state of Israel must balance these concerns with domestic security issues, but the effect is no less concerning. As one Oxfam representative bemoaned, “Progress is measured by whether people’s needs are met, whether families have enough food, whether they have clean water, whether they have shelter, whether they have access to medical care, whether they have safety to live with dignity. By that measure, Gaza’s nowhere close.” (Mahase, 2025, Introduction). While the data on which this study is based does not include Gaza, similar conclusions may be drawn for the need to attend to the conflict in the short term while building for longer term capacity for nonprofits.

Another source of differences in understanding nonprofit capacity between Arab and Jewish-majority communities is the economic differences between them. There has been significant exclusion of Arab minorities from many economic aspects in Israeli society. These stem from various sources. At the most basic level, there are sociological barriers such as linguistic barriers and the lack of participation of Arabs in the mandatory military service that serves an important cultural and social capital function in Israeli society (Achdut, 2024). In a qualitative study (Henden, 2025) of access to higher education, one university staff member comments that “an Arab young adult has quite a loose connection with the state. He does not see anyone who speaks Hebrew until he enters academia. When this youngster often refers to the system, he thinks about a system that works against him. Even in high school and between high school and academia, he feels that the state and institutions acknowledge him, whether through scholarships or just through exposure to the declarative focus on Arabs; I think this is already a huge step. (p. 1828)” These types of cultural obstacles inhibit the ability of nonprofit professionals to successfully navigate the institutional environment needed to succeed.

In other situations, the obstacles are more nefarious. These include elements of intentional discrimination (Al-Krenawi & Graham, 2011). While caution should be exercised in drawing conclusions from anecdotal evidence, there is no shortage of examples in the qualitative literature of Arabs expressing experiences of intentional discrimination (Guetzkow & Fast, 2016). In one study (Gomelsky-Haiby et al., 2024; Guetzkow & Fast, 2016), an Arab shopworker described a prolonged exchange with a Jewish shopper who refused to purchase a car seat from the Arab salesperson, despite the salesperson’s expertise. When a Jewish manager was called in, the customer purchased the car seat quickly, motivated by a desire to see another Jew receive the commission. The effect of this discrimination has been that many Arab-majority communities are relatively under-resourced compared to many Jewish-majority communities (Haddad Haj-Yahya et al., 2021).

Regardless of the source of alienation from resources and expertise, these barriers to access for ethnic minorities tend to perpetuate themselves. Given limited opportunities for networks and expertise, Arab communities lack opportunities for growth. As one Arab described their job search process, “the most effective tool for finding a job is formal employee referral programs or personal recommendations. Due to the relatively small number of Arabs in [the field], there are fewer opportunities for referrals within our community. The extent of networking directly influences the

likelihood of securing a job, and it's evident that Jews have many more connections in this regard (Gomelsky-Haiby et al., 2024, 11).”

Implications

Given this state of nonprofit support, in which Arab-majority communities are experiencing lower levels of philanthropic support and paid human capital, it is worth considering what strategies to strengthen the capacity of these nonprofits to respond to a wide host of human service needs. By the most conservative estimates, rebuilding in Gaza following the war will cost over 40 billion dollars (Burke & Tondo, 2024) and it is reasonable to expect that some of this rebuilding will affect Arab-serving nonprofits in Israel.

Government support will need to be part of this calculation. While this study found no statistically significant difference between funding for Arab and Jewish majority communities, increasing government funding for Arab communities seems like a difficult political strategy. While one might suggest that local governments would be more interested in supporting nonprofits, the relative size of local vs national social funding is so small that any local support is unlikely to yield much effect. At the time of this writing, the central government of Israel has pledged 15 billion dollars over 5 years for rebuilding (Stub, 2024), but most of this funding has been directed toward the north and the ongoing conflict with Hezbollah. Given the ethnic politics of Israel, national legislative support for Arab communities seems unlikely. International actors will be important for building the political wherewithal to fund nonprofits in Arab-majority communities.

There will likely be significant international investment in rebuilding from governmental and pseudo-governmental entities. Despite internal politics in the European Union and the United States, it is likely that some international aid will be used for rebuilding including pledges from Saudi Arabia to invest heavily in Gaza (Schaer, 2023). However, this doesn't address the long-term philanthropic issues that will likely remain in Arab-majority communities within Israel. There will be a need for significant ongoing philanthropic investment from abroad in Israel that targets Arab-majority communities. Nonprofits play an important role in Arab civil society in Israel with regard to service delivery and socio-economic development projects. This is especially true for more disadvantaged populations (NGOs' Development Center, 2009). At the same time, there has been some sentiment that international Palestinian nonprofits have not been as effective as their funders would hope (Morrar & Sultan, 2020), the current Israeli war may offer an opportunity for international philanthropic organizations to re-envision their philanthropic efforts to better support local nonprofits that are serving Arab majority communities.

For many nonprofit organizations in Israel, especially those serving Arab communities, a significant proportion of their funding comes from foreign aid (Atia & Herrold, 2018). However, the transmission of philanthropic expertise has not always accompanied the financial support of international nonprofits (Harrow & Sola, 2023). There is a need to build a culture of philanthropy within Arab communities and to equip Arab-serving nonprofits with the capacity to improve their domestic philanthropic situations. Over the past decade support from academia has increased the professionalism around fundraising in Israel. For example, the Institute for Law and Philanthropy at Tel Aviv University and the Center for the Study of Civil Society and Philanthropy at the School

of Social Work and Social Welfare at the Hebrew University are making strides to support the sector as a whole. However, sentiment among some Arab communities suggests that there is a need for a high-quality university-based program which can build domestic capacity among Arab communities to better support grass-roots philanthropy.

Addressing these disparities requires targeted interventions to enhance the human capital of Arab communities. This includes improving access to education and professional development opportunities, as well as implementing policies to reduce discrimination in the labor market (Tehawkho et al., 2023). By investing in the human capital of Arab communities, policymakers can help build the capacity of Arab nonprofits, promoting greater equity and effectiveness in the nonprofit sector.

In terms of the theoretical contributions of this paper, it finds mixed support for interdependence theory (Salamon, 1995). While the findings on local government support and philanthropy are consistent with the theory and hypothesized relationship, those on central government are counterintuitive. Taken generously, they might suggest that the interests of the state are blind to ethnic differences among communities. Alternatively, the unit of analysis might mask differences that exist by focusing on geography rather than the ethnic focus of the nonprofit. In other words, government funding could still prioritize Jewish nonprofits while avoiding inequality between ethnic populations if it funded Jewish nonprofits within majority Arab communities.

However, one should be cautious in interpreting this research, while the sample size is robust, the process of matching nonprofits to their host community eliminated much of the population. Likewise, the sample of nonprofits is based on the demographic characteristics of the community and doesn't necessarily represent a mission which is primarily or exclusively Arab focused. For example, a Jewish school in a Arab-majority community would be included in the Arab-serving sample.

To this end, it is important to recognize that the classification of organizations by geographic location is driven by data constraints. As such, organizations whose mission or service footprint transcends a particular geographic border are not accurately represented within this data. Future researchers should account for this. The conception of what it means to be "Arab" as similar and different from what it means to be "Palestinian" is a complex question bound up within personal identity and political context (Lowrance, 2005). Similarly, the "Jewish" question is bound up in conflicting dynamics of ethnicity and religiosity. Calipha & Gidron (2021) have recently argued that the Israeli nonprofit sector is shaped by three rifts: a Jewish-Arab rift, a religious (i.e., secularist to orthodoxy), and an ethnic rift driven by the immigration region of origin. As such, a better classification of organization would consider these three rifts in light of the mission of the organization (ethnic/religious aligned or not), the identity of the staff or the organization, and the identity of those served. This multidimensional approach will provide more robust insight into the true nature of organizational identity.

Additionally, the analysis provided in this paper features bivariate analysis and doesn't control for other organizational characteristics. Some regression analyses, though not included in this paper, are consistent with the bivariate findings, however, the models are unspecified and there is a need for better data to understand organizational (as opposed to community-based) dynamics associated

with ethnicity and nonprofit management. The Guidestar data represents a valuable source of research for nonprofits, but it needs more detailed analysis to draw organizational-level conclusions. Future scholars should focus on examining Arab-serving nonprofits to better understand capacity needs and development strategies.

Finally, it is important to recognize that the results are based on cross-sectional data. As such, one should be cautious in interpreting causation or in drawing assumptions about the long-term trajectory of nonprofit resources in Israel. Given that Guidestar data are collected annually, future research should assess whether disparities between Jewish and Arab nonprofits are widening or narrowing over time.

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