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## ORGANIZATIONS DURING TRANSFORMATION – EXAMPLE OF THE ISRAELI KIBBUTZ

**Summary.** The article presents the topic of kibbutz (Israeli socialist, agrarian community). The author presents its evolution from a small, highly collectivistic commune into a modern organization. The emphasis is put into a reform, which was implemented in order to save kibbutz from bankruptcy and flee of their member. The author presented her own research, conducted in a kibbutz in the Northern Israel. However, the topic of kibbutz is just an excuse to make a broader comparison with contemporary organization/enterprises. The authors tries to draw conclusion from the “success story” of the kibbutz and shows how this could be a universal pattern for modern organizations in transition.

**Keywords:** kibbutz, community, commune, reform, management, human resources management, Generation Y, Millennials, Generation 50 plus, learning organization.

## ORGANIZACJE W CZASIE TRANSFORMACJI – PRZYKŁAD IZRAELSKIEGO KIBUCU

**Streszczenie.** W artykule przedstawiono tematykę izraelskiego kibucu (socjalistycznej społeczności rolniczej). Autorka przedstawia ewolucję od małej, bardzo kolektywistycznej komuny do nowoczesnej organizacji. Nacisk został położony na reformę, zrealizowaną w celu ratowania kibucu przed bankructwem i ucieczką jego członków. Autorka bazuje na własnych badaniach, przeprowadzonych w kibucu w północnym Izraelu.

Temat kibucu to tylko pretekst do szerszego porównania ze współczesnymi organizacjami/przedsiębiorstwami. Autorka próbuje wyciągnąć wnioski z "sukcesu" kibucu i pokazuje, że może to być wzór uniwersalny nowoczesnej organizacji w okresie koniecznych zmian.

**Słowa kluczowe:** kibuc, wspólnota, komuna, reforma, zarządzanie, zarządzanie zasobami ludzkimi, pokolenie Y, millenialsi, pokolenie 50 plus, organizacja ucząca się.

## 1. Introduction

Kibbutzim (plural of a kibbutz) are a fascinating social and historical phenomenon. Created in the beginning of the 20th century in Palestine, they had an aim of both creating a new land and a new man. Combining socialism with Zionism they attracted many idealistic immigrants, mostly from Central or Eastern Europe.

Today nobody denies a huge impact of the communes on the creation and development of a modern state of Israel. Also, the members of kibbutzim were included not only the new, Israeli elite. Many politicians, generals, writers have kibbutz background (for example Ben Gurion, Golda Meir, Moshe Dayan, Amos Oz). Kibbutzniks were closely linked to the left wing party, which governed without interruption in Israel till the 1970s. All these gave the communes a very specific and privileged position in the Israeli society.

## 2. Reform of the kibbutzim

In the 1980s a big economic crisis shook Israel and the kibbutzim, too. The communes faced many financial problems, which put them into debts, and some of them even became bankrupt. Together with the economic issues, kibbutzim lost a big number of their members. Although there had been a problem of leaving the communities by young people long before the 1980's, this time we could talk about a real exodus.

This demographic crisis is well visible in the kibbutz, which I examined. One of my interlocutors, an old kibbutz member, told me: "We were afraid that our kibbutz will become a retirement community"<sup>1</sup>. From the 50 years old cohort, so people who were in their twenties at the beginning of the 1980's, there are only 5 kibbutzniks left in the kibbutz. The rest of them left and never came back. This young people's exodus took place until the beginning of the 21st century, when suddenly the situation changed.

In the light of the economic crisis and a huge debt of many communes, debates on the necessity of change appeared within the kibbutz movement. Although first reforms started long before the 1980's financial collapse, the idea of a real revolution appeared in the 1990's. Yehuda Harel, a kibbutz movement activist, in 1993 published a very important book, which turned out to be a turning point for the majority of the communes. "The New Kibbutz" proposed a model of the kibbutz management. According to Harel, kibbutz can be both socialist and capitalist, depending which sphere of the commune is taken into consideration. Harel claims that production and distribution of goods should be divided. As the capitalist models succeed in production, kibbutz's factories and enterprises should be based on free

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<sup>1</sup> Own data.

market principles. Their main goal must be to gain income and achieve economic success. However, income should be distributed between the members on the socialist basis.

The debates among kibbutznikim and Harel's publication resulted in the new typology of the kibbutzim. Today, kibbutzim adopt three methods:

- Communal (shitufi) method: the division of income is communal and equal.(60 kibbutzim)
- Integrated method: an individual's income is comprised of three parts: initial sum, equal for all members, an additional sum given on the basis of the member's seniority, and the third sum based on a given percentage of the member's salary contribution to the community (20 kibbutzim)
- New kibbutz (security net method): which was implemented by the kibbutz, which was examined (approximately 190 kibbutzim)<sup>2</sup>.

In 2005, after two years of discussions and 2 unsuccessful votes, finally changes in the examined kibbutz were implemented. Since then, members of the commune have been receiving differential rewarding. The more money one earns, the more they receive, but a part of each member's gross salary covers community's expenses. What is more, they adopted a mechanism called security net. Those who for some reasons cannot earn enough money, or are unemployed, are provided with financial aid. Also, the old generation, people who were 75 and over on the day of implementing the change, could have chosen to stay in the old system. This means, that they still receive a budget, just like it was before for all the kibbutznikim, they do not pay bills, they have doctors, their medicine and hospital treatment covered by the kibbutz. Today there are ten people who decided to remain in the "old kibbutz".

As it was mentioned before, first voting concerning changes of the system was unsuccessful. Although in the first round 54% of people voted for the introduction of reforms, kibbutz authorities decided to wait until changes were accepted by the majority. As a result, in the third round there were slightly over 75% of people in favor of changes. Today, this number is even higher. 90 % of kibbutz population could not imagine coming back to the highly communal model<sup>3</sup>.

Renewal of the kibbutz was a necessity, it obviously saved kibbutz from bankruptcy. But why do people, who voluntarily chose to live in the completely egalitarian commune, are suddenly in favor of the free market principles?

Yonina Talmon-Garber, an Israeli sociologist, takes the functionalist approach towards the changes in kibbutz. External changes, such as urbanization and industrialization in Israel affected the kibbutzim and pushed them to change their system. As Israel became highly industrialized, there was no demand for farmers and that is why a majority of the new immigrants (after 1948), did not want to choose kibbutz as an integrating place. Moreover, the

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<sup>2</sup> Harel Y., *The New Kibbutz*, Jerusalem 1993.

<sup>3</sup> Own data.

character of the post 1948 aliya<sup>4</sup> was quite different; there was a big influx of population from the Arab countries to whom socialist/secular ideals were completely unfamiliar. Kibbutzim were not attractive for newcomers any more<sup>5</sup>.

What is more, with the process of industrialization, the nature of work changed significantly. Kibbutzim needed highly qualified and educated specialists. Kibbutz members from the second and especially third generation, unlike the founding fathers, appreciated the importance of university education. And kibbutzim had to put emphasis on innovation in order to survive. But, as Ronald Inglehart emphasized, innovation cannot be prescribed by central authority; therefore a central planning of kibbutz, highly socialist way of management, had to be replaced by the new system of organization which would give more space to individuals.

Of course both political (won election by Likud Party) and economic situation (crisis) were also significant factors.

“On the other hand, the kibbutz itself underwent modernization by removing itself from its original, intensely egalitarian model, and by becoming a multigenerational and institutionally differentiated community; less egalitarian, collective and participatory, and more individualistic, family-oriented and materialistic”<sup>6</sup>.

However, Talmon-Garber's model lacks some important elements. Change in the kibbutz can be explained in terms of relative deprivation. True, urbanization and industrialization were significant factors, both inside and outside the kibbutz. Thanks to these processes both Israel as a whole and individual kibbutzim became richer. The second and third generation of the kibbutz members grew up in good and stable economic conditions. They did not experience the hardships of everyday life which the founding fathers had to face. Kibbutzim got to a point where they were perceived by some people as millionaires, very often snobbish. This was, by the way, an accusation used by Menachem Begin, in his successful electoral campaign. Due to the economic crisis, kibbutzim ceased to have a privileged economic situation. Young people, who had left kibbutz for the army, did not come back afterwards. They compared the standard of life inside and outside the commune, and decided to live in a city. But a higher salary is not a satisfactory explanation of this massive fleeing. Young people, who never knew the poverty of the first generation, suddenly experienced financial problems. Being used to good conditions and being, all of the sudden, deprived of them can lead, as we know, to relative deprivation, which resulted in “demographic revolution”. Among those who remained in the kibbutz, there was a strong group of kibbutz authorities, people who contributed more profoundly to the community and were very often well-educated. They would have gained much more than other people if they had lived outside the kibbutz. And, just like the young generation, when they compared their situation to the

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<sup>4</sup> Aliyah Hebrew term for Jewish immigration to Israel.

<sup>5</sup> Talmon Garber Y., *Family and community in the kibbutz*, Cambridge 1972.

<sup>6</sup> Ben-Rafael E., *Crisis and transformation, kibbutz at the century's end*, New York 1997.

standard of life of the managers, “white collars” in the cities, they also felt relative deprivation. This led to the recent changes, to a big revolution of the kibbutz organization and management.

As much as these explanations seem to be relevant, I would put emphasis on other, not necessarily structural aspects as factors of the change. The second and especially third generation, so people who contributed to the changes, was grown up experiencing welfare. Most of them, unlike their parents or grandparents, felt safe and led quite comfortable lives. But living in the kibbutz, in the old type of kibbutz, meant that one had to pay for their security and welfare, resigning from their individual autonomy. As Ronald Inglehart proved in his world value survey, generations raised in welfare are less willing to make trade-offs and sacrifice their individual autonomy for the sake of economic and physical security. They, the second and in particular the third generation of kibbutznikim, take this security for granted. They want to be autonomous, and live making their own choices. Inglehart, explaining values shift in the postwar generations, gives the scarcity hypothesis, according to which individual's priorities reflect the socioeconomic environment: One places the greatest subjective emphasis on things that are in relatively short supply<sup>7</sup>. As there is lesser demand for material safety, kibbutznikim tend to value postmaterial aspects, such as freedom, autonomy, and self-realization. Because they could not find them in the kibbutz, children decided to leave, but their parents made a decision of reforming the commune.

Just after the changes were implemented, kibbutzim were flooded by newcomers; young people who had left before came back with their spouses. As the list of people willing to become members is quite large, kibbutz had to set strict rules for the members-to-be, such as one year's probation period. Still, there are more candidates than kibbutz can accept. Both newcomers and old members claim that the major reasons for returning are the introduced reforms<sup>8</sup>.

Young kibbutznikim today put emphasis on the quality of life, but not on the total equality anymore. And as for older generation, even though they mention equality as an important value, most of my interlocutors do not imagine coming back to the sharing egalitarianism model. Members of the kibbutz want to live in the commune, where relations between people are more intimate, less instrumental. They want to build Tönnies' *Gemeinschaft*. Solidarity is very important, but it does not mean, that everybody has to be the same, in the material level. Community, they want to create, is a group of people, who share social, cultural life, but not material. The new kibbutz must be a place, where one can realize individual needs, a place where an individual can develop and is not limited by the community. For sure, it is not a kibbutz of the founders, but, as today's kibbutznikim claim, this is still a kibbutz. As Avram,

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<sup>7</sup> Inglehart R., *Culture Shift in the advanced industrial societies*, New Jersey 1977.

<sup>8</sup> Own data.

an old kibbutz member puts it: “It's the way of thinking those changes, but the base, values, this is still the same”<sup>9</sup>.

### 3. Conclusion

The case described above can be treated as a very particularistic example of a successful reform. However, in my opinion, one can draw general conclusions, applicable to any organization/enterprise.

Leaving aside the personal sympathies for the capitalistic shift of the kibbutzim, one has to admit that these communes adapted successfully to the social and cultural changes. What should be underlined, the success is not accidental. Kibbutzim were observing very carefully social evolution, drew conclusions and implemented them. They did what a classical learning organization should do - recognize changes and answer to them.

Currently we are living in the times of rapid social and cultural changes, partially mentioned above. Many authors claim that they are so significant, that we can talk about a new era, which ended the time of modernity. Organizations (including enterprises) are not beings detached from the surrounding social reality. On the contrary, in order to successfully operate on the market, they must observe occurring changes and be able to adapt to them. This applies not only to the financial strategy and production, but also, and perhaps above all, the human resources policy.

Human resources specialists have two most crucial challenges. First of all, finding a right strategy for the Millennials. Generation Y, how they are also described by some authors, includes people born between 1980 and 2000<sup>10</sup>. According to several researches these employees are highly individualistic, and loyalty to an employer is not for them an important value. Work is important, but not the most important. They need to have time for their passions, travels, and friends.

According to the above mentioned analysis, we see a portrait of a generation, which is really hard to attract to work in an enterprise and even harder to keep there for a longer time. It is not easy to cooperate with someone, who is self-confident, not easy to compromise his/her personal interest, is per definition mobile and always willing to jump into a new professional project (new employer).

Another dilemma to solve is finding a right place within an organization for the 50 plus generation. People tend to work longer for various reasons; the most obvious of course is implied by the legislation; in most European countries the retirement age has been recently increased (for example in Poland up to 67). Companies, in order to be successful have to find

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<sup>9</sup> Ibidem.

<sup>10</sup> <https://en.wikipedia.org/wiki/Millennials>.

a way incorporate the experience of the 50 pluses and creativity of the Millennials into one common project.

Kibbutz “success story” can be a good example for many organizations. The obstacles these communes had to overcome were similar to those of many enterprises (cultural/economic changes, generation gap). Kibbutz chose the way of constant learning, adapting and making democratic decisions. Being a democratic, pluralistic and learning organization should be an obvious pattern for a successful transformation.

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## **Omówienie**

Izraelski kibuc to fascynujący fenomen społeczno-historyczny. Powstały w Palestynie na początku XX wieku stawiał sobie dwa zadania – stworzenie nowego państwa i nowego człowieka. Obecnie wspólnoty rzadko przypominają te z początku zeszłego stulecia, a to przede wszystkim w wyniku niedawnych reform. Przeprowadzone zmiany pozwoliły wspólnotom odnaleźć się w nowej, nowoczesnej rzeczywistości.

Kibuc, mimo że tak odległy od europejskiego “podwórka”, może służyć jako przykład wzorowo przeprowadzonych koniecznych przemian. Organizacja zastosowała się do pewnych reguł: nauka, adaptacja, demokracja. Współczesne polskie, a także zachodnie przedsiębiorstwa borykają się z ważkimi przemianami pokoleniowymi, kulturowymi i gospodarczymi. Kibucowa triada (nauka...) może okazać się kluczem do sukcesu także organizacji komercyjnych.