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**Philanthropic Behavior Among
Israeli Corporations Operating in the
Developing world**

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A Note from the Chairman of the International Advisory Board and from Head of the School

In the last few years, the concept of Corporate Social Responsibility (CSR) has emerged as a central concept in both the corporate world and the academic world. In general, this concept refers to the type and scope of social obligations that corporations must consider in the course of their routine business practices.

This new policy paper from the Hartog School of Government and Policy, presents the new emerging phenomena of Israeli companies and their Corporate Social Responsibility (CSR) practices in the developing world. While this study provides only a preliminary examination of Israeli CSR on an international level, it features some interesting insights which we hope will serve subsequent studies. Among the important contributions of this research is the introduction of the issue of philanthropic activity into the larger discourse on domestic and foreign policy.

Finally, the policy recommendations contained herein address procedural aspects of CSR as well as their implications for Israel's image in the international scene. It is our hope that these recommendations will assist both those undertaking CSR activities overseas and government agencies.

Stanley Bergman
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INTRODUCTION

This study represents a very preliminary look at the pro-social behavior undertaken by Israeli businesses operating in developing countries. It should be noted that our interest in this phenomenon stems less from a concern with corporate management and performance and more with how Israel is perceived overseas.

The behaviors of Israeli businesses examined in this study may loosely be categorized as consistent with the notion of Corporate Social Responsibility (CSR), i.e., the voluntary actions of a business over and above compliance with minimum legal requirements that address both its own competitive interests and the interests of society at large (McWilliams et al., 2001). CSR departs from the ethical assumptions of classic philanthropy by infusing the performance of a social good with a rational-instrumental ethos, according to which such pro-social behavior is actually good business (Burlingame 1998; Shamir, 2002). It typically entails integrating into the policies and actions of a business the interests of "stakeholders", i.e. all those affected by a company's conduct. The traditional notion of a financial bottom line, as the yardstick of company success, is thereby expanded to include social and environmental considerations as well (CSR Wire, 2006).

Practically speaking, the CSR agendas of contemporary corporations are often manifest in "codes of conduct", "company visions" and "mission statements". CSR has important implications for the treatment of company employees, also included under the purview of "stakeholders". These agendas also implicate in some cases the practices of those sub-contractors and suppliers with which companies work. The steps businesses take to institutionalize a CSR agenda frequently include the hiring and training of community-relations/community outreach directors and the inclusion of relevant content in the company website and other promotional materials. The outputs of CSR agendas are sometimes quantified in order to facilitate the ostensibly scientific measurement of the social performance of businesses, which is then considered alongside the other traditional indicators of corporate performance (profit margin, brand loyalty) to assess overall corporate reputation. CSR generally connotes a comprehensive, if not holistic, approach to the not-strictly-commercial manner in which a company interfaces with the larger community. "Community involvement", which usually refers to the more limited activity of commercial enterprises to benefit the local community (or sub-groups therein), may be understood as a component of CSR. Many would argue that what companies tout as the CSR agenda is often not more than a community involvement program – however laudable and socially beneficial it might be.

Shamir argues that, within the prevailing neo-liberal paradigm, according to which the locus for moral entrepreneurship and political activism increasingly shifts from

governments to corporations and civil society, attention tends to be more focused on the responsibility of corporations than on that of governments (Shamir, 2004). Accordingly, businesses and nonprofit organizations are deployed to perform tasks that governments are unwilling and/or unable to undertake. In this context, CSR may be understood as consistent with – if not enabling – the ongoing privatization of government services.

One organizational form that may be seen as representing a hybrid between the corporation and the nonprofit has been termed the Market-Non-Governmental Organization (MaNGO) (in Shamir, 2002). MaNGOs, the sponsorship and governance of which are typically assumed by business executives, seek to enhance the resonance between the interests of business and the voluntary/altruistic ethos of civil society. They do so by raising CSR awareness among businesses, initiating CSR projects, and fostering stronger links between businesses and the larger community.

Among Israeli businesses in recent years, the recognition of the importance of CSR has grown, as reflected in mission statements, human resource deployment and various projects initiated. Another indication of the increased prominence of CSR is the presence of number of MaNGOs, established to promote CSR among Israeli businesses. Business leaders from the Jewish Diaspora are often mobilized in these efforts, as donors and as experienced practitioners of CSR in their own businesses overseas.

The activity of the Israeli businesses examined in this study also directs our attention to the theme of development/humanitarian assistance. During its early history, beginning in the early 1950's, Israel undertook a rather ambitious development assistance campaign directed at countries in the developing world. From the late 1950's through the early 1970's, the extent of Israel's development assistance activity was formidable, particularly in Africa. However, over thirty years later, while Israel has become significantly more developed than it was then, by virtually every parameter, its development assistance activity has shrunk considerably. A number of factors may explain the marked decline in Israel's development assistance expenditure, proportionally speaking. These range from Israel's enhanced diplomatic status to the institutional weakness of the Foreign Ministry within successive Israeli governments to a general disillusionment with third world nations following the latter's severing of diplomatic relations with Israel following the 1973 Yom Kippur War. Other explanations may relate to the changing nature of Israel's altruistic agenda over the years and society's movement away from religious imperatives to help the world at large.

More recently, a variety of non-governmental actors have initiated projects in the developing world. Among these initiatives are those undertaken by private Israeli corporations - typically those engaged in commercial activity in the developing world. Although, there is an ever expanding literature and knowledge base on the CSR activity of businesses within their home countries, far less is known about CSR on an

international level. Furthermore whatever we do know about international corporate social responsibility, the role of Israeli corporations therein has not at all been probed. Hence, this study represents an attempt to examine for the first time the philanthropic orientation and behavior of Israeli businesses operating in developing countries. It should be noted that, for our purposes and given the very exploratory nature of this research, "CSR" refers to any kind of activity undertaken by Israeli companies in developing countries that is not explicitly commercial in nature and is intended to benefit constituencies beyond those of customers and stockholders.

A number of questions informed this research effort. These included: To what extent are any Israeli companies engaging in activity in developing countries that is consistent with "corporate social responsibility"? What are the philosophical underpinnings of such activity? Are there any strategies that undergird these activities? Are these activities in any way encouraged by and/or coordinated with the Israeli government or with governmental agencies? Are these activities conducted in conjunction with any Israeli or international non-governmental organizations (NGOs)? (See "Interview Guide" in Appendices.)

It is our hope that the findings and insights culled from this study of the philanthropic behavior of Israeli businesses active in developing countries will ideally provide a baseline knowledge upon which subsequent studies could draw.

METHODOLOGY

This study consisted of three distinct phases. Firstly, a mapping of the field in question was constructed. This entailed a series of preliminary meetings/interviews designed to identify Israeli companies from a variety of substantive areas that engage in one form or another of CSR (or community involvement) in developing countries. Included in this phase were meetings with representatives from bodies such as the Ministry of Industry and Trade, Ministry of Foreign Affairs, Manufacturers Association, Export Institute, "Maala", and the Israel Venture Network. The latter two are MaNGOs promoting CSR among Israeli businesses.

A list was gradually constructed, consisting of Israeli companies operating in developing countries that featured (or were thought to feature) a CSR agenda. This was done with the assistance and in coordination with the organization *Maala-Business for Social Responsibility*. The companies listed were then systematically contacted in order to ascertain their willingness to take part in our study by consenting to a face-to-face interview. (See Appendix A for a list outlining the types of companies recruited for the study - based on area of activity - and their respective responses.) Twenty-nine companies were approached during the process. In the end, ten companies were interviewed, through semi-structured interviews with one or more senior personnel. (One firm preferred to submit written responses to our questions.) Finally, interviews were also conducted with a few "key informants" who possessed what we felt was a certain expertise or "insider knowledge" of the phenomenon under study whose insights were presumed to be helpful for our understanding thereof. These included representatives of certain charitable NGOs, the media, academia and key business institutions and figures. Six such interviews were conducted in a non-structured manner. The perspective of these interviewees added depth and nuance to the information derived from the corporate sources. The analysis of the interview data was conducted with the help of Atlas-ti software, which assists in analyzing data of a non-quantitative nature. Salient themes were identified in the course of reviewing each interview and the text was coded accordingly. Subsequently, links among the various themes or "codes" were explored.

This research project was funded by Mr. Ian Fisher, a partner and founder of Rubicon Partners, a London specialized investment firm focused on acquiring complex industrial business. It was conducted jointly between staff from the Hartog School of Government and Policy at Tel Aviv University and the Tel Aviv staff of APCO Worldwide, a global public affairs and strategic communication firm.

FINDINGS

Assessments of CSR

By and large, when asked to assess CSR among Israeli businesses operating in developing countries, the overall sense was that both in terms of awareness and activity, CSR was minimal, if not negligible. The efforts that have been undertaken by certain companies are perceived to have been sporadic. Furthermore, these efforts appear to have been conducted in a rather idiosyncratic manner with almost no coordination and/or information sharing with other companies. As one respondent noted:

Most of our [CSR] activity takes place in developed countries. As far as I know, I haven't seen Israeli companies sharing resources strategies, efforts, when it comes to philanthropic activity in developing countries.

Even on a domestic level, where CSR is clearly more established and institutionalized, the assessment of those interviewed pointed to what appears to be a rather large disparity among companies featuring a CSR agenda. As one noted:

I take part in [CSR] forums organized by [two umbrella organizations] and at times, I get the feeling it isn't all that relevant. Our company does a lot more than most of the others there and so there is a certain asymmetry among those attending.

A common theme among many of those interviewed was that acting and giving locally (in Israel) took precedence over doing so internationally. The biblical dictum "aneyei ircha kodmin" ("help the poor of your own town first") was invoked by a number of those interviewed. Also cited frequently was the notion that even when philanthropic activity is undertaken by Israeli companies (and businesses in general), the motivation is strictly commercial. As one noted:

If someone purchases raw materials from a 3rd world country, the philanthropic giving is purely business. Even when giving locally, there are clear commercial interests. [My company] prefers giving to education in [a town in Israel's north] because our factories are there.

This point was reinforced by two others:

As for [CSR] abroad, I don't think I've heard of even one instance that was born in the context of pure philanthropy – not even in terms of "positive image making".

This is all motivated by business interests. If there isn't a gain business wise, it won't happen. In South Africa for example, in order to receive contracts, companies must adhere to the imperatives of "black empowerment" and also demonstrate "community involvement".

A few did concede however that there was some evidence for a "pure" form of CSR being practiced by a few Israeli companies in developing countries. Analytically speaking, it is sometimes difficult to distinguish between CSR undertaken on a corporate level, as distinct from a personal level, i.e. on the part of a company president or owner. This was very clearly the case with one of the companies covered in our study.

Practically speaking, [our company as such] is not really active with CSR in the places it works (Russia, Czech Republic, Romania, Serbia, Bulgaria, Philippines, India, China, etc.). [Our president] on the other hand is extremely active in this area.

One industrialist we interviewed, when asked about Israeli corporate approaches to CSR overseas, echoed this:

I can imagine certain individuals helping countries abroad with issues such as cancer, if, for example, a particular businessman's wife died of cancer, but that would be as an individual – not as a company.

Underlying Motivations

In this section, we probe the motivations that prompt certain companies and/or CEOs to engage in CSR in developing countries. Accordingly, a number of key themes emerge, one of which relates to the belief, reminiscent of Carnegie, that giving to others is an imperative. This was exemplified in the remarks of two interviewees, a holding and investment company and a large appliance manufacturer:

We don't approach [CSR] from the perspective of profit. We see it as our duty to perform – with or without a financial gain of any kind. The founder of our company truly believes that he has to give – this is why he works. He continues his commercial activity in order to be able to give.

The philanthropic activity of our company for many years was handled by the founder on the basis of whoever asked ... "We have... therefore we must give" was the motto.

Another of our interviewees, a prominent Israeli industrialist, added:

Today in most democracies, governments lower taxes to encourage business, [so] businesses have an obligation to give to the community... I think wealthy people in general are similarly obligated –if Israeli society is important to them. Contributing is part of doing business– it is important for the donor and not just the recipient.

Business

One clear set of motivations is that related to a perceived commercial or business benefit to be derived. Among many of those interviewed, the conventional wisdom was that this in fact was the main if not the sole motivation for undertaking any kind of CSR activity, as typified in the remarks of one CEO:

If I give something in Egypt for example, it is sporadic, not at all part of a policy... If [Two large Israeli firms] give to Angola, it is because of the business interests there – a favor to the rulers, much more than pure philanthropy.

Another conceded:

We did all kinds of things for [the host government] that were pure business, but realized that in order to be relevant and also get future deals, we had to do something dramatic, that is to help transform this country from a backwater province to something more serious. We began working so that for every project undertaken, there would be a bonus in the political realm.

Interestingly, and perhaps not surprisingly, interviewees appeared more inclined to attribute these motivations to other companies than to their own. The particular business or commercial benefit implied here may pertain to any number of the stakeholders (customers, suppliers, employees) relevant to the company's functioning. One of the interviewees, from a hi-tech company, expressed this as follows:

The responsibility of companies is to make profits; no company does CSR out of the goodness of its heart – it is simply good business. For us, it affects workers' loyalty and identification with the company. It is also good public relations for us. In general, this results in a stronger company and is good for everyone – a win-win situation.

Two other interviewees, in citing motivations rooted in succeeding in business, referred to the evolving norms among large companies, according to which CSR is increasingly part of the rules of the game.

Once companies realize that there is a Corporate Responsibility Index on the stock market and they realize that it is worthwhile doing business with companies that feature such an index, this will influence their business – in another 10 years or so.

[CSR] enhances the business profile of companies. We very recently had a report prepared by the Ziv Haft accounting firm dealing with the issue of our social/community agenda... I can tell you that this is a very important part of the current CEO's agenda.

Another referred to the undertaking of activity that could be considered CSR, as part of the fulfilling of "USO" (Universal Service Obligations) – the idea of affording all community members the access to product consumption. This is typically a precondition, established by the host governments of developing countries, for foreign companies wishing to participate in bids for large scale projects – often associated with infrastructure.

Faith-based

One might assume that the motivations among at least a few of the Israeli companies conducting CSR activity could be characterized as "faith-based", i.e. rooted in one way or another in religious precepts, traditions and norms – in this case the Jewish religion. It is important to note that in the Jewish context, motivations considered faith-based are often very much intertwined with those that could more aptly be characterized as "nationalist" or "ethnic". Of the Israeli companies included in our study, only one referred explicitly to a faith-based or explicitly Jewish set of motivations for undertaking CSR in developing countries, as expressed below in the corporate and private philanthropic behavior of one of Israel's leading businessmen:

He has established [a nonprofit organization] active in over 400 communities in the former Soviet Union, consisting of schools, soup kitchens, synagogues, seminars, community centers, etc. I have seen this [activity] with my own eyes and I see it as nothing less than the "rebirth of a nation". The scope of this activity is tremendous.

The example cited above represents a sustained and comprehensive approach to assisting Jewish communities in developing countries. Two other firms, while not citing Jewish concerns per se, did report assisting Jewish communities in response to emergency situations or dire circumstances. One such example was the aid extended by one firm operating in Turkey to a synagogue that was bombed. For most though, this motivation

for undertaking CSR seemed at best latent if not non-existent. As one firm noted:

The Jewish dimension of what we do is minor... not relevant. We are not interested in publicity overseas as Jews or Israelis.

One respondent bristled at the idea that CSR should somehow be rooted in the Jewish religion or tradition:

My Jewish identity had little to do with my activity. I was shocked when I discovered that [the Jewish religious precept of] "tzakka" applies only to Jews.

Zionist

Another form of motivation, overlapping to a degree with that of Jewish faith-based, emanates from commitment to Zionism or, more simply put, an Israeli patriotic sentiment. In one instance, a company active in Angola reported:

An Israeli flag always flies over a building/facility of a project funded by us. The ambassador gets political credit from this. We also contribute to the Independence Day celebrations locally as do a number of the Israeli companies operating there.

The example cited above represents a very conscious, public invoking of Israeli identity in philanthropic activity overseas. As alluded to previously, a Zionist motivation for CSR would mesh well conceptually with a Jewish faith-based orientation, since traditional Jewish religious precepts, like Zionism, are inextricably linked with at least a primordial notion of Jewish nationhood or peoplehood. In practice however, based on our interview data, these two sets of motivations are entirely discrete. Indeed in most cases, where CSR activity was undergirded by a Zionist or Israeli patriotic impulse, no reference to any Jewish or religious orientation was present. A prime example of this was the activity initiated by a company specializing in the provision of equipment and information to Israelis traveling abroad. In this particular case, the CSR activity took the form of dispatching Israeli backpackers as volunteers in various projects designed to benefit the local populations of one of the countries frequented by Israeli travelers. As the director of the company observed:

We saw so many people are going to the 3rd world; [we thought] let's mobilize them to do something that brings pride and good public relations for Israel. My main interest is that we look good overseas... that our tourists feel good as they are abroad and that they serve as our ambassadors while abroad. I call this Zionism. I think I was able to have this filter throughout the entire company.

The Zionist motivation here was explicit and informed not only the approach of the company but also that of the volunteers themselves, as evinced in the words of the CEO:

These are people who have what to give, they are also Zionists. They travel to return – not to remain. The trip is an important phase in their development – they move on to important positions.

Another company, involved in large-scale infrastructural projects, spoke explicitly of pursuing activity that could potentially serve or enhance Israel's strategic interests.

What animates us is to find projects which serve Israel's strategic interests. Here we are willing to gamble more than others. This is why we seek projects in the Arab and Islamic worlds – the ultimate meeting of the economic and the political.

The distinction between Jewishly oriented CSR and that of an Israeli orientation was echoed in the perception of those targeted in the CSR activity of one of the companies active in Africa.

[Our] activity in Africa for them is a wonderful thing... They are not able to develop these resources by themselves. I think there is significance that this is aid arriving from Israel. They are aware that it is from Israel – more than they are aware of any Jewish connection.

That CSR practiced in the developing world by Israeli companies would be more informed by and exhibit an Israeli or Zionist orientation rather than a Jewish one is by no means a foregone conclusion. It should be remembered that relations between Israel and several of the developing countries over the years have been ambivalent at best. This could ostensibly militate against an openly Israeli orientation in favor of a more Jewish one.

An equal number of those companies interviewed in this study eschewed any link between their CSR agenda and a Zionist or Jewish motivation. Some seemed philosophically disinclined to impute to their activity a particularistic bent (be it religious or national) while others seemed more concerned with the potentially negative reaction the association with Israel might engender. The comments below from three different companies reflect the decoupling of CSR from a Jewish or Zionist orientation.

We are not interested in publicity overseas as Jews or Israelis

We don't reach out especially to the Jewish communities... We don't present this activity as "Israeli", for [us] it is both Israeli and global.

[One African country in particular] is a fairly anti-Semitic country. Hence, to undertake a project there under the banner of "Israel" would be problematic.

In attempting to explore the philosophical underpinnings of CSR among Israeli companies that are not derived from religious or nationalistic/patriotic motivations, a number of themes emerge.

Notion of community

A number of those reporting one kind or another of CSR activity cited a link or desired link with the surrounding community. "Community" is typically perceived as the immediate environs in which a company operates. The company's involvement therein often takes the form of employees volunteering time. Examples of this localized interpretation of "community" from four different companies appear below:

This activity is intended to bring us closer to the place we work and to bring them closer to us; to be perceived as local and not outsiders.

The undertaking of joint activity between [our company's] employees and the communities in which they work is in order to influence and leave a mark.

We don't become sponsors or patrons, but rather seek to be full partners; to forge ties with those populations located physically near us – locally and internationally, in order to promote various community interests... I don't want to just give money; I want that my employees will be involved and will volunteer; therefore it's important that the community be in close proximity to us.

A basic part of [name of company] is that we are connected to community... the need to contribute to the community in which we live. This is a strategic commercial decision – the fruits of which you reap only many years later. An "institution" in the community is what I strive to be – not just a commercial firm.

The company CEO quoted above was referring to the local community in Israel, but this same approach is applied internationally as well in their project undertaken in Nepal:

This was a long term capacity building project unlike much of the rescue/relief activity that takes place. It was important that our volunteers live among and view the local population "b'gova eynayim" [i.e. "at eye level" or as equals].

However, "community" may also be conceived of in a more abstract, even global sense.

As one interviewee, representing an Israeli NGO involved in providing humanitarian aid internationally, noted:

We look primarily to the issue of human suffering – independent of its political/geographic origin. Hi-tech companies are more open to this. Their CEOs seem more inclined to see themselves as members of a global village. Further, young people are less inclined to see only our (Israeli) suffering.

The quote above underscores the observation that hi-tech firms tend to embody a more international or universal notion of philanthropy rather than a particularistic one. The response of another corporate CEO identified a much more nuanced notion of community that appeared to synthesize between the local and the global. Not coincidentally, this CEO's firm is part of Israel's hi-tech industry.

What is the community? In fact it is multi-tiered: We are global and develop products for developers and these constitute our community. The hi-tech community is our community and we also have geographically specific communities. Our employees are part of communities we are attached to, as are other sub-communities to which some of our stakeholders belong: disabled, gay, etc. layers of community.

Role of Leader

Not surprisingly, the tendency of a company to pursue a CSR agenda of one kind or another is conditioned to a large degree by the predisposition of the company founder, president and/or CEO. Indeed the role of the company leader(s) in many cases seems to constitute the single most significant determinant of the orientation of a business towards CSR. More generally, how individual CEOs understood philanthropy, community involvement and their own role as citizens would seem to at least partially inform the scope and types of CSR undertaken by the companies they head. This is demonstrated in the examples below.

Until a year ago, I personally chose the all the nonprofits we work with. My footprints are everywhere. About a year ago however, we established the Community Involvement Committee; [now] they get to choose and volunteer.

The philanthropic activity of [company name] for many years was handled by the CEO of the company on the basis of whoever asked... a policy of charity rather than a developed strategic philanthropic policy. "We have... therefore we must give" was the motto.

In one case, the CEO's own family biography was reported to have contributed to his CSR orientation. As he noted:

A third of my time is devoted to these [community involvement] projects. I live [in Israel] by choice, a son of holocaust survivors and I'm successful enough that I can afford to do this. I want a better future for my kids and our country.

The backgrounds of the three founders and directors of another firm were identified as critical to that company's CSR agenda. In the words of the company representative interviewed:

Our three directors are very young, all former pilots. They did very well and are very socially conscious – not the types that are interested in getting rich quick... The philanthropic orientation of the company abroad is an extension of this social awareness/commitment.

In another company, dealing in large infrastructural projects, the professional backgrounds of the founder and deputy-CEO clearly influenced the types of activity undertaken:

My own background is International Relations and [the founder] also has a certain "political" vision. We are, to some extent, inspired by Peres' vision of a New Middle East... and [seek to] consolidate political interests/alliances through economic activity.

The particular CSR orientation of one company, a manufacturer of agricultural/irrigation equipment was informed less by the vision or worldview of its individual founders and/or CEOs, and more by the distinctive nature of the business activity in which it engages:

{Name of company} is committed in its vision to care for the environment. The core of our business is saving water and [developing] a more effective use of energy sources.

Policy

It should come as no surprise that the domestic CSR (i.e. conducted inside Israel) policies of Israeli firms are much more clearly articulated and systematically pursued than any policy guiding CSR activity undertaken overseas. One example of a straight forward, coherent CSR policy addressing domestic activity is provided by one of the hi-tech firms interviewed.

We have a policy in which we have our own office subsidiary, and there, we adopt a local nonprofit. We don't just donate, but truly adopt, donate, provide other resources (managerial advice, connections, marketing), sit on boards, allow the use of our premises, etc.

The representative of another firm, also from the sub-sector of hi-tech, noted that such a policy should consist of identifying and choosing a particular cause (stress, human rights, poverty, etc.) and investing in it more than just money. Other facets of his firm's policy were:

We will work only with youth and youth at risk; volunteerism is an integral part of our input (accompanied of course by giving); [community] facilities must be located close to our business outlets; and this activity must be a long term, sustained input.

One of the implicit assumptions guiding our research was that if there is indeed any policy guiding what little CSR activity is being conducted overseas, it is likely far less elaborate and coherent than that which guides domestic CSR. In the main, this appears to be true however, among the firms interviewed, certain elements of a premeditated policy are present. In some cases, this took the form of identifying a master-theme for philanthropic intervention. In one such example, this policy was adopted in tandem with the firm's domestic CSR policy, i.e. youth at risk. According its representative:

In India... we adopted two orphanages as well as a facility that takes care of families in distress in the nearby area. There we address some of the very basic needs that are lacking there, volunteer work in teaching, tutoring, fun-days, field trips, sport activities... Another place we adopted was Brazil, where some 16 [of 80] workers volunteer in a youth center, including teaching, social activities and sometimes also home visits to supplement the activity in the center.

Another firm, an appliance manufacturer, embraced the issues of health and support of youth. In this particular case, the policy was implemented in a very top-down manner as explained by the interviewee:

The emphasis on youth is applied all over in each of the locales. Most of the directors are more than willing to do what you tell them with regard to community since most of them are not all that oriented in this direction to begin with.

In fact, a CSR policy that is fashioned largely by the CEO or company leader in a top-down fashion seemed to be quite common. This was also evinced in the remarks of the representative of another firm:

A certain part of our local budget is earmarked to philanthropic activity and overseen by the wives of the directors. The philanthropic orientation of the company abroad is an extension of [their] social awareness.

The policy of another (hi-tech) firm was somewhat more decentralized. In this case, each branch of the company internationally was entrusted with identifying the neediest population in its immediate area. According to that firm's representative:

A forum of "social leaders" from among company personnel in Israel and abroad has been created. For every project, there is a social involvement worker, who does this in addition to his/her regular work. This worker is in charge of managing volunteers and the budget and receives guidance, support and enrichment.

Not all of the CSR activity undertaken in developing countries by Israeli firms addresses the basic material needs of the local populations. In one case for example, the firm in question established a [grant-making] fund for promoting culture and the arts, as described below:

We receive [grant] requests from the public and look for those places where we can make a difference – "added value". We have a budget which is a certain % of the profits derived in that country. This year we produced a disc for a local singer – taking care of the entire production from A to Z. We also commissioned pieces of art from a local artist in order to distribute them as gifts.

In two instances, the overseas CSR policy adopted reflected the nature of the core business pursued by these companies. In one, a firm catering to the needs of Israelis traveling abroad initiated a project whereby young Israelis traveling in a particular developing country would stay for a 2-month stint of volunteering in a local community and then continue on with their trip. The idea was that the work would remain constant but the volunteers would experience a regular turnover. The other, a producer of agricultural equipment, emphasized its commitment to the environment, specifically water conservation and a more effective use of energy sources. According to the latter, their CSR activity embodies four criteria: a connection with the firm's core business; educational activity; integration of as many employees from the company as possible; a long-term intervention.

Strategic

The formulation of a CSR policy overseas is not a simple proposition, as indicated above. Not surprisingly then, the systematic plotting of a CSR strategy, with its concomitant structural, financial and personnel implications is an even more problematic undertaking. The experience of two of the companies interviewed (hi-tech and agricultural respectively) illustrates this very vividly.

Since we had no real subsidiaries in developing countries, we did things on a sporadic level, with other partners, tying bonuses to social responsibility. With our former partner in Brazil for example, we somehow tied discounts to social commitment. 'You want a better price - show us you are doing something to help the less fortunate'. In India, we agreed with our partner that if we close a large deal, we would contribute a large sum to his mother's favorite charity. I call this sporadic – not strategic. Now that we have subsidiaries, things will hopefully become more established.

We work primarily in Israel... There are subsidiary companies overseas that do undertake activities, but these are not yet institutionalized in a corporate fashion. The commitment itself is not different, but still, with the subsidiary companies, we have not yet reached the level of commitment manifest here in Israel.

Another reason for the difficulty in creating a strategy for CSR overseas is that the nature of the work, typically of a "humanitarian" nature, is qualitatively different than the work inside Israel. As a representative from a prominent Israeli humanitarian NGO noted:

It is much easier to act locally than to act overseas. Humanitarian action is strategic and professional, practiced by professionals and not through government action or decree, in order to help those in distress. To work abroad, one [generally] needs to act through professional agents.

Furthermore, as one of the corporate interviewees added:

The needs of populations abroad are different than the Israeli public. In Africa, everyone is in the situation that only the neediest Israelis are. There, our interventions are different – more on a macro or systemic level.

The major components of a CSR strategy, locally and internationally, are the mechanisms for allocating resources (human and/or financial) and the personnel selected/appointed to implement it. The methods of funding CSR varied considerably among the companies interviewed. In some cases, it appeared very clear that monies diverted to CSR emanated from the discretionary funds at the disposal of the CEO or president. In most cases, it

appeared that CSR directed funds were drawn from the firm's regular operating budget – either at the local or central (corporate headquarters) level.

In some cases, criteria of varying degrees of rigidity are applied to the funding of CSR. In one case, funds were "only allocated to registered, non-ideological nonprofit associations and not to capital projects or salaries". Another (hi-tech) firm stipulated:

No project is adopted that does not involve volunteers. Only projects that are long-term (at least 2 years) and which allow the introduction of volunteers in an effective way are considered for funding.

In one or two instances, the level of CSR funding overseas was linked to the company's profitability, but this was the exception. Most interviewees denied any connection between their CSR commitments and the corporate bottom line.

The other critical component of strategy is the way companies oriented themselves toward CSR with respect to personnel, i.e. who is appointed to implement it and how? In some cases, this is simply delegated to local managers, as illustrated by a manufacturing firm in which local managers were expected to include in their overall business plans, a plan for some kind of community involvement. One of the hi-tech firms reported that in each branch, an employee volunteers to take on the portfolio of "social leader" and the company then recognizes this as part of his/her job description. For yet another hi-tech firm, attempts to coordinate between local and central strategy took the form of a steering committee comprising the deputy director-generals and the CEO which meets three times a year. Employees from all over the world are represented on this committee.

Typically, human resource (HR) directors play a central role in the CSR strategy overseas. The third company mentioned above asked each of its HR directors to hold discussions on grant requests for the following year and refer their recommendations to the steering committee. HR directors are also entrusted with developing programs for the recruitment, training, and retention of volunteers from the company.

One very important insight, garnered from the interviews conducted, was that many felt the best candidate to direct company CSR efforts is someone from within. As one interviewee noted:

I believe the key to succeeding in this is to appoint someone from within. Knowing the company is more important than knowing the community or being familiar with CSR. Thus, someone with an intimate knowledge of the company is ultimately much more preferable than someone who has volunteered all his/her life.

Types of CSR Undertaken

Humanitarian

A number of the companies polled cited a form of activity that could best be described as "humanitarian assistance", directed at certain marginalized or underprivileged populations. In some cases, this is embarked upon in the wake of natural and man-made disasters. The tragedies cited by companies interviewed included an earth quake in Indonesia, a bombing in Turkey, the tsunami, and others. This approach is reflected in the behavior of one of the hi-tech firms, which sought to mobilize its own employees in this effort:

In the event of an emergency, we approach our workers and ask if they wish to contribute. During the tsunami, we gave most of the money to UNICEF. Katrina-directed funds were mostly sent to the Red Cross. In these situations, [our company] provides matching funds.

But the humanitarian oriented CSR of Israeli companies is more often than not directed through a conduit in the form of NGOs – in Israel and internationally. An example of an Israeli NGO operating in the developing world with Israeli corporate support was Yad Sarah, which built a rehabilitation center for amputees in Africa, in coordination with the Foreign Ministry's Mashav Division. The link between Israeli firms and NGOs is underscored in the remarks of the representative of an Israeli humanitarian NGO:

Eighty percent of the [NGO's] funds came from businesses. The larger companies are usually those who respond, in order to emphasize their international profile or are required by law to contribute a portion of their funds to humanitarian work. Fifty percent is received in cash and the remainder in-kind [particularly from manufacturers].

NGOs in this context may thus be seen as "sub-contractors" for private businesses. In another instance, a company involved in large-scale development projects reported assisting in the clearing of mines through an NGO and in coordination with the local Israeli Embassy. The work of NGOs in this regard will be discussed further.

Infrastructure

Another type of CSR uncovered by our research was that of infrastructural assistance. Included under this heading would be projects funded by Israeli companies such as: water provision, sewage, food (soy milk production and distribution), renovation of hospitals, health care facilities, schools, dental clinics, parks for children, etc. CSR at this level inevitably requires the involvement of host governments, primarily in the obtaining

of permits. The company that dispatched backpacking volunteers targeted three distinct levels:

We worked with education in local schools; health issues, helping local residents to rid their huts of the cooking-related smoke that caused all kinds of health problems; and beautifying public areas, through the collecting of trash.

Another firm, engaged in telecommunications infrastructure, reported having provided internet kiosks in close to 1000 banks in a particular African country. They also donated a system of distance learning in another African country. However, the interviewee hastened to add that all of this was motivated by business interests. In the specific realm of infrastructure related CSR, it would seem that the line between philanthropy on the one hand and fulfilling the formal ("USO") or informal social requirements set down by either host governments or international agencies is rather blurred.

Capacity Building

A variety of CSR activities practiced by Israeli firms in developing countries may aptly be termed "capacity building". This refers to improving the life chances and opportunities of local residents through various training or skill transfer programs. Sometimes, this is referred to as "empowerment". One very obvious example of this was agricultural assistance provided by one of the companies in order to promote self-sufficiency. Another sent Israeli female backpackers to work with groups of local women in an Asia nation for empowerment workshops/lectures. Still another (hi-tech firm) "adopted" twenty-five children in India from the first grade and accompanied their education for four consecutive years. They also provided education to adults in order to help them become employable. Needless to say, the "capacity building" variety of CSR entailed much less of an interface with host governments than that of infrastructure.

Employees

In all of the literature on CSR, much importance is attributed to the role played by company employees as one critical stakeholder in this phenomenon. Many of the companies interviewed in our study spoke of the place their employees occupy in the conducting of CSR. One of the firms recently established a Community Involvement Committee. The CEO interviewed commented:

If we want [our company] to really undertake this, it has to be employee driven. Now this committee is responsible for choosing the nonprofits with which we work.

The representative of another hi-tech firm underscored the importance of an employee "buy-in" by candidly stating:

No company does CSR out of the goodness of its heart - it is simply good business. For us, it affects employee loyalty and identification with the company... In general, this results in a stronger company and is good for everyone – a win-win situation.

This sentiment was echoed in the remarks of a prominent industrialist:

If we have a factory in [a developing country] and we give to some facility for the mentally retarded for example, I see it as a good will gesture so that my workers there feel some kind of esprit de corps.

The same hi-tech firm referred to above endeavored to institute and eventually expand employee volunteering in the surrounding communities in which they worked. This took place in India, where 150 of 1000 workers were engaged in volunteering in two orphanages and a facility treating families in distress. In addition, in Brazil, 16 of some 80 employees volunteered in a youth center, including teaching, conducting social activities and in some cases home visitation to supplement the center's activity. Another company (manufacturer) reported that many of its local employees in developing countries very much enjoyed this social dimension of the work, particularly in serving as overseer of the company's philanthropic grants to local institutions.

Another of the hi-tech firms seemed to view employee engagement as the chief expression of its CSR commitment. As their representative noted:

We are looking for success in terms of the percentage of our employees engaged in community involvement. We look for success in terms of the awareness created among our employees and the degree to which they are familiar with our activity in Israel and internationally.

A secondary or indirect form of employee involvement was identified in the form of a company contribution to a nonprofit with which it does not have any direct link but which is valued by one or more of its employees and therefore deemed worthy of support.

NGOs

The role of NGOs in the implementation of CSR in the context of humanitarian assistance was already mentioned. However, the role of NGOs goes well beyond that to include other substantive areas and other functions as well. Domestically, examples abound in which businesses cooperate with NGOs in the pursuit of their CSR objectives. The

representative of one of the hi-tech firms went as far as claiming that the community involvement agenda of his company was all done through a nonprofit.

But internationally as well, significant involvement of NGOs is evident, varying in its scope and its character. In some cases, NGOs serve as full partners, as in the case of a project undertaken by a firm catering to the needs of travelers, which worked very closely with an Israeli humanitarian NGO in the formulation, planning and implementation of a project to improve the lives of rural residents of a particular Asian country. One of the hi-tech firms interviewed had embraced a model whereby the CSR activity in every overseas location targeted would involve the local authorities as well as a local nonprofit. An additional example of the extensive partnership between Israeli firms and NGOs was offered by the experience of yet another of the hi-tech firms (as quoted previously).

We have a policy in which we have our own office subsidiary, and there, we adopt a local nonprofit. We don't just donate, but truly adopt, meaning we donate funds and provide other resources as well (managerial advice, connections, marketing, sit on boards, allow the use of our premises, etc.).

This same firm described its link with another NGO, suggesting the existence of a partnership between a business and an NGO that could be considered "strategic".

In the US, we support [a large website for individuals and organizations seeking to improve their communities.] Their staff sits in our US offices and we provide them with all the necessary administrative infrastructure. This group is motivated by the notion of using technology to promote social responsibility and volunteerism all over the world. This initiative should not be considered American per se, but rather an extra-territorial form of social activism.

An indication of how organic a partnership this became could be detected in the comments of that company's CEO:

I helped make [the NGO founder] more of a manager and he made me more of a social dreamer... he works for the company, opposed to the idea of drawing a salary from a nonprofit.

However, the interface between NGOs and businesses is not always characterized by partnership, but rather by a more limited or differentiated form of cooperation. One company (hi-tech) took pains to distinguish between their partnering with NGOs in Israel which was "strategic" and with NGOs in other countries which was no where near as extensive. Another noted that a number of international NGOs (Global Witness, Canada-Africa Partnership, Oxfam, etc.) were involved in the work they were undertaking in Africa, but that theirs was more of a monitoring role than anything else. In Egypt, a number of environmental organizations were mobilized for a series of public hearings

initiated by an Israeli firm engaged in large-scale development projects. This instance witnessed not so much a direct cooperation between the firm and these NGOs, but rather a more indirect synergy.

We were surprised by the response and the impressive turnout of green organizations. This represented the first time a foreign company bothered to consult with the green movement in Egypt for such a forum. Archeological issues arose as we expected and other issues such as rare bird species, but most of the time was spent expressing appreciation for the initiative. The event helped local organizations to know one another better and encourage a certain strategic cooperation [among them].

The involvement of NGOs in CSR activity is by no means a foregone conclusion. The appliance manufacturer included in our study reported no cooperation with any local agencies or nonprofits. Indeed, the linkage between businesses and NGOs is not always a smooth or effective one, for each of these entities embodies a different set of organizational and methodological imperatives, if not epistemological assumptions. This fundamental difference between the two finds expression in the critique voiced by the CEO of one of the hi-tech companies:

NGOs lack one very important tool - mergers and acquisitions... You start an organization with a good cause and the next day, someone else establishes a similar organization. There is no external mechanism that will supervise these two organizations and ensure a degree of coordination, excellence or lack of duplication. In the private sector, mergers and acquisitions is precisely such a mechanism. In the nonprofit world, this should also be in effect but it isn't. There is much inefficiency in the nonprofit environment.

Interface with Government

One of the underlying assumptions of this research is that CSR conducted overseas by Israeli businesses could potentially yield certain economic, diplomatic and/or cultural benefits for Israel at large. To be sure, a number of the companies interviewed in this study explicitly identified this as one of their motivations. This then, would suggest that a certain degree of coordination, at least in some instances of international CSR would take place between Israeli companies and the Israeli government.

Israeli Government

The international holding and investment company included in our study coordinated its philanthropic activity in Angola with the Foreign Ministry (Mashav), as mentioned previously. While the interviewee hastened to point out that no advance coordination with any official Israeli bodies took place, a significant degree of coordination with Israeli diplomatic representatives in Angola was nevertheless manifest, as the Israeli embassy was reported to have been involved in oversight.

Another trade and holdings company operating in Angola also spoke of significant coordination with Israeli government representatives. The firm catering to Israelis traveling abroad was assisted by the Israeli Foreign Minister in devising the project dispatching Israeli backpackers as volunteers in rural areas of an Asian country. However, the CEO noted that once that same minister stepped down, progress on this project was terminated, to be resumed only some four years later. Later, during the implementation phase of the project, the Foreign Ministry assumed responsibility for the security and physical wellbeing of the Israeli backpackers serving in that country. The cooperation with Mashav, in the context of this project, was deemed very fruitful. It should be added that this CEO's positive assessment of the cooperation with the Israeli government soured when a Maoist rebel insurgency in the nearby area resulted in the need to establish communication with the packers. Here, the functioning of the ministry fell short of his expectations.

Interestingly however, an equal number (if not higher) of companies informed us of no coordination whatsoever with the Israeli government, as illustrated in the remarks of representatives from a hi-tech firm, an appliance manufacturer, and a trade and holdings company respectively:

There is no contact with official Israel in India or Brazil... Israeli identity is not at all a factor here.

No Israeli authorities/agencies are involved at all in what we do. The ambassador might come to dine – or some consul may come and nod in approval but we are not interested in this kind of link to official Israel.

We have close to 2000 locals working for us and about 150 Israelis who work there as well. None of our work there is coordinated with the Israeli government or any other agency.

This lack of coordination and/or cooperation with the Israeli government also characterized the experience of another hi-tech firm and a producer of agricultural equipment.

The reticence of these firms to involve official Israel in their CSR activity may be partially explained by the observation of a representative of an Israeli humanitarian

NGO. He argued that in CSR activity that is specifically humanitarian in nature, a complete decoupling from government was the desired *modus vivendi*, mirroring the French experience as exemplified by Médecins Sans Frontières.

Host Governments

The interface between foreign companies and host governments is often an indispensable ingredient of a CSR scheme, however, it is rather difficult to make the analytical distinction between activity with a philanthropic intent and result and activity designed to curry favor with host governments (central and/or local). For the purposes of our research, we took at face value what the companies reported, but recognize that a more comprehensive research effort into this phenomenon would have to devise the conceptual and methodological tools to make for a more robust distinction.

One of the firms in this study with perhaps the most extensive dealings with host governments, a holding and investment company, described the nature of much of their interaction with host governments.

We cooperate a fair amount with government. Much of this [CSR] activity requires permits... If we want to build a hospital, we need the Health Ministry to approve of our activity and in order to sustain it. Hence, our involvement with government is significant. We don't contribute to the governments - our contributions are made directly to those who are in need... The funds are never distributed via government.

One of the hi-tech firms also affirmed the importance of the consent and involvement - to varying degrees - of host governments:

Everything is done in coordination with the local authority abroad, otherwise it would be impossible to implement. We need cooperation at the level of the local government. Even if doing this in Tel Aviv, I would need [the buy-in of] the Tel Aviv Municipality.

The large-scale development firm included in this study spoke of a more political or advocacy role with respect to host governments. The interviewee claimed that:

As a commercial firm, this gave us tremendous bonuses – we became the largest project initiator operating in the country at that time. The bonus was an improvement in human rights in this country – a purely business motivation.

It is questionable whether the type of expressly political activity described above could plausibly be considered CSR. At the same time, their work inside the country in question,

admittedly driven by a profit motive, improved appreciably the lives of the citizens therein. It goes without saying that any type of CSR that is directly or indirectly political will likely entail a sustained interface with host governments.

As in the case of contact with the Israeli government, a number of firms informed us that almost no contact or coordination with host governments took place. The appliance manufacturer and the trade and holdings company both remarked that no host government, central or local, was engaged in the CSR activity conducted in their countries. The former added that the sole government agency with which they had any contact altogether was local tax authority.

Evaluation

Given the embryonic nature of this phenomenon, it should come as no surprise that the companies included in our study pursue little in the way of systematic evaluation of their CSR activity. Indeed as a rule, they conducted no formal or informal evaluation of their efforts overseas. This, despite the fact that a few of them did evaluate, in one way or another, their domestic CSR activity, as indicated below:

In Israel, we try to approach [CSR] very professionally and invest in both its monitoring and evaluation. Overseas, we don't [do this] in such an intensive fashion.

The same hi-tech firm quoted above was the only one of all those surveyed that appeared to devote some thought to the question of evaluation. Here, it seemed their emphasis was process rather than output oriented.

We develop criteria for success that are adapted for each area, based on the needs of the community. In India for example, we'll see a higher level of employee involvement than in Boston... This is something very difficult to ascertain – just how much it has an effect, but when there are all kinds of requests that are rejected, it is then that we feel just how important this is to [our] employees.

Publicity

Discussed earlier was the perceived benefit from a business perspective derived by companies engaging in CSR. It would therefore be expected that these same companies be positively predisposed to the public relations that could potentially be reaped from

their CSR efforts. Interestingly however, almost all of them balked at such a prospect. Some did so based on what appeared to be a principled opposition to the very notion of such publicity. The comments below from five company representatives reflect this sentiment:

Our activity is not well publicized – not done in order to be seen.

We are not trying to promote or publicize our activity in these countries... Whenever we brag about our activity, I believe we are diminishing what we are doing. To start advertising – in my mind – would be inappropriate.

I avoid press and public relations, as I [prefer] we be viewed as an "institution"... a television crew asked at one point to join one of our projects abroad but I refused categorically. We don't do this for public relations.

We operate virtually anonymously... We are not looking for public relations - not looking for friends or enemies.

We don't do this for the publicity; we don't advertise anywhere – hardly internally! I'd actually like to communicate this more to our own employees.

Little of this [CSR] activity is taken into account in our overall public relations activity. The special Haaretz supplement [devoted to CSR] requires that companies pay for ads, so we don't do this. We also have no annual report of our CSR.

One firm in particular very consciously and unabashedly sought public relations for its domestic CSR. But even in this case, public relations for its international efforts were assiduously shunned.

We don't hide our giving to community; "hidden giving" is not our thing. An example of this was the Haaretz Supplement in which we saw to it that our grantees published advertisements thanking us for our support. [But overseas], we are not interested in publicity as Jews or Israelis... There are internal considerations of the company that result in our keeping this discrete.

Perhaps implied in the comment above was that there are security considerations that warrant discretion when conducting CSR overseas. This was made much more explicit by a representative of a firm dealing in infrastructure projects.

In the short run, it is damaging to be demonstrative about the role of Israel.

Contrary to the unmistakable preference of firms to downplay their overseas CSR activity, the representative of an Israeli humanitarian NGO, affirmed the importance of

such public relations.

I think it is a mistake to keep this kind of activity secret. There is importance to both internal publicity - employees etc. - and external publicity. Whenever we go abroad, we publicly thank all those companies that helped us – each and every time.

What the above suggests is that the interests of Israeli businesses funding CSR in developing countries may be inconsistent with the interests of the NGO recipients of those same funds. Under the assumption that the phenomenon under study here will expand, it is possible that these counterpoised set of interests could hinder CSR at large.

PRELIMINARY CONCLUSIONS AND RECOMMENDATIONS

The findings presented above offer a few very preliminary conclusions regarding the phenomenon of Israeli firms conducting CSR in developing countries. Firstly, what becomes inescapably clear is that to the extent CSR is undertaken altogether by Israeli firms in developing countries, it is relatively speaking a very recent development. Secondly, these findings also indicate quite unequivocally that the policies and strategies of international CSR on the part of Israeli firms are formulated and pursued in a decidedly sporadic fashion. Thirdly, this activity is undertaken, for a variety of reasons, in relative anonymity. This might be a result of the sensitive diplomatic predicament of the State of Israel, but it could also be argued that it is a function of the very tentative and imprecise manner in which these firms approach the issue altogether.

While this study did not allow for a systematic analysis of the activity of these firms based on their substantive area of business, what does emerge is that hi-tech firms, as distinct from the others, seem more sophisticated in their philanthropic orientation and appreciably more influenced by Western or American modes of CSR. This is likely a result of the innately global nature of this industry and also of the fact that these are all relatively new entities – a feature that presumably allows for greater organizational – if not conceptual – flexibility.

Another conclusion that may be drawn from these findings is that CSR interventions that are more social in their orientation (i.e. dealing directly with the populations targeted rather than with large scale infrastructural or institutional initiatives), tend to require less of an interface and/or cooperation with government authorities. To the extent that interfacing and cooperating with host governments may compromise the otherwise pure quality of CSR, it may be argued that this social orientation constitutes a purer form of CSR.

Our preliminary conclusions notwithstanding, a much more comprehensive research effort would be required in order to formulate conclusions with a greater degree of confidence.

Recommendations

The following recommendations are divided into two categories: "procedural" and the "public face of CSR". The former consist of suggestions of a technical or procedural nature that are derived from our findings. These would be offered to Israeli firms wishing to initiate or expand upon CSR activities in developing countries. They are intended to expand the scope of the activity presently underway and to promote its practice. The second more general category of recommendations addresses the positives ramifications of the phenomenon under study for Israel's image abroad.

Procedural:

- 1) We argue that there is a dire need for companies engaged in CSR overseas to undertake a systematic mapping and analysis of activities already underway. Most interviewees confirmed that no such tracking and evaluation have heretofore taken place. Specifically, it might be worthwhile to develop a system for measuring the impact of this activity on both the local populations targeted and on company employees (those who take part in the activity and those who don't). Also of interest would be what added benefit, from a purely business perspective, is accrued from CSR initiatives.
- 2) It seems obvious that all Israeli firms engaging in one form or another of CSR in developing countries would stand to benefit from a greater sharing among them of information and experience. It is therefore recommended that some type of forum, ideally informal at least at the outset, be established in order to facilitate this critical exchange of information.
- 3) Furthermore, our knowledge of CSR practiced overseas could be enhanced by analyzing the cumulative experience of Israeli companies operating domestically (i.e. in Israel), since the latter is far more developed and institutionalized than the former. For example, a number of the firms interviewed stressed the importance of involving employees in determining the types of projects undertaken and in their implementation. It is recommended that all firms embrace this aspect of CSR in their efforts.

Public Face of Israeli CSR in the Developing World

- 1) As indicated previously, a much more systematic study of this phenomenon is

required in order to allow the formulation of empirically grounded conclusions. Of critical importance is to determine if and to what extent the activity undertaken affects the image of Israel and/or the Jewish people in the eyes of those targeted.

Similarly, it is also recommended that additional research be conducted in order to explore the reasons behind the decision of a number of companies to downplay or even obscure their Israeli origins, as was evinced in our research. It is worth examining whether or not there is validity to the claim that publicity would actually cause any harm to the companies in question.

- 2) The importance and potential benefit of this kind of CSR for Israel's current and long-term diplomatic predicament must not be underestimated. It is therefore recommended that efforts be directed towards the publicizing of CSR initiatives through the mass media - domestically and internationally - as well as focusing on ways of implicating Israel accordingly. This can be achieved through the increased mobilization of Israeli/Jewish institutions. Of central importance here are the diplomatic personnel posted in the countries targeted by this activity. In this vein, it is strongly recommended that local Israeli diplomatic personnel be constantly informed and updated with regard to activities underway in the countries in which they are posted. Ideally, they could also become actively engaged in such activity where appropriate and perhaps even emulate such activity. One example of this would be to conduct special programs timed to coincide with national Israeli ceremonies or Jewish holidays. Accordingly, the standard Independence Day parties could be replaced by financial support for some local institution (e.g. school, community center, etc.) or perhaps by a week of volunteering. It is worth pointing out that on the occasion of Israel's 58th year of independence, the Israeli Embassy in China decided to adopt a local village and assist its inhabitants in the areas of agriculture, education and health. The Embassy undertook this project with twenty Israeli firms doing business in China.
- 3) Related to the issue of publicity, attention should also be paid to consulting and/or coordinating CSR activity overseas with the relevant authorities/agencies in the host country in order to facilitate its smooth implementation and to encourage more extensive local media coverage, thereby increasing its visibility.
- 4) As for the role of Israel's government in encouraging the development of CSR practiced in developing countries by Israeli firms, the findings of this research seem to suggest that too active a role could be counterproductive. On the other hand, certain measures could be taken that could induce firms not yet practicing CSR to

consider doing so. In this regard, the experience of Singapore could be instructive (the government there has offered a variety of incentives to Singapore-based companies to initiate CSR activity abroad).

In conclusion, it is hoped that this study will mark only the beginning of a more systematic and fine-grained probing of the phenomenon in question, as it has many important implications for a variety of publics and will likely generate increased academic and popular attention in the years to come.

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APPENDICES

A. Recruiting Companies

As mentioned before we have approached twenty-nine firms, asking them to be interviewed and share their inputs and experience in the field of study.

In the end, nine companies were agreed to face-to-face interviews with one or more senior personnel and one firm preferred to submit written responses to our questions.

The following are the types of companies recruited for the study, based on area of activity and their respective responses.

Interviewed – Companies and Institutions

Three Hi Tech companies

Two Investments and Infrastructure companies

One Investments and Holdings company

One Electrics Manufacturing

One Travel and Recreation company

One Agricultural products company

One Garment manufacturing

One NGO in the humanitarian field

Two organizations which deals with Israeli industries and trading companies

The following are the types of companies which were referred to but were not recruited for various reasons: refused to cooperate, were deemed inappropriate or were contacted but not completed.

Seven Hi Tech companies

Three Banks

Two Real-state Development companies

Two Plastics companies

Two Construction firms

One Agricultural products manufacturing

One shipping company

One Beverage Manufacturing

B. Interview Guide

First Part: Contains questions relating to the overall worldview of the interviewee. How does he/she conceive of the topic of businesses supporting the local populations in the developing nations in which his/her company operates?

1. Do you feel businesses in general have any kind of obligation to the communities in which they operate – domestically or abroad? If so, what is the basis of this obligation?
2. Is there any concrete benefit to be derived by a business undertaking activity for the good of the community in which it operates?
3. If indeed there is some kind of obligation, is the commitment to the community in the home country the same as the commitment to the community located in other countries?
4. What is the nature of the desired connection between the business and the local residents of those countries in which the business operates?
5. Does your business have any obligation/commitment towards the community in which it operates overseas? If so, is it different from that towards the local community in Israel?
6. What is the nature of the contact between your business and the local residents of those developing countries in which you operate?
7. How would you characterize/classify the activity of businesses on behalf of the residents of the places in which they operate (as a component of their overall business strategy or perhaps as a form of humanitarian or moral assistance)?

Second Part: Contains questions relating to the activity of his/her business, in an attempt to understand in greater depth the types of activity undertaken (if it exists altogether), how varied it is, what are its underlying motivations, how is it conducted, and how is it defined.

1. How is the commitment of your business to the community expressed?
2. What are the motivations behind your company's undertaking this activity? (Is it company policy, or perhaps part of a code of ethics?)
3. Is the activity conducted in coordination with host governments as a precondition for doing business there?
4. What are the activities undertaken, practically speaking (ideally ask for the details of a particular that can serve as a *case study*).

5. How does the company orient itself – locally and abroad – in order to implement this activity?
6. Who decides upon the type of activity undertaken – the host country or the company (or perhaps a combination thereof)?
7. Are decisions taken in a centralist fashion (from Israel) or is each branch/division operating overseas autonomous to decide for itself?
8. Who are the local actors (stakeholders) who assist in carrying out this activity?
9. Who are the local actors (stakeholders) who oppose or impede the carrying out this activity?
10. Is there any coordination or cooperation with any Israeli government ministries in the carrying out of your activity? If so, what is the scope of this cooperation/coordination?
11. Is there any coordination or cooperation with any other Israeli (or foreign) businesses in the carrying out of your activity? If so, what is the scope of this cooperation/coordination?
12. Is there any coordination or cooperation with any Israeli (or foreign) NGOs in the carrying out of your activity? If so, what is the scope of this cooperation/coordination?
13. How do local residents (in developing countries) interpret/react to your company's activity?
14. Has any systematic evaluation of this activity or its effects been undertaken? If not, how does your company determine the effectiveness of this activity?
15. Is it possible to identify any implications of this activity abroad? In Israel?
 - a. On a micro-level – in terms of the company's functioning (personnel, profitability, etc.)
 - b. On a macro-level – in terms of the bilateral relations between the company and: the host government; various players in the host community; other businesses operating in the same country

Third Part: Summary

1. Does the interviewee have any reflections on the issue of CSR and its role in the company he/she represents?
2. Does the interviewee have any suggestions of companies or individuals in this context which may be able to share helpful insights/experiences?

