

## **EXAMPLES OF THE SOCIAL CONTRIBUTION OF MEGA-COMPANIES IN ISRAEL**

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### **Abstract**

*The article gives an example of the scope of corporate social responsibility for a large company in Israel. At first the article explains social responsibility in Israel, and then explains how Intel is a large company in the Israeli economy and then details its social activity in Israel. All the details about the social activity in Israel are taken from the company's website.*

**Keywords:** *Corporate Social Responsibility, Israel, Intel, Diversity and Inclusion, Ethical Conduct, Volunteering, Environment Quality, Employment.*

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### **1. Introduction**

Dr. Abu Inbal in her research study “Social Responsibility in Business Organizations” from June 2013 notes that until the end of the 1990s the main social activity in Israel was concentrated in the hands of associations and voluntary organizations and was funded by state funds and one-time donations of business firms and philanthropists (Cohen, 2004).

Towards the end of the 1990s, in Israel two pieces of legislation were enacted that addressed the social performances of Israeli corporations and the encouraged the development of the field (Kreizler, 2005). The first is the updated version of the section of ‘Purpose of the Company’ in the Company Law 1999. In this version, the legislature updated that beyond the activity intended for the creation of profits, business companies are entitled to contribute also to appropriate goals, and this in cases in which the contribution is not in the framework of the business considerations. According to Kreizler (2005), in this section the legislature legally authorized corporate philanthropy and encouraged donations.

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Another step for the encouragement and institutionalization of philanthropy is the amendment to the Securities Regulations enacted in 2001 (Amendments to the Securities Regulations, Periodic and Immediate Reports, Amendment 2001), which determined that the Israeli public corporations need to add to the reports included in their financial statements a description of the extent of their contributions (Kreizler, 2005).

In addition to these legislative changes, at the end of the 1990s the Israeli economy experienced political and social changes that resulted in a significant turning point in the business community's perception of social responsibility. Processes of privatization, liberalization, removal of supervision, and globalization carried with them the news of the release of corporations from the state restraint, the contraction of the welfare state, and the increase of inequality. These processes led to the shift of the attention of the civil society organizations and social activities to the social activity of the business corporations and the increase of the demand to broaden the social obligations they bear and led to the development of a new field of activity organized around the idea of the social responsibility of businesses (Cohen, 2004).

Despite these processes, different researchers who reviewed the development of the field of social responsibility in Israel (Barkai, 2003, 2008; Cohen, 2004; Shamir, 2007) maintain that unlike the way in which the field of social responsibility developed in North America and in Europe, the development of the field of social responsibility in Israel was not the product of social struggles and the public demand to extend their social responsibility developed as a result of organizational isomorphism that is characterized by the adoption of practices of action undertaken by leading organizations (Shamir, 2007). Organizational isomorphism is a concept that belongs to organizational theory that focuses on the environment in which the organization acts so as to explain its actions (Meyer & Scott, 1983). In this context, there are forces that act in the corporations' organizational environment and cause the similarity – isomorphism – between them

DiMaggio and Powel (1983) note three types of forces in the organizational environment: coercion – use of the power of the law; norms – pressures that derive from institutionalized norms in the organizational environment; and imitateness, expressed in the desire to imitate leading organizations in the market so as to reduce the uncertainty. In the case of Israel, while there was no coercion of the corporations to join the field of social responsibility, the institutionalization of norms regarding the level of social performances expected of corporations and the fact that local emissaries of the multinational corporations

began to participate as active factors in the field of social responsibility in Israel created an organizational environment that encouraged and pushed additional businesses to join the field (Kreizler, 2005). In other words, unlike the process of the development of the field of social responsibility of businesses on the global level, which was in part a response to the struggles referred directly to the market, the growth of the field of social responsibility in Israel reflects first and foremost the influence of the global business culture on the patterns of action of the local business community (Barkai, 2008).

Dr. Abu Inbal in her research study “Social Responsibility in Business Organizations” from June 2013 notes that the recognition of the importance of the social environment in the management of businesses and the outside stresses for social management motivated managers to adopt different patterns of action of social responsibility. The topic of social responsibility developed (Reichel, Gidron, & Gamliel, 2000) from a situation of voluntary contribution to forced social responsibility when the exertion of pressures by interested parties forced desired social actions that came at the expense of the business and in the end became an investment in the future that provides for businesses a competitive advantage and improves the business performance for the long term. With the development of the concept over the years, definitions that address the patterns of action of the business firms also developed.

## **2. Intel Israel as a Mega-Company in Israel**

The Intel Corporation is an American international corporation, one of the most important companies in the field of the design and production of microchips and integrated circuits. In addition, Intel produces network cards, chipset systems for motherboards, software products, and recently also drones and sensors and other devices. Intel has advanced research projects in all aspects of the manufacturing of semiconductors, including MEMS, and more than a few projects in the field of software, such as a compiler for programming languages and a development kit for graphic processing.

Intel employs more than one hundred thousand workers worldwide. Its market value has increased during the year by 50% and has broken the barrier of 240 billion dollars.

Intel Israel has operated in Israel since the Israeli branch of the company was established in the year 1974 by Dov Frohman. Today Intel Israel has development centers in Haifa, Jerusalem, Petah Tikva, and Yakum, and a manufacturing plant in the Kiryat Gat Industrial Park, where Intel develops and

produces microprocessors and communication products. Intel employs in Israel about 10,200 workers.

Intel generates revenues for the State of Israel through export activity at a volume of billions of shekels a year, constitutes an empowering workplace for 10,200 workers in Israel, and in addition provides employment to thousands of workers through the hundreds of suppliers of the company. The investments in the upgrading of the sites in Israel drive the Israeli economy through materials and services that the company acquires from engineering companies and contractors.

In the 43 years of activity of Intel in Israel, it has invested 14 billion dollars in infrastructures and technology. The sum of export by Intel from the start of its activity in Israel is more than 46.3 billion dollars. In the year 2016 the export revenues of Intel Israel were 3.4 billion dollars, and it constitutes about 8% of the export of Israeli hi-tech.

The volume of acquisition in the year 2016 in Israel was 1.5 billion dollars, when 75% was acquisition from small and medium-sized suppliers. Intel invested 777 million dollars in mutual technological procurement from about 200 Israeli suppliers that Intel helped in the development of new technologies and in the promotion of their commercial activity.

In the years 2015-2016 the Intel Ingenuity Program Partner provided technological and business support to 28 start-up companies in Israel and gave them international exposure.

### **3. SCR and Social Contribution by Intel Israel**

In the year 2016 Intel donated 21 million shekels (about 6 million dollars) to the community in Israel. This datum includes financial donations to associations, schools, and academic institutions as well a donation in monetary equivalent (donations of equipment, services, and value of volunteer hours). The dimensions in which Intel contributed to the community are as follows:

#### *3.1. Employment and Growth in the Periphery of the Country*

Already from the very first days of Intel in Israel, the center of manufacturing activity in Kiryat Gat (a city in the south of Israel, which is defined as the periphery in Israel), constituted an accelerant of economic growth in the entire region and influenced the economy on the national level. The first manufacturing plant of Intel in the city was established in the year 1999, and since then Intel has continued to expand and upgrade its production abilities. Today

this plant is one of the most advanced in Intel's system of global manufacturing. Intel's activity in Kiryat Gat has an extensive influence on the city and the region through the payment of taxes, the creation of jobs, the purchases from local suppliers, and the investment in the promotion of education for science and technology in the city.

- In 2016-2018 Intel Israel invested 6 billion dollars in the upgrading of the manufacturing plant in Kiryat Gat.

- Following the lack of skilled workers, Intel trained at its expense hundreds of the region's residents in the construction professions. Thus, hundreds of workers acquired a new profession and a special skillset that would provide them in the future with a livelihood, in the present project of Intel and in additional projects and workplaces in the future.

- 70 suppliers of Intel are situated at a distance of 10 kilometers from the factory in Kiryat Gat.

- 3,300 workers in the plant make Intel into the largest employer in Kiryat Gat.

- 50% of the workers in the factory live in the South.

- Intel has invested six million dollars to promote scientific technological education in the south in the past twenty years.

- 36% of the management of the factory are women, and 20 % of the workers in the factory are women.

- 1500 factory workers have volunteered in the community in a range of programs for the promotion of scientific technological education.

### *3.2. Growth of Diverse Local Suppliers*

As a part of Intel's commitment to contribute to the economic strength of the Israeli economy, Intel has created diversification in the supply chain and promotes local businesses, small businesses, women-owned businesses, and businesses from the periphery. Intel believes that the cultivation of diverse suppliers strengthens the Israeli economy and creates opportunities for initiatives and innovation and provides Intel with a stable basis for the supply of products and services.

- In 2016 Intel acquired from suppliers in Israel equipment and services at the sum of 1.5 billion dollars.

- 75% of the procurement was from small and medium-sized suppliers.

- Intel helps about 200 Israeli suppliers in the development of new technologies and the promotion of commercial activity.

- Intel has conducted 777 million dollars of reciprocal technological acquisition.
- The procurement of Intel from diverse subcontractors has reached 21 million dollars.

### *3.3. Promotion of Scientific Technological Education in Israel*

- Intel Israel is one of the founding and financing organizations of the “5x2” Initiative, which about 100 hi-tech companies, funds, and non-profit organizations have joined, under the auspices of the Ministry of Education.

- Since the year 2012 Intel Israel has invested in the flagship program, the “5x2” Initiative, which has the goal of doubling in five years the number of students who finish high school with a high school matriculation certificate with five units in mathematics. Following its success, the “5x2” Initiative, was adopted in the year 2015 by the Ministry of Education and branded as the “Give 5” program. 800 volunteers from Intel donate their time and abilities to support teachers in classrooms, to provide reinforcement lessons, and so on.

- Intel especially emphasizes the encouragement of female high school students for excellence in the technological field, so that they will undertake academic studies in the subjects of science and technology.

- As of the year 2016, 650 schools have participated in the “5x2” program.

- Following the “5x2” Program, there was an increase of 44% in the number of students taking the test in five units in mathematics, from the year 2012 to the year 2016.

- In the year 2019, following the program the number of students who will take the test in five units in mathematics will reach 18,000.

- The sum of Intel’s investment in scientific technological education in the period 2012-2016 is 20 million shekels.

### *3.4. Cooperation with the Academia*

Intel invests in the development of the next generation of engineers, both men and women, in Israel, through its support of the academia. It emphasizes excelling female students, so as to reinforce the gender diversity in the hi-tech industry in the present and in the future. These women students return value to the community in initiatives in collaboration with Intel, for the promotion of women in technology.

- Intel gave in the year 2016 twenty scholarships to excellent women students who are studying for a degree in engineering and the exact sciences.
- Intel donated in the year 2016 ten million shekels as research grants and donations to academic institutions for the purpose of the acquisition of innovative equipment required for the studies in advanced fields such as virtual reality and computer architecture for artificial intelligence.
- About 50 engineers from Intel volunteered as external lecturers in 24 full academic courses and as teaching assistants in 15 courses in the universities and colleges in Israel.
- Six senior managers from Intel sit on the advisory committees in different faculties in the universities.
- Three managers volunteer on the directorate of an academic institution.

### *3.5. Contribution to and Volunteering in the Community*

- In the year 2016 Intel initiated the Urban Experience program, with the goal of helping the communities adjacent to the Intel plants (Kiryat Gat, Haifa, Jerusalem) to develop exhibits or facilities in the placemaking approach. This approach supports the creation of community focuses of interest around the city so as to strengthen the connection and sense of involvement of residents and visitors. The local authority, the community, and professional factors, including engineers, planners, and designers, cooperate in the work on these focuses, together creating a vibrant and attractive ‘scene’. Kiryat Gat was chosen for the implementation of the first focus, and in the framework of a unique project in collaboration with the municipality and the residents a facility for educational-community activity will be established, with the integration of Intel technology in the urban park.
- The global volunteer matching grant program of Intel began to operate in Israel in the year 2004, and its goal is to strengthen the volunteering of the workers and to strengthen their contribution to the community through the financial donation of \$10 to an association, in which the worker is volunteering, for every hour of volunteering. This program increases the workers’ influence and strengthens the relationship between them and the community and Intel. Thus, for example, in the framework of the “Think Positive” Program, the Intel volunteers provide tutorial lessons in English, science, and mathematics. In the year 2016 dozens of volunteers held tutorial lessons for about two hundred students around the country and the schools obtained grants accordingly.

- In the framework of the “Think Positive” Program Intel contributed 487,000 shekels through the volunteer grants for forty organizations and associations in the community.
- 40% of the Intel workers volunteered in the year 2016 and invested more than 46,000 volunteer hours for the promotion of social goals in the community.
- To make the worlds of technology and computerization more accessible, Intel opens its gates to student visits and promotes their exposure to these worlds. During the year 2016, in the Intel centers there were 8000 visitors.

### *3.6. Promotion of Diverse Populations*

- The “Cracking the Glass Ceiling” Program helps young women with the potential to pave the way in the fields of the sciences and mathematics. As of the year 2016, there are 320 young girls in the programs in six schools.
- Intel was the first hi-tech company that adopted the “Leaders to the Technion ” Program in Haifa and encourages young women to turn to the advanced studies of the sciences and mathematics and to acquire a higher education in the field. Today in the program there are two hundred women students.
- 20% of the members of the lecturer pool of the “2X5” Program in Intel are workers from the Arab sector. The workers give lectures and lead excursions at the company’s sites. About 3200 Arab youths have attended Intel’s lectures and motivational excursions.
- Intel is the largest private employer of Arab engineers.
- Intel leads in the promotion and employment of Ultra-Orthodox women and holds excursions for the Ultra-Orthodox young women at the company’s sites in Jerusalem and Kiryat Gat so as to expose them to the world of hi-tech and the possibilities of employment in it. About 200 Ultra-Orthodox women have visited Intel.

### *3.7. Diversity and Inclusion*

Intel believes that the workplace in which men and women, from a different background, are equal partners in the activity is a productive platform for creativity, innovation, and good teamwork. Intel is aware of the importance in the recruitment and promotion of excellent workers from a diverse background and assimilates the approach in different ways across the organization.



- 500 managers participated in workshops on the topic of diversity and inclusion. The goal of the workshops was to raise the awareness of the importance of a diverse staff and to reveal to the managers unconscious biases.
- 33% of all the students who work in the company are women.
- 10 years of the model of Ultra-Orthodox employment, practical engineers who are graduates of Beit Yakov for software testing. Over the years, other areas of focus were added, and the program broadened and includes also Ultra-Orthodox men.
- Intel is consistently broadening its circle of disabled workers, and for this purpose Intel initiates collaborations with associations and organizations. Intel places at the workers' disposal an occupational clinic, an ergonomic constellation appropriate to the special needs, and a highly accessible work environment.
- Intel is a pioneer and leader in the employment of engineers from the Arab sector, both men and women. For this purpose, Intel is a partner in the "Maantech" Program and operates in a variety of collaborations with the "Zofen" Organization.

### *3. 8. Environment Quality*

Intel attributes considerable importance to efficient conduct, with the goal of reducing the environmental impact of its plants. Therefore, Intel aspires to reduce the use of resources, including energy and water, and to reduce the negative influences, such as waste and greenhouse gas emission.

Intel implements a comprehensive and uniform environmental policy in the development plants and in the manufacturing factories. In the field of development, Intel sees great importance in the improvement of the energetic efficiency of the products through the investment in development and innovation. In the manufacturing activity, Intel aspires to the self-manufacturing of most of the products and components required since the self-manufacturing enables the improvement of performances and the shortening of the time to market and the reduction of Intel's direct influence on the environment.

- In the year 2016 Intel reached the stage in which it succeeded in recycling 93% of the chemical waste in its plants in Israel.
- Intel dismantled the plant in Jerusalem and the dismantled equipment was transferred for re-use in various production systems in Israel. The percentage of the re-used equipment is 99% of the equipment dismantled in Jerusalem. What was not transferred to Intel's plants in Israel was given to other manufacturers at no cost (equipment valued at more than 7.6 million shekels). The transfer of the

equipment without return has significant environmental advantages, which includes the prevention of the new purchase of equipment and the significant reduction of waste.

- In the framework of the projects for the recycling of water, Intel recycles 271,822 cubic meters of water, an amount of water equal to 87 Olympic pools.
- Intel has saved 14.4 million cubic meters of electricity, equal to the consumption of energy of 900 homes in Israel.
- Intel has saved 9,518 tons of carbon dioxide emission following the saving of 14.4 million kilowatts per hour.
- Intel has succeeded in reducing the emission of greenhouse gases at a rate of 16,477 tons reduction in greenhouse gas emission. This datum is equivalent to the emission of greenhouse gases of 5,492 average vehicles.
- 28% of the vehicle fleet of Intel consists of hybrid cars, which lessen the level of greenhouse gas emission by 10%-30% on the average, in comparison to regular cars.

### *3. 9. Ethical Conduct*

Ethical conduct is one of the foundation stones of the management approach in Intel. Intel makes certain to assimilate the rules of ethics in the activities of the company, whether in the social or financial business arena. The ethical code of global Intel guides the business activity of the company and the workers' behavior throughout the world, including in Israel.

The field of ethics in Israel is managed in Intel Israel through a nationwide steering committee that consists of ten representatives of the management from the sites in Israel. The role of the ethics committee is to ensure the assimilation of the ethical code in the organization, to bring ethics into the awareness through inner-organizational communication, to examine ethical dilemmas that arise in the framework of the company's ongoing conduct, to discuss them, and to suggest appropriate reference.

#### *3.9.1. The Assimilation of Ethical Conduct*

All the workers in Intel Israel undergo ethical instruction with the beginning of their work in the company and participate in a refresher course once a year. The course is held through educational software, and at the end there is a test. This test has a threshold grade that the workers must pass; otherwise they need to take the course again. In addition, workers in certain roles are obligated

to complete additional instruction sessions, such as, for example, instruction sessions for the prevention of corruption and business restrictions. In addition, throughout the year we convey to the workers messages in different topics from the field of ethics. In the year 2016, for example, Intel emphasized the prevention of the leakage of information and the preservation of confidentiality.

The policy of reporting the violation of the ethical code in Intel enables the worker to turn to every manager on this topic. We also operate an anonymous hot line for complaints or inquiries on the topic of the violation of the ethical code, and they are transferred for handling to the manpower division, the security division, and the managers of the ethics field.

The ethical code of Intel is based on five principles:

- Intel conducts business fairly and honestly.
- Intel operates according to the language and spirit of the law.
- Intel employees treat each other with respect.
- Intel employees act according to the company's interests and avoid conflicts of interest.
- Intel employees protect the company's assets and reputation.

Ethics in the supply chain:

- The ethical code of global Intel also binds the company's suppliers and their workers. Like all sites of Intel around the world, Intel Israel promotes ethical conduct among its global suppliers and obligates them to meet the standards of the ethical conduct of the Electronic Industry Citizenship Coalition (EICC).

### *3.10. The Workers as Partners*

Intel sees its employees to be partners in success. The continuation of Intel Israel's leadership of the technological field relies on the ability to recruit and retain creative and dedicated people, with technological desire and innovation. Intel offers its workers an empowering work environment that includes opportunities for personal and professional growth, human diversification, challenge and interest, and competitive compensation. Intel understands that as an employer it has significant impact on its employees' personal lives, and therefore its goal is to help workers preserve a balanced lifestyle that incorporates professional development and personal growth.

- In the year 2016 in Intel Israel there are 10,200 employees, when 67% work in development and 33% work in the manufacturing center.
- In the year 2016 about 28% of the new workers who joined Intel are women. A total of 527 women were recruited, as opposed to 490 women in 2015, an

increase of 7.5%. It is important to Intel to integrate women in all positions, and Intel puts forth considerable effort to identify and recruit more women.

- Intel gave a double bonus to employees who helped recruit women workers in the framework of the “Friend Brings a Friend” Program, which constitutes the most effective source of recruitment in Intel.

- Intel invests in the training of leadership for women and creates opportunities for the development of professional abilities. Women constitute 30% of Intel’s management.

- Intel distributed twenty scholarships to excellent women students. The scholarship program enables the connection between the woman receiving the scholarship and Intel throughout the entire year.

- In the year 2017 Intel was ranked in the third place in the ranking of the best companies to work in. This is the third time continuously that Intel was ranked in the third place.

- Intel added five paid weeks to the maternity leave. In the first eight months of the program, 429 of the 681 workers who were eligible used the extended paid maternity leave.

- 1,079 infants were born this year to Intel employees. Intel gives the mother’s spouse two weeks of paid leave that can be used up to a year after the birth.

**Table 1.** Data on Corporate Responsibility – Intel Israel 2016

<b>Main Measures</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Economy</b>			
<b>Volume of export (in billions of \$)</b>	4.2	4.1	3.4
<b>Procurement expenses in Israel (in billions of \$)</b>	0.9	1.1	1.5
<b>Reciprocal procurement (in billions of \$)</b>	660	696	777
<b>Number of suppliers in Israel</b>	1,100	1,200	1,300
<b>Multi-year investment in the upgrading of the factor in Kiryat Gat 2015-2018 (in billions of \$)</b>		6	
<b>Work Place</b>			

<b>Number of workers at the end of the year</b>	9,244	10,000	10,200
<b>Women as a workforce in Intel Israel</b>	21%	22%	21%
<b>Women in the company management</b>	30%	30%	30%
<b>Community</b>			
<b>Financial donation to associations, schools, and academic institutions (millions of shekels)</b>	16.75	14.25	14.85
<b>Donation in monetary equivalent in millions of shekels (including donation of equipment, services, and hours of volunteering)</b>	16.25	9.75	5.85
<b>Total in millions of shekels</b>	33	24	21
<b>Percentage of worker volunteering</b>	40%	42%	40%
<b>Number of hours of volunteering</b>	37,500	43,290	46,570
<b>Environment</b>			
<b>Emission of greenhouse gases (millions of tons of CO<sub>2</sub> equivalent)</b>	0.110	0.105	0.158
<b>Energy consumption (billions of kilowatts per hour – electricity, gas, and diesel)</b>	0.34	0.32	0.42
<b>Consumption of water (millions of cubic meters)</b>	2.27	2.11	2.3
<b>Production of waste (thousands of tons) / recycling of chemical waste</b>	13.8/81%	16.9/82%	7.3/93%
<b>Recycling of solid waste (thousands of tons) / recycling of solid waste</b>	4.7/93%	5.9/74%	4.75/44%

#### 4. Conclusion and outlook

Intel is one of the largest companies in the Israeli economy, and in the coming years Intel plans to open another plant in Israel. There is no doubt that according to the company's strategy and vision Intel will continue to expand its social activities in Israel and will continue to increase the scope of funds and resources in order to maintain its status as the leading company in the field of social responsibility in Israel.

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