

## THE INFLUENCE OF PUBLIC DEMOGRAPHICS IN ISRAEL ON THE PERCEPTION OF CSR OF MEGA COMPANIES

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### **Abstract**

*The article was written as part of a study that focused on the public perception of corporate social responsibility in Israel. Israel is a relatively young country operating in the world market and multiple mega-corporations have a major impact on its local production, its currency value and the formation of the labor market of its residents. The goal of the study is to bring a better understanding of CSR effect, to improve both the implementation and the volume of social activities, as a beneficial action for both the society and the corporation.*

*The article describes the public perception that the Israeli public has regarding the corporate social responsibility of mega companies in Israel, according to a demographic cross-section that includes ages, education, income, size of locality and more.*

**Keywords:** corporate social responsibility; public perception; Israel; education; ages; occupation; gender

**JEL Codes:** A130

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### **1. The Patterns of Corporate Social Responsibility in Israel**

The article was written as part of a study that focused on the public perception of corporate social responsibility in Israel. The purpose of the article is to answer one of the research questions, which is What is the influence of public demographics in Israel on the perception of the social contribution to the community of the mega-companies. In order to do this we first have to understand the patterns of Corporate Social Responsibility in Israel.

According to the research study of Dr. Abu Inbal from 2013, the fact that the Israeli field is not a product of social struggles and that its channels of import are characterized by a market orientation shaped to a great extent (Barkai, 2008), its character. In the global space and in Israel, there is a wide variety of models of social responsibility, which are almost all based on two elements:

1. The obedience of the law of the state and the adherence to the agreed-upon international standards in the fields of work relations, human rights, and environmental protection.

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2. Philanthropic activity that includes financial donations and involvement of the workers in the community (Carasco & Singh, 2003).

However, work relations and environmental protection obligated them to adopt and to develop models that directly address the implications of their business activity on these issues. The corporations in Israel adopted less complicated models of social responsibility that emphasize the philanthropic component of social responsibility and ignore almost completely the components that pertain to the intra-organizational practices and moral social implications of their business activity (Barkai, 2008).

The few research studies performed in Israel support these conclusions and indicate that the development of the field of social responsibility in Israel focuses on the methodical translation of the concept into philanthropic practice and the formation of the idea of the social responsibility of corporations as a marketing device (Barkai, 2008; Kreizler, 2005; Shamir, 2007; Toledano, 2003). Reichel, Gidron and Gamliel (2000), who examined the relationship between the indications of social responsibility and the firm's organizational characteristics and different dimensions of social responsibility found that the pattern of social responsibility of the business sector in Israel is characterized for the most part by randomness and lack of method and that for the most part social responsibility is still not perceived as an integral part of the business activity.

## 2. Methodology

To respond on research questions, was conducted a quantitative research, using a closed-multiple answer questionnaire. A survey was conducted with 179 participants, representing sample of Israeli population, according to definition provided by the ISB (Israeli Statistical Bureau) in 2019.

Here below, in table 1, presented characteristics of the sample:

*Table 1. Demographics of the general sample*

<b>Variable</b>	<b>Values</b>	<b>Frequency</b>	<b>Valid percent</b>
<b>City size</b>	Metropole	21	11.8
	City	122	68.5
	Town or Kibbutz	35	19.7
<b>Area in Israel</b>	North	32	18.1
	Center	96	54.2
	South	49	27.7
<b>Age</b>	18-21	3	1.7
	22-30	58	32.8
	31-40	37	20.9
	41-50	25	14.1

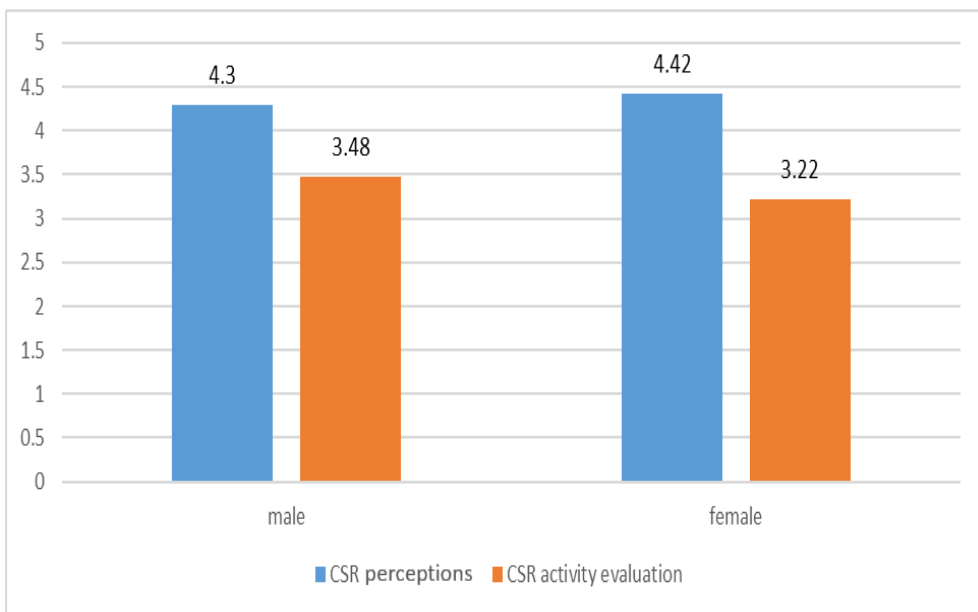
	51-60	41	23.2
	61+	13	7.3
<b>Education</b>	12 school years	13	7.4
	13-14 school years	33	18.8
	B.A.	60	34.1
	M.A.	67	38.1
	Doctor's degree	3	1.7
<b>Monthly income</b>	5,000 NIS or less	25	14.3
	5,000-10,000 NIS	57	32.6
	10,001-15,000 NIS	38	21.7
	15,001-20,000 NIS	31	17.7
	20,000 NIS and more	24	13.7
<b>Occupation</b>	Education and teaching	75	42.1
	Finances	5	2.8
	High-tech	28	15.7
	Hosting	1	0.6
	Industry	2	1.1
	Other	67	37.6
<b>Corporate size</b>	10 or less	22	12.6
	10-50	23	13.2
	51-200	50	28.7
	201-500	18	10.3
	501 or more	61	35.1

As shown in table 1, most of the responders came from a medium-size city (68%), but there was a representation of a metropole (12%) and a small town and a kibbutz (20%). About a half of the responders (54%) live in the center, 27.7% live in south, and the rest (18.1%) in the north. The Sample spread well age-wise, with a decent representation of all age groups within 22-60 gap, and smaller representation of 61+ age group and 18-21 age group. The sample included a majority (73.9%) of academic education holders, of at least a B.A. Income-wise, the sample well-represented all income groups, with a median wage group of 10,001-15,000 NIS, which represents the general Israeli population (according to ISB, 2019). The sample included a big variety of occupation holders, with a higher representation for education and teaching (42.1%), a smaller representation for high-tech positions (15.7%), small representation for finances (2.8%) and 37.6% of other occupations. The sample included a decent representation of workers from a variety of organization sizes, starting with 10 workers or less through 501 workers and more, with a representation of 10.3% at least, in each size group. Based on the sample mapping, it can provide a decent representation of the general Israeli public.

### 3. Results

The research question asked was: What is the influence of public demographics in Israel on the perception of the social contribution to the community of the mega-companies? In order to respond efficiently, the variety of CSR perceptions were unified into two scales, by calculating responses mean. The items were unified into “CSR activity evaluation” scale and “CSR perceptions” scale. Here are figures 1-8 which visualize the differences and the gaps between the activity evaluations and the perceptions, based on demographic characteristics:

*Figure 1. Gaps between CSR perceptions and activity evaluations, by gender*

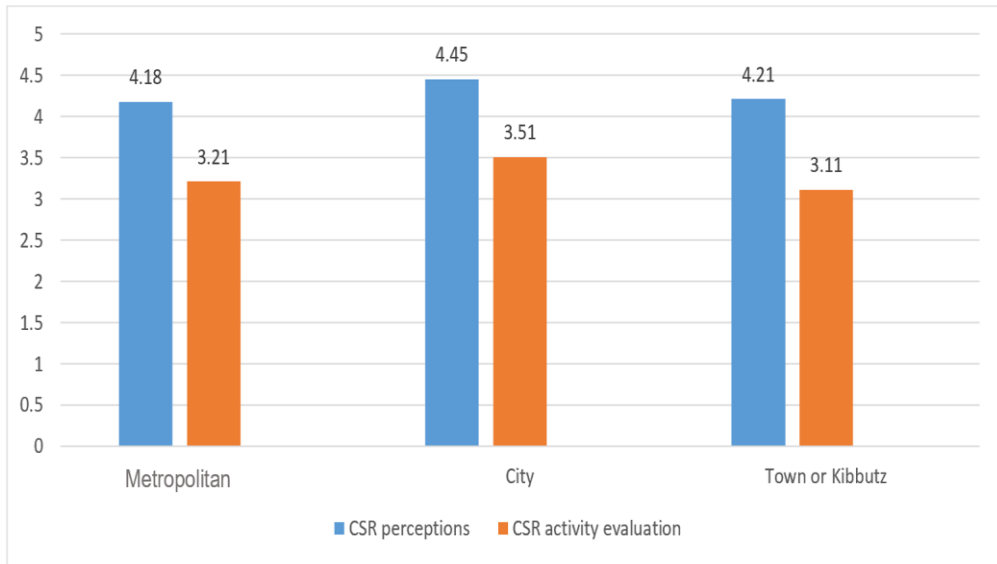


*Source:* Author’s data (2020)

Based on figure 6.3 which compared between men and women, the gap between the perceived and the evaluated CSR tends to be larger among women, while they both have higher expectations than evaluation of actual CSR activity.

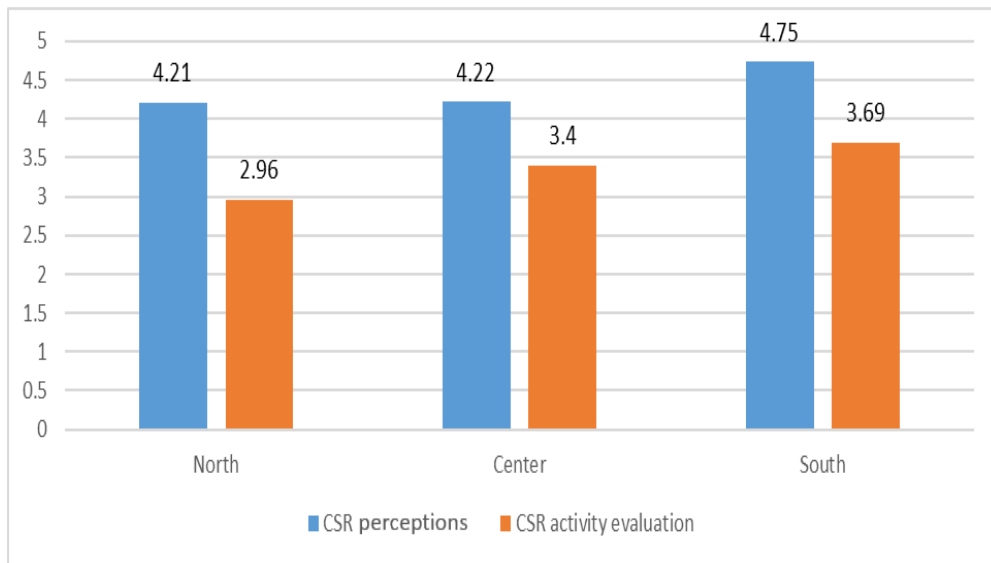
Figure 2 presents a comparison based on settlement size. The analysis shows no major differences, while the perceptions and activity evaluation tends to be slightly better in the medium size city, rather a metropolitan or a small town.

Figure 2. Gaps between CSR perceptions and activity evaluations, by settlement size



Source: Author's data (2020)

Figure 3. Gaps between CSR perceptions and activity evaluations, by living area

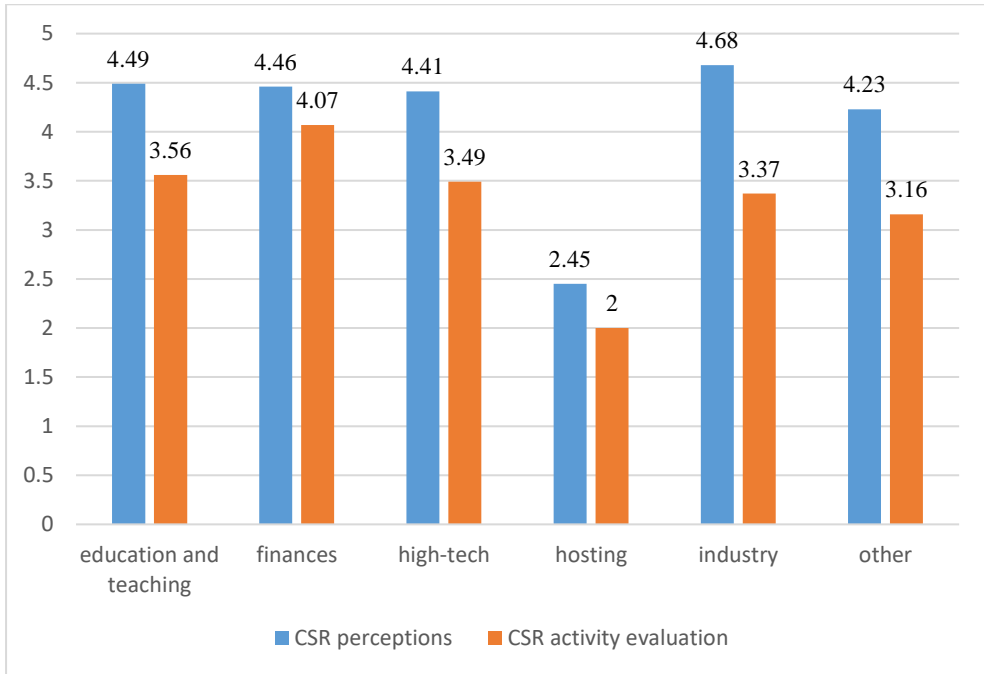


Source: Author's data (2020)

The comparison between different areas in Israel, as presented in figure 3, shows greater gaps between the north and the south, than in the center. In addition, although the perceptions in the north and the center tend to be similar, the activity

evaluation tends to be higher in the center. General comparison between the three locations shows that in the south, both the perception and the activity tend to be higher than in the other two areas.

*Figure 4. Gaps between CSR perceptions and activity evaluations, by occupation*

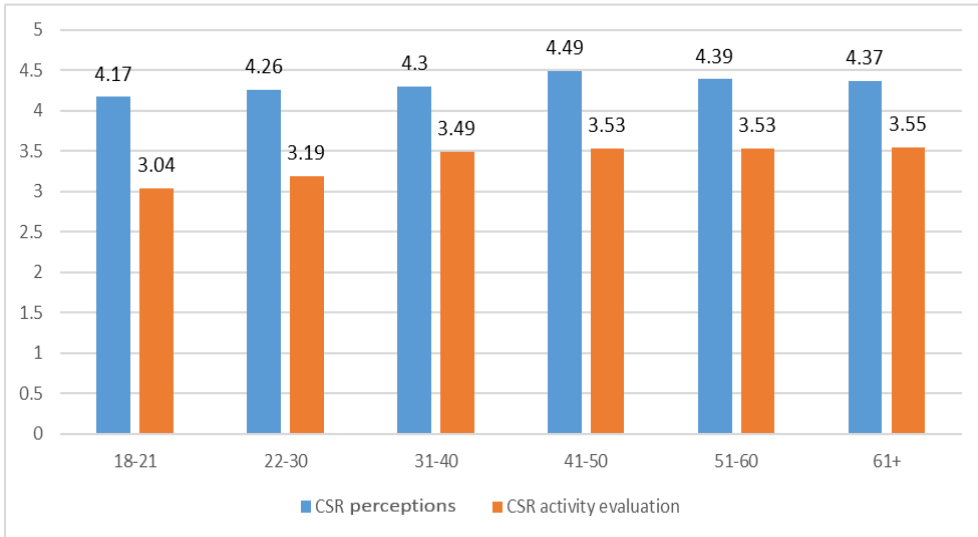


*Source:* Author's data (2020)

Comparison based on occupation, as presented in figure 4, shows that the smaller gap between the perceptions and activity evaluation exist among the workers of finance and hosting occupations. Interestingly, finance workers evaluated the CSR activity as the highest, while having high expectations, and hosting field workers evaluated CSR activity the lowest, having the lowest expectations. The greatest gap was noticed among the industry workers, who had the highest perceptions, but the activity evaluation was much lower.

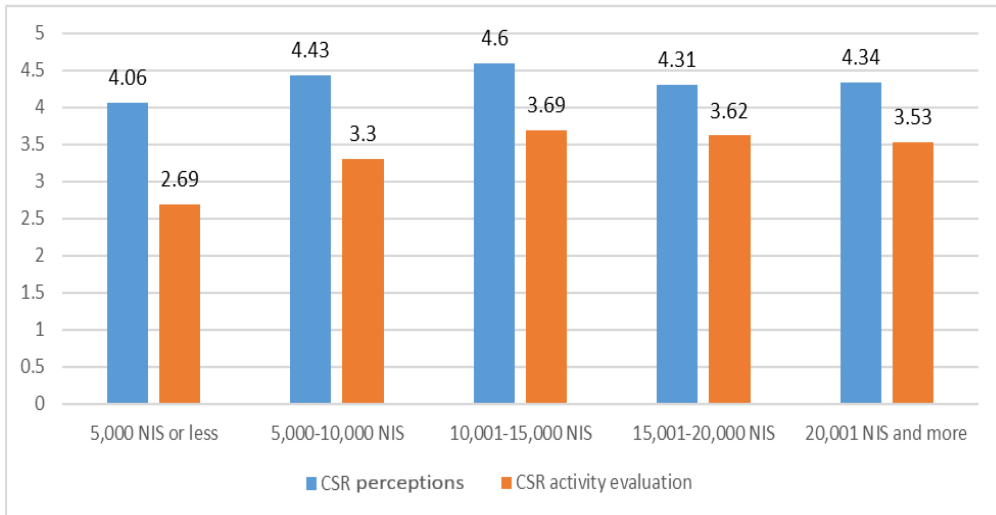
According to figure 5, comparing the gaps by age group, there is a slight rise in activity evaluation through between 18 to 31, while since the 31-40 age group, the activity evaluation tends to stay static. The perceptions, as well, do not vary a lot through the years.

Figure 5. Gaps between CSR perceptions and activity evaluations, by age



Source: Author's data (2020)

Figure 6. Gaps between CSR perceptions and activity evaluations, by wage

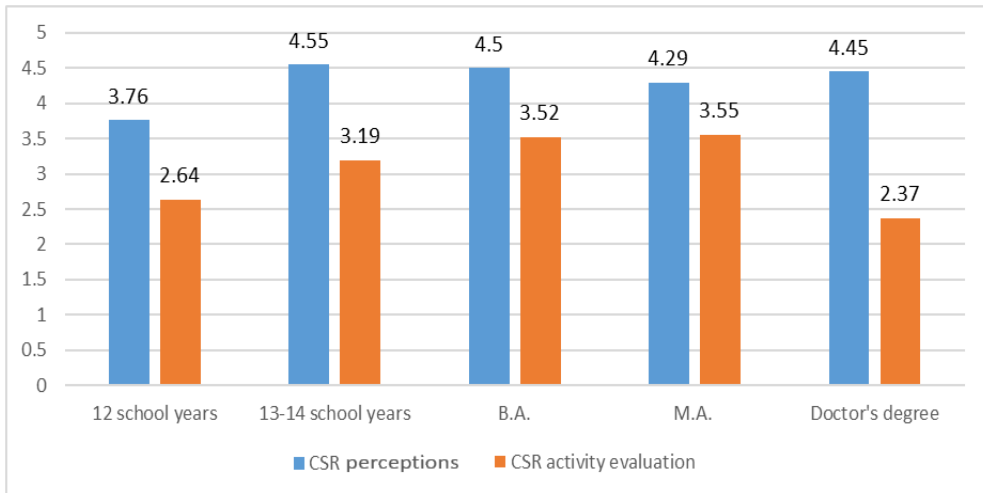


Source: Author's data (2020)

As can be seen in figure 6, sorting the gap by wage, the gap tends to shrink, as perceptions tend to stay about the same, while the activity evaluation tends to change throughout the raise of the wage: first rapidly growing, and then moderately lowering alongside the wage. In general, the perceptions gap tends to be much larger in the lowest wage group and much lower among the higher wage groups.

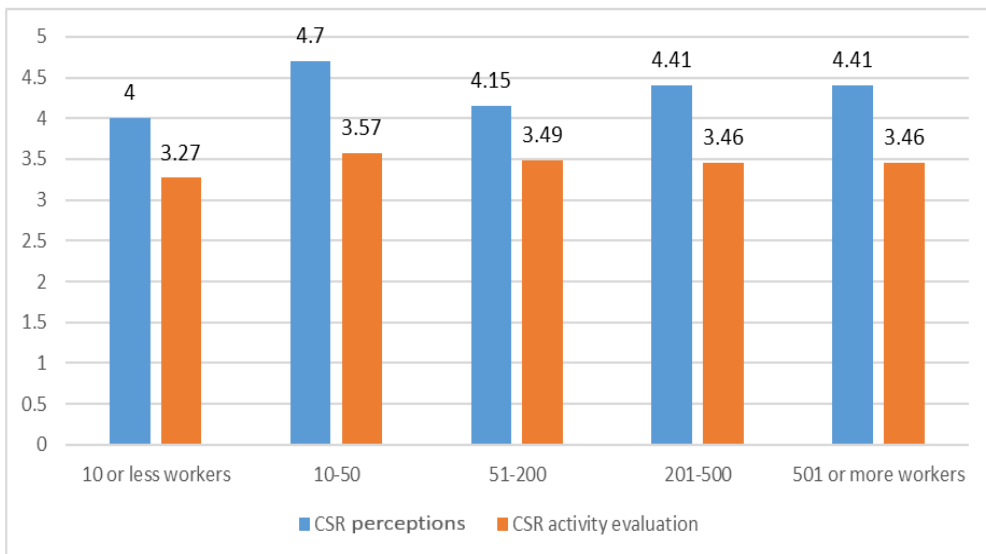
Based on figure 7, CSR perceptions among all the education groups, starting with 13-14 years of school at least, tend to be similar. The activity evaluation, though, tends to vary: While growing up along the years, doctor's degree presents an extreme drop of evaluations, which makes this group into the one with the biggest gap.

*Figure 7. Gaps between CSR perceptions and activity evaluations, by education*



Source: Author's data (2020)

*Figure 8. Gaps between CSR perceptions and activity evaluations, by workers company size*



Source: Author's data (2020)



The comparison based on the company size in which the responder works, shows no extreme difference within CSR activity evaluations, though the perceptions tend to slightly vary.

#### **4. Conclusions**

The criterion, which was found influencing CSR perceptions and activity evaluation, was occupation of the responder: finance workers evaluated the CSR activity as the highest, while having high expectations, and hosting field workers evaluated CSR activity the lowest, having the lowest expectations. Based on Zhu, Gardner and Chen (2018), occupations may represent several aspects relevant to CSR expectations and evaluations: First, financial and economic education and understanding project on CSR awareness and practice of constant updating on economic activity. Other way around- would be occupations in which, a person isn't aware of CSR activity or its meaning and forms. Accordingly, interpretation of current research results shows that financial education, leads both to higher evaluation and higher expectations, while less financial understanding brings a person to recognize less CSR when it performed but also to expect less of it to show among corporations. Thus, the basis for CSR appreciation in public, there should be proper financial education and understanding of its meaning and importance. Those conclusions come along with those in Kuvaas et al. (2016) study, where the researchers show strong correlation between education, in general, and financial education, in particular, as determiners of consumer CSR-based consumer decision-making.

Another result supporting the affect knowledge has is the difference in evaluations of CSR, but not the perception of it: the data shows a positive connection between education and CSR evaluation, which means, higher education is followed by higher evaluation and recognition of CSR activity. However, CSR perceptions do not vary across the education groups. Those results may be explained differently: One explanation continues the thought regarding financial occupation, claiming education may affect reading and understanding CSR execution. A different explanation would be more critical toward the corporations, claiming that CSR is dealing with weaker society strata, and is directly affecting the lower socio-economics groups, with lower education and income, as described by Zizka (2017). While stronger social groups are getting PR and marketing announcements, the weaker groups get first-hand information and their information may be more accurate.

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