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The Center for the Study of Philanthropy in Israel

The New Philanthropy in Israel: Ethnography of Mega Donors

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Article no. 2, Jerusalem, Shvat, February 2008

The study is dedicated to my wife, Brenda Needle-Shimoni, who introduced me to the nonprofit sector and continues to light my way brilliantly through the mazes of my academic inquiries in this field.

Acknowledgements

I would like to thank Hillel Schmid, Head of the Center for the Study of Philanthropy in Israel, for giving me the opportunity to serve as a research fellow at the Center and to write this study, and for his helpful comments on the final draft. I thank Gedalia Orbach, a researcher at the Center, and Ilana Silber from the Department of Sociology and Anthropology at Bar-Ilan University for their comments. Thank you to Eyal Ben-Ari from the Department of Sociology and Anthropology at the Hebrew University of Jerusalem for his astute and perceptive comments. I would like to offer a special thank you to Eliezer Jaffe, Chairman of the Israel Free Loan Association and the Hebrew University, for his reading of the final manuscript, support and encouragement. I wish to acknowledge the thoughtful notes and the financial support that I have received from Mrs. Nina Weiner, president of ISEF (International Sephardic Education Foundation).

Prologue

This addition to the publications of the Center for the Study of Philanthropy in Israel was written by Dr. Baruch Shimoni, a research fellow at the Center, who has masterfully portrayed an ethnography of mega-donors in Israeli society.

This study is based on in-depth interviews conducted among philanthropists in Israel. As such, this is a qualitative study that can contribute a wealth of information about philanthropy in Israel that extends well beyond the quantitative and statistical data published thus far. Dr. Shimoni's analyses of the interviews are instructive on three fundamental issues:

A. The motives philanthropists have for giving;

B. The attitudes of philanthropists toward the Israeli government's policies and actions;

C. The attitudes of philanthropists toward third sector organizations and civil society organizations.

Philanthropists are motivated by many and varied causes: some are motivated by social causes, others by national causes, and still others, by their biographies and personal backgrounds. Undoubtedly, personal motives – the pursuit of increased influence, prestige, and status – play a central role in the decision to give. Other motives, though less important, are also the desire to contribute to Israeli society and the desire to fill gaps in social areas that are not properly covered by the government.

The negative approach of philanthropists toward the government necessitates that policy makers rethink the inter-organizational relationships; they must revise policies and redefine the division of labor between the government and the fast-emerging new philanthropy sector. The government must clarify its needs so that it may direct philanthropic activities toward the promotion of those areas that it is most interested in advancing – areas in which the contribution can play a critical role. The present study provides a valuable academic basis for launching a debate centered around the question of the reciprocal relationship between the government and philanthropists with a view toward promoting both government plans and philanthropic initiatives for the benefit and welfare of Israel's residents.

Criticisms of ineptness and ineffectiveness among nonprofit organizations demand serious attention and should be a subject of discussion among the senior management of nonprofit organizations as well as a topic of dialogue between

nonprofit organizations and their funders. Nonprofit organizations, which are subject to commercial pressures due to increased competition with for-profit organizations, must adjust themselves to new and changing conditions. This new reality is marked by heightened expectations of tangible results, transparency and accountability, and it requires organizations to be better directed, structured and systematic in their attempts to recruit mega-donors to fund their projects.

Dr. Shimoni's insights, sensitivity and perceptive readings present us with a fascinating scientific study that will challenge researchers in the field of philanthropy to pursue their studies and inquiries, thereby increasing awareness of the field of philanthropy in Israel and providing new tools for its understanding.

The Center for the Study of Philanthropy in Israel, at the Hebrew University of Jerusalem is the leading center in its field. Additional studies will be published in the near future. We welcome your comments and insights, which are certain to enrich the Center's research-team and its knowledge base.

Sincerely,

Professor Hillel Schmid

Director of the Center for the Study of Philanthropy in Israel
Centraid-L. Jacque Menard Chair in Social Work for the Study of Volunteer and Nonprofit Organizations

Abstract

The present study presents prevalent attitudes among mega-donors[1], individuals who are both business leaders and leading donors in Israel, including their philanthropic identity, their philosophy of giving, their motivations for giving, their giving practices, and their views of the first and third sectors. This study is based on in-depth interviews conducted from November 2006 through June 2007 with 14 representatives of this group.

Philanthropy in Israel, and particularly that which is led by a new generation of donors who come from the business world, is currently in the midst of a process of change. For this reason, I chose to adopt a qualitative methodology, conducting in-depth interviews with representatives of this group of donors, in the belief that this would make it possible to identify not only their individual perspectives and insights on the field of philanthropy, but also the processes of construction and reconstruction of Israeli philanthropy.

More than anything else, so it seems, this group of donors exemplifies a perceived shift taking place in Western philanthropy through which spontaneous, individual or romanticized charitable giving based on the values of compassion and "alms for the poor" is being replaced by a more "Rational Philanthropy" based upon the personal involvement of donors who see themselves as investors rather than philanthropists. The present study aims to explore the conceptual framework of this Rational Philanthropy, which has been imported and adapted from the business world and includes performance measures, transparency standards, and structured, goal-oriented practices. Common motivations for giving cited by Israeli mega-donors include, but are not limited to, a desire to influence national macro-social developments in Israel, a desire to give back to the society in which they were educated and in which they amassed their wealth, social pressures, and most of all, a quest for meaning.

This study will also touch upon the interviewees' attitudes toward the first [governmental] sector as well as toward the third [nonprofit] sector. The philanthropists' view of the government is markedly negative; this is evident in their expressed disappointment with the government for not providing its citizens with the most basic services, mainly health care and education. Nevertheless, despite their negative view of the government and government officials, the vast majority of

[1] Mega-donors are affluent individuals who donate large sums. Individuals interviewed in this study donated gifts ranging from a few million dollars to tens of millions of dollars.

interviewees believed they should cooperate with the government and placed the responsibility of regulating and coordinating all philanthropic efforts in Israel in its hands. The interviewees' views of the nonprofit sector ranged from complete disregard for government-like organizations, such as the Israeli chapter of the Friends of the Israel Defense Forces [“*Ha'aguda Lema'an Hahayal*”], to full cooperation with private foundations and nonprofit organizations.

An attitude found dominant in this work is that defined here as “Patriotic Philanthropy”. Patriotic Philanthropy denotes philanthropic investments in educational and community projects intended to strengthen and reinforce the Jewish-Zionist national and secular collective. Patriotic Philanthropy thus seemingly embodies an Ethno-Republican civil discourse focused on the collective and national good rather than on personal welfare or group rights (centered on individual rights, property rights and personal liberties or the rights of ethnic groups, respectively).

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Introduction

The increasing philanthropic involvement of mega-donors from Israel's private sector over the past years and during the Second Lebanon War in particular has been the object of increased interest both among the general public and among researchers and professionals in the nonprofit sector. My goal in this study is to present perceptions prevalent among a group of Israeli mega-donors, individuals who are leaders both in business and in philanthropy with regard to their philanthropic identity, philosophies of giving, motivations for giving, giving practices and attitudes toward the first and third sectors.

The study is based on in-depth interviews conducted between November 2006 and June 2007 with 14 prominent members of the community of mega-donors in Israel. The individuals interviewed for this study support a variety of charitable causes – community, welfare, health, culture, and particularly education – through organizations, mainly private foundations. Though the interviewees presented different, at times even contradictory perceptions of philanthropy, this study presents a rather unified outline of their perceptions. Above all, so it seems, this donor group represents a dominant movement in Western, as well as in Israeli, philanthropy aiming to replace spontaneous, personal, romanticized, "classic" philanthropy founded on concepts of charity, grace and alms for the poor with "Rational Philanthropy", as we shall term it in this paper. Rational Philanthropy, i.e., philanthropy as rational investment rather than charity, focuses on assisting the stronger elements within its target audiences as a relatively safe method of achieving "returns" on investments. The conceptual framework of Rational Philanthropy has been adapted from the business world and it includes performance measures, transparency standards, and structured, goal-oriented practices.

Another significant attribute of the philanthropic behavior of the interviewed group is that defined here as "Patriotic Philanthropy". Patriotic Philanthropy denotes philanthropic investments in educational and community projects intended to strengthen and reinforce the Jewish-Zionist national and secular collective. Patriotic Philanthropy thus seems to embody an Ethno-Republican civil discourse focused on the collective and national good rather than on personal welfare or group rights (centered on individual rights, property rights and personal liberties or the rights of ethnic groups, respectively). Patriotic Philanthropy therefore blurs the boundaries between state and society.

The motivations for giving cited by the study's participants will be discussed in this paper as well. These include, but are not limited to, a desire to influence national macro-social developments in Israel, a desire to give back to the society in which they were educated and in which they amassed their wealth, social pressures, and most of all, a quest for meaning.

The final chapter in this paper will address the interviewees' attitudes toward the first and third sectors. Their view of the government is markedly negative; they expressed their disappointment with the government for not providing its citizens with the most basic services, mainly health care and education. Nevertheless, despite their negative view of the government and government officials, the vast majority of interviewees believed they should cooperate with the government and placed the responsibility of regulating and coordinating all philanthropic efforts in Israel in its hands. The interviewees' views of the nonprofit sector ranged from complete disregard for government-like organizations, such as the Israeli chapter of the Friends of the Israel Defense Forces ["*Ha'aguda Lema'an Hahayal*"], to full cooperation with private foundations and nonprofit organizations

The first section of this paper presents the historical and conceptual framework for the study. The second section portrays the methodology on which the study is based. In the third section, the study's main findings are presented and five topics are addressed: (a) Rational Philanthropy: a philanthropic portrait of the interviewees, the practices that guide them and their philosophies of giving; (b) Patriotic Philanthropy; (c) the interviewees' motivations for engaging in philanthropy; (d) the interviewees' attitudes toward the first sector; and (e) their attitudes toward the third sector. In the fourth and final section of this paper offers a discussion about the participants' self-perception and their theoretical and practical conception of the concept of philanthropy. In this final section, references are made to broader theoretical and conceptual contexts within the field of the study of philanthropy and society in Israel.

1. Historical and Conceptual Context

Philanthropy is an ancient human activity. In the history of religions, its expressions can be found in the *Zakat*, one of the five Pillars of Islam, meaning an "act of charity" or "helping others;" or in Christian philanthropic organizations set up during the Middle Ages in Europe for the promotion of the affairs of the Church (Anheier and List, 2005), or even in the biblical concept of tithing. In Judaism, philanthropic activity has often taken place via communal organizations created to provide charity, acts of kindness and mutual support (Silber and Rozenhek, 2000). Philanthropy has also been a well-known and acceptable practice in modern Jewish history: wealthy Baghdadi Jews are known to have supported communities in Alexandria and Bombay by building community houses and institutions, investing in real-estate property for the benefit of the local communities and establishing capital funds. The Rothschild family, which supported the Jewish community in Palestine, and Baron de Hirsch, who helped Jews immigrate from less developed to more developed countries, are examples of well-known Jewish European philanthropists.[2]

In recent decades, philanthropy has been growing worldwide and particularly in the West at an ever increasing rate. The research has attributed this growth process to two concurrent processes: the first – the decline of the welfare state and the social services it provides (Gal, 2005; Doron, 2005); and secondly – a resurgence of neo-liberal political and economic philosophies, advocating economical company practices and an increased reliance on outsourcing and subcontracted workers in the name of promoting free enterprise and competition (Shalev, 1999). Following this two-pronged process, Israel has seen economic growth alongside widening social gaps between rich and poor. Unemployment rates are soaring and entire communities lack the resources to compete in the economy, among them: Israel's social and geographical periphery, new immigrants, work immigrants, the elderly and youth, single parents and citizens with special needs. The mounting problems and needs of these social groups – unemployment, crime, poverty and hunger – are said to have given rise to the development of the third sector in Israel, and within it, to corporate and business philanthropy that employs business management practices in the development of social programs (Shamir, 2007).

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[2] Levy, 2007. For a description of philanthropy in Israel see Eliezer Jaffe's website, "Giving Wisely: The Internet Directory of Israeli Nonprofit and Philanthropic Organizations", http://www.givingwisely.org.il/Hebrew/Intro2.htm

For this study interviews were conducted with philanthropists who employed their business management practices in their philanthropic pursuits. These individuals are part of the "New Philanthropy" movement, which in recent years has entered into a worldwide struggle with the "Old Philanthropy" (Brown, 2000). These "new" philanthropists appear to be shaking up the "old" philanthropic establishment by introducing a system of organizational-managerial principles and practices developed in the business world. The main argument of the representatives of New Philanthropy, particularly its American movement, is that it is not sufficient for philanthropists to donate their money for important social causes and to leave the actual management of the hands-on philanthropic work to professional and expert government workers or third sector nonprofit organizations, as philanthropists have traditionally done (Ealy, 2005). Third sector foundations and organizations should be managed, in their opinion, in accordance with free-market principles and rational management techniques, i.e., according to results-driven management practices which ensure maximum efficiency and yield higher returns on investments – precisely the way for-profit businesses are run. They claim that Old Philanthropy efforts have been unsuccessful and ineffective, as evidenced by the mass of unsolved problems which continue to plague society even after so many years of philanthropic work (Brower, 2001).

The roots of Rational Philanthropy can be traced to the Silicon Valley of the 1990s. A new generation of potential donors joined the philanthropic class and brought with them large amounts of money, and moreover a high self-esteem after amassing great wealth in a short period of time in their business activities in the Information Technology industry (Blodget, 2006). These donors argued against traditional philanthropy that contributing to society involves more than just writing out checks. They argued that it did not suffice to announce criteria for awarding grants and to wait for appropriate applicants. Instead, they claimed, social problems need to be tackled with the same productive methods that they employed when tackling business problems. These donors believed that it was necessary to establish private foundations or to invest in existing third sector organizations that acted in accordance with the visions and practices they upheld and they were *personally* involved in their philanthropic activities. They defined their relationship with their grantees as one between investors and their investment (Frumkin, 2006), and they were interested in developing programs for effecting persistent long-lasting changes among the recipients of their donations (Steeter, 2001). In fact, the new generation of donors who rose in the Silicon Valley discovered in philanthropy an opportunity to act in a manner that was in keeping with their business

background. Philanthropy offers donors a suitable channel through which they can give back to the community where they made their fortune, or get involved in the community beyond transferring funds for charitable causes. It was not long before new non-profit organizations and private foundations in the third sector translated their objectives to fit the business lexicon and began framing their activities in terms of "social entrepreneurship" (Scott, 2001).

Eleanor Brown, who conducted a large-scale study analyzing donors in Silicon Valley, offers us a comprehensive description of Rational Philanthropy (Brown, 2000: 5). Brown claims that nonprofit activists need to take into consideration the fact that the new generation of philanthropists who earned their wealth in the emerging high-tech industry will always feel as if they own the foundations and organizations in which they invest and will show a preference for leading these nonprofits themselves and for contributing their management expertise. Eighty percent of donors in Brown's study claimed that third sector practitioners (consultants) had no influence on their giving decisions. Furthermore, Brown claims that 58% of the wealthy of Silicon Valley believe that it is very important to support organizations that achieve the best results for every dollar invested in them.

Hence, it appears that these "new" philanthropists are unwilling to limit themselves to awarding subsidies and grants. They are interested in long-term investments and they tend to actively participate in the directory boards of the organizations they support. Through their personal involvement, they aim to contribute to the development of the organizations and the capabilities of those organizations, by providing, for example, personal tutorials, supervision and technical assistance. These philanthropists focus their efforts on the organization as a whole and not on a particular program or project. They encourage innovation and are willing to take risks without leaving the organization or foundation to carry the brunt of the responsibility. They are particularly interested in measuring results and they demand regular progress reports. As in their business activities, these philanthropists adopt exit strategies: they initiate an exit from their philanthropic activities as soon as they feel they have achieved their objectives or that they have exhausted their activities' added value (Davis and Etchart, 2002: 59).

In her lead article in *Economic Affairs*, Lenore Ealy writes in defense of New Philanthropy: "In contrast to the professionalised *bureaucracies* of the twentieth century, which largely centralized responsibility for aid to the poor, the philanthropic enterprises of the twenty-first century will increasingly come to utilise dispersed local knowledge about perceived needs and solutions; promote

transparency of information and knowledge sharing in an effort to connect individuals more fully to 'the extended order' of socio-economic and civic life; enhance opportunities for people to be free and prosperous and to experience meaningful personal engagement in community life; better evaluate the efficiency and effectiveness of their allocations of resources and reward entrepreneurial discovery that improves the development and delivery of desirable products and services even to the poorest of the poor; and reinvent the organisational structures through which philanthropy is conducted" (Ealy, 2005:4). She claims that in the coming decades, effective social change may only be achieved by those who will blur the distinction between philanthropic and business enterprises and those who will draw a clear distinction between government bureaucracies and dynamic, entrepreneurial processes.

The concepts of Social Entrepreneurship (Martin and Osberg, 2007), the Wild West (Brower, 2001) and New Philanthropy (Brown, 2000) are only a small part of the new and particularly rich conceptual framework which contemporary literature on philanthropy uses to represent management rationalization processes in philanthropy. It seems, however, that the most noteworthy description of the Rational Management school of thought is put forth by Letts, Ryan and Grossman, in their article from 1997, published in the *Harvard Business Review*. In this article, which became a cornerstone in the study of the advent of business models into philanthropy, they define Rational, New Philanthropy as Venture Philanthropy (see also Hero, 2001; Moody, 2006). The three call for philanthropists to increase their direct involvement in accordance with accepted venture capital business models by incorporating organizational development practices, instituting long-term performance measurements, investing in the administration and establishing a clear link between performance and compensation.[3] The article is centered on the following six principles:

1. **Risk:** venture philanthropists tend to take high risks offering higher returns. Foundations tend to avoid risk and therefore achieve very little.

2. **Performance Measures:** venture philanthropists measure performance and compensation with a view to long-term results. Foundations, on the other hand, are mostly focused on short-term performance.

[3] An excellent discussion of the concept that is suitable for non-economists can be found in Paul Firstenberg, 2003: 145-154.

3. **Close Relations:** venture philanthropists work closely with their grantees and participate in selecting managers and strategic planning. Foundations tend to distance themselves from their grantees and their representatives are not involved at the level of implementation.

4. **Donation Size:** venture philanthropists invest in few projects but invest large sums in each project. Foundations give small grants to many organizations.

5. **Relationship Timeline:** venture philanthropists maintain a long-term relationship with the recipients of their donations. Only rarely do foundations extend their donations for a period lasting over two or three years.

6. **Exit Strategies:** venture philanthropists delineate exit strategies and pre-define the stage in which they will discontinue their assistance. Only rarely do foundations plan their exit point in advance; instead, they often decide to discontinue funding in an unexpected manner.

Rational Philanthropy, and its subcategory, Venture Philanthropy, offer a business model based on a collection of practices which seem to ensure the effective management of social enterprises. Nevertheless, many criticisms have been directed against Venture Philanthropy, primarily from scholars and third sector professionals. For example, Mark Kramer, the founder of the Center for Effective Philanthropy in Cambridge, Massachusetts, deems venture philanthropy a trend promoted by high-tech entrepreneurs convinced they can transfer their business expertise to a field in which they have no experience (Kramer, 2002). He claims that venture philanthropy offers no new insights as its three central principles– clear performance expectations, close donor-grantee relations, and improving philanthropy performance – have been guiding traditional grantmaking organizations for decades. David Carington (2003) lists a series of commonplace criticisms raised by scholars writing about the third sector. According to these criticisms, Venture Philanthropy is theoretical, its founders lack an understanding of the intricate practices that govern the social sector, and its assessment methods are not applicable to the social realm. Brock Brower (2001) cites a commonplace criticism that claims that Venture Philanthropy contributes more to technological

advancement, e.g., computerizing schools, than it does to community development. (This claim does not apply to the participants of this study.)

The findings presented in this study serve, to a large degree, as additional proof that history repeats itself, at least with regard to American socio-managerial processes that are later replicated in Israel. Like their precursors in the Silicon Valley high-tech industry, the participants in this study also see themselves as investors rather than philanthropists. They describe their grantmaking formulas in business terms as a framework of rational-organizational and managerial values and practices that have proven themselves in the business sector where they amassed their wealth and accrued the bulk of their managerial experience.

II. Methodology

1. Phenomenology, Not Objective Reality

The present study makes use of in-depth interviews with mega-donors from the Israeli corporate sector. The data for the study was collected and analyzed in accordance with Grounded Theory (Glaser and Strauss, 1967), which aims to generate insights and theories about the social world by observing the subjects of the study in a close and unmediated manner, as far as is possible. Following this approach, I undertook this study with only basic questions and objectives, in an attempt to understand the worldview of the subject group of donor participants toward the philanthropy in which they were taking part. The process of collecting the data, and moreover, the data analysis, were critical stages for formulating the focus of the study. The purpose of the study is to present the perspectives of the donors who participated in the study on their philanthropic identity, their grantmaking philosophies, their motivations for giving, their giving practices and their view of the first and third sectors. The study does not pretend to present an objective reality, but rather the phenomenology of these donors. In other words, this study, in accordance with Grounded Theory, does not pretend to present things "as they are" with regard to the philanthropy of the studied group of donors, but rather to portray how things appear to these donors. I include my own personal analysis of their descriptions and then place it within a wider context by making use of conceptualizations derived from research in the fields of philanthropy, management and Israeli society.

2. Why In-Depth Interviews?

Three major considerations accounted for the decision to base a study on qualitative interviews. The first stems from a fundamental premise of Grounded Theory which says that people always assign significance to their life and to their surrounding environments when describing their personal experiences (see also Polkinghorne 1988; Gabriel 2000). By interpreting these meanings, I claim in this paper, it is possible to learn about the interviewees' understanding of philanthropy on the whole and particularly their understanding of its organizing principles. The second reason originates in the hypothesis that philanthropy in Israel, particularly philanthropy led by a new generation of donors from the corporate sector, is presently in the midst of a dynamic process of change. The underlying premises of this study hold that interviews with these donors, who are engaged in philanthropic

activities on a daily basis, will make it possible to identify not only their general conception of philanthropy but also the process of construction and reconstruction of philanthropy in Israel – a process in which they play a major part. The third reason for relying on qualitative interviews is the assumption that personal narratives are formed at the crossroads between the personal and the collective interpretation of social reality (Boje, 1991). The personal narratives of philanthropists, which are presented in this study, are telling of the interplay between the manner in which they understand the world of philanthropy and the manner in which their surrounding environment in the government and social sectors understands it.

3. Data Collection

The present study is based on qualitative interviews with 14 Israeli philanthropists and business leaders, four women and ten men. I initially contacted each of the interviewees in a letter requesting to interview them, in which I described the Center for the Study of Philanthropy in Israel at the Hebrew University of Jerusalem and the goals of the study for which I was requesting to interview them. The participants were generally hesitant, but after several phone conversations I held with either them or their assistants, they gladly consented to be interviewed. In order to maximize the possibility of singling out those characteristics which are unique to philanthropy of mega-donors in Israel, active grant-makers who had amassed their wealth in Israel were selected for the study. All of the participants in the study are either native Israeli born or have been living in Israel for over 20 years. Most of them are from the business world and are connected with the banking, venture capital or high-tech industries and all of them, without exception, manage their philanthropic enterprises on their own, through private funds. All of the participants in the study have academic training and oversee workers and business operations of impressive magnitude.

This is also the place to demarcate the limits of this study. I will assume that had the study been based on a different profile of donors (those whom I purposely chose not to interview, despite offers to do so), for example philanthropists who come from different organizational, business and educational backgrounds than the participants of this study, the study would have depicted different views and would have portrayed a different philanthropy. The findings and theory put forward in this study are therefore relevant to philanthropists with backgrounds similar to those of the participants in the study. Furthermore, the fact that this study depends

on a relatively small number of interviews naturally does not permit me to present it as a text that can fully represent the views of all Israeli philanthropists who fit the above description. I am in no way making this claim. The Center for the Study of Philanthropy in Israel at the Hebrew University of Jerusalem has published a broader study on philanthropic practices of the general population in Israel (Orbach, 2009.)

4. Conducting the Interviews

All of the interviews were taped with the permission of the interviewees, and were later transcribed in full, including jokes, incomplete words or comments that were repeated. This is also how quotes will be cited in this paper. Following the assumption that – like any social interaction, an interview also involves the joint construction of meanings, I strived to limit my participation during the interviews as much as possible (Mishler, 1986). At the beginning of every interview I asked the respondent to think of the first time they donated something to another person. This question triggered a reflective process during which the interviewees described their family and social history and touched upon their motivations for giving. The decision to allow the interviewees to speak freely at the outset of the interview established a working contract of sorts between us. According to the terms of this 'contract,' the interviewees were free to elaborate on or withhold any topic as they chose. The interviews advanced freely without my having to prod the interviewees to share their experiences with me. Furthermore, some of them even mentioned several times the importance of developing and systematizing the academic research of philanthropy in Israel. During the interview I posed additional questions to the interviewees concerning their considerations for making gifts, people who influenced their giving, how effective they thought their gifts were and what noteworthy experiences they encountered as philanthropists. In order to ascertain their self-perception as philanthropists, the interviewees were asked to give a rough description of their character as it would be portrayed in a movie or book documenting their philanthropic enterprises. At the conclusion of the interview, I asked the interviewees to relate to their philanthropic activities during the Second Lebanon War as well as the performance of the government and various players in the third sector.

5. Data Analysis

The interviews were analyzed in two different phases. The first one included two stages: I first read every interview separately and singled out its central themes (Kets de Vries and Miller, 1987: 236). Central themes include topics, ideas, or insights mentioned by the interviewees regarding the field of philanthropy that were built-up during each interview. Following that, I collected the central themes that repeated themselves throughout all the interviews in order to achieve "thematic unity" (*Ibid*), that is to say, in order to create outlines representing the points of view of philanthropy which are common to the respondent group as a whole. As noted above, these outlines primarily included the interviewees' self-perception as philanthropists, their philosophies of giving, their motivations for giving, their implementation practices and their attitudes toward the first and third sectors. This phase of reading included a continuous shift between the micro and macro levels, between individual data from specific interviews to wider insights that eventually crystallized to form thematic unity that went beyond the individual interviews (Lieblich et al., 1998). In this process, thematic unity (i.e., the outlines which represent the worldview of the group of interviewees as a whole) provided a context for decoding events and individual descriptions. For example, as the description of managerial practices repeated itself, a picture of grantmaking emerged which is dominated by business organizational and managerial practices and principles. This picture eventually provided me with the context for understanding similar descriptions presented by other interviewees.

The second phase involved moving back and forth between the study's findings, i.e. the interviews, and the theoretical literature. First, in accordance with the principle premise of Grounded Theory on which this study was based, I analyzed the interviews with as little reference as possible to the theories and concepts that are found in the wealth of literature on the study of philanthropy (Rosenthal, 1992). At this stage, by way of induction, I first dealt with the descriptions themselves in order to expose the theoretical and practical significance that the interviewees assigned to the world of philanthropy in which they operate. Following this, I was assisted by the most up-to-date literature on the study of philanthropy in order to achieve two ends: (a) to place the interviewees' philanthropy (or at least part of it) within the turn toward rationalism in philanthropy – a trend which developed in Silicon Valley over the 1990s among the creators of the internet (Frumkin, 2006: 281–289); and (b) to improve our understanding of the local characteristics of the philanthropy in which these

interviewees were actively involved, such as its patriotic or collectivist characteristics, the motivations its members had for giving and their views of the first and third sectors.

III. The Study's Findings

The interviews revealed that each of the interviewees had developed a personal and clear set of beliefs and opinions concerning both philanthropy as a whole and their own personal hands-on involvement in philanthropy. The opinions expressed by the interviewees were varied, at times similar to one another and at times conflicting, different, or complementary. In the following section I will present the dominant opinions that were common to the subject group of mega-donors, making use of the five central themes guiding this study.

1. Rational Philanthropy

> *I'm no philanthropist, I'm an investor* (Eyal)

"Giving and Leaving"

One way of understanding the world view of the study's participants regarding philanthropy is to examine the ways in which they challenge philanthropy in Israel. As they see it, philanthropy in Israel has been limited to undertaking nothing more than the transferring of funds, while the grantmakers have remained removed from the practical inefficiency of the recipient organizations and foundations. Such an opinion was expressed by Ehud:[4]

> *Take for example the people behind IVN[5]… anyone who grew up in a business environment and says, 'Why in the world can't the system operate efficiently and effectively…' Look, my success was accompanied by publicity, and the publicity is naturally followed by a great many requests. At that point I reached a decision fairly quickly that I wasn't interested in being a financial donor, a grantmaker… it's hallowed, it's all good and dandy … but then I don't have any influence over what it [the money] is doing. So I decided that I wanted to be on the hands-on end of things… I want to know how my money – but not only the money, also the time and the connections – play out.*

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[4] The names of those interviewed have all been altered to protect their privacy.

[5] The Israel Venture Network is a "venture philanthropy network of high-tech entrepreneurs, business executives, venture capitalists, corporations and philanthropists from Israel and the U.S. IVN aims to strengthen the capacity of the educational, social leadership and business communities in Israel." (excerpt from the IVN website, http://www.ivn.org.il/home_h.php)

Ehud represents an opinion that is widely shared by those interviewed, who were interested in becoming personally involved in the philanthropic enterprises they were supporting, partly in order to have a direct impact on the activities and to ensure that the projects were run and implemented in accordance with business and management principles and practices. This approach is expressed by Rivka:

> *I think that one of my greatest contributions to education, Tmurot [an altered name for an educational project she founded], was introducing business practices to the voluntary organization's activities… not philanthropists who give money and disappear … [this is how] identification and long-term commitment is fostered.*

Rivka was upset by those who "give money and disappear." The "practices" that she mentions represent an accepted opinion among the group of interviewees, according to which philanthropic activities cannot be sustained by one time donations, but rather depend on cooperation that fosters the donor's long-term commitment and identification.

Managerial-Business Philanthropy

The interviewees not only considered traditional philanthropy in Israel to be a mere act of transferring funds, but all of them, without exception, described their philanthropic involvement as based on business management models that they introduced from their business practices. This view is expressed by Hannah:

> *I always knew it needed to be run like a business… it needed a vision, a strategy, a budget, goals, objectives, transparency, reliability, clear guidelines … when I took it up that wasn't clear at all… there were kids knocking on the door and the Shirutrom [the Galgalatz IDF radio station's annual fundraising event], but there wasn't any fund similar to the one I managed… philanthropy and business are one and the same.*

Hannah demarcates two separate worlds. On the one hand, as she saw it, stood the standard philanthropy of the past which was based on nonprofessional activities such as fundraising door to door or on the radio; her own philanthropy, on the other hand, relied on methodical practices that included vision, strategy, clear goal-setting, approved budget frameworks and clear guidelines. As Hannah saw it,

"philanthropy and business are one and the same." Hannah also mentions administrative practices such as transparency, reliability, and clear guidelines – these were practices that the interviewees believed separated their own philanthropic enterprises from the existing philanthropy in Israel. They believe the philanthropy they were a part of was "pure / clean"; and operated efficiently, effectively and with full transparency because it focused its resources on the target recipients rather than on the high overhead costs of employing project and organizational administrators. According to Jonathan,

> *My wife said that one day she discovered that fundraising on the phone was a business, that they charge ten to fifteen percent. She said: "What audacity! That is outrageous!"*

David, in response to my request that he describe the movie character that would portray his philanthropic activities, summarized the essence of the managerial business orientation that the interviewees brought with them to the world of philanthropy:

> *If I were to stage him, he would be a very task-oriented character. I arrive in the morning to work, I want to achieve my goals, I want to succeed, I'm ambitious … I'm very rational, very constrained, and I make very cold calculations. These calculations, I'm giving you an extreme example, I once had an incompetent manager – and it doesn't matter what I thought about him personally – I made sure that he was replaced. It was very calculated. That's how things are. There is no place for sympathy or friendship in a business. It's a very task-oriented, results-oriented mode of thinking.*

Rational and structured management practices, which are task-oriented and aimed at obtaining results seem to represent one of the central themes in the shift from "emotional philanthropy" to "rational philanthropy" that has occurred in Israeli philanthropy (or at least in the new wave that has risen). Within the scope of emotional philanthropy, I will group together sentimental Jewish philanthropy, based on *Tzedakah [*charity] and *Gmilut Hasadim* [acts of kindness], the tremendous donations to the nascent Zionist movement and later the State of Israel, Jewish-Israeli philanthropy which has been supporting mainstream care and welfare causes and organizations such as the LIBI fund and the Friends of the IDF. It seems possible to explain each of these philanthropic forms in the context of concepts such

as of volunteerism, altruism and the like, that often accompanied the funneling of funds into the hands of organizations and associations that were developed for the purpose of providing an answer to social needs and supporting underprivileged populations. I am inclined to group the philanthropy described by the interviewees under the term Rational Philanthropy, i.e., giving which is not based on "sympathy and friendship" – as David put it.[6] Philanthropy, as it is described by these interviewees, seems to be lifted out of business management books that deal with the most state-of-the-art organizational-management models that dissociate philanthropy from its emotional aspects and assign it a rational and calculated form. This structure encompasses a wide range of managerial practices, from strategic planning to measuring and evaluative processes;[7] from systematic decision-making processes to business model development, focusing its areas of activity in order to increase efficiency;[8] from cooperation with various units in order to achieve a competitive advantage to the implementation of exit strategies once the goals of the gift have been reached, or once the philanthropic project has been institutionalized.[9]

Social Entrepreneurs and Investors

As business-people dealing with philanthropy on the side, many of the interviewees do not identify themselves as philanthropists, whom they defined as people who limit themselves to transferring funds to the needy; rather, they describe themselves as social entrepreneurs who offer innovation and creativity, resources that go beyond the money. This creativity, as Michael shows, allows them to envision complex social changes and to initiate the appropriate processes for implementing them:

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[6] It must be noted that emotional motivations were among the chief motivations for the interviewees' engaging in philanthropy. Nevertheless, these donors minimized the importance of the emotional aspect, at least in speech, and replaced it with an unemotional, rational and institutionalized organizational framework.

[7] "A ton of money is flowing in, but if it is not strategically managed, if some sort of methodology for developing the North is not established, then we will miss-out big-time" (Gil); "There is almost nothing that I do without trying to evaluate and measure" (David).

[8] "When a request comes in, I have my team look into it, supply me with data, and present the full picture. Only then do I consider it and reach a decision" (Hannah); "We have to focus on the few who are strong enough to succeed because if you spread it out it is like throwing it out." (Eyal)

[9] "They are better than we are in dealing with the excelling students; we are better than they are in dealing with the weaker kids. They are better at the finale; we haven't yet specialized in the matriculation exams, so we invited them to come and help us with the 'final stage.'" (Michael); "What is an exit strategy? ... You start a process and if it is adopted by the system, like in the case *Drorit* [an altered name of a program], we move on to the next challenge." (Gil).

> *I see my social involvement as a type of social entrepreneurship, not philanthropy. But I see business entrepreneurship as well as social entrepreneurship, or any other type of entrepreneurship, as a sort of trait – the ability to look at things and envision how they can be different, some sort of transformation.*

When relating to themselves as social entrepreneurs, the interviewees, to a large degree, embody Ulrich Beck's "public welfare entrepreneurs" (2002: 142), who link entrepreneurship in its original meaning to educational or welfare programs. Beck's model of "civil labor" assigns public welfare entrepreneurs – described by him as being a fusion of Mother Theresa and Bill Gates – a central role in organizing social participation associations and planning and implementing flexible social projects with low operating costs. This is also how the participants in the study viewed their role. The vast majority of them set up new philanthropic programs that they see as more flexible and less bureaucratic, similar to contemporary business and management models, particularly business start-ups. In accordance with these models, they view themselves as a pioneering force paving the way for the rest to follow. This force is responsible for identifying needs, recruiting partners and implementing solutions directed at mobilizing social change. As Gil describes it:

> *What people like myself and others represent is a strong business orientation… In order to do it efficiently, one needs to develop methodologies that are not the classic, traditional philanthropy of laying down the money… The same holds for the business world as well. Large organizations can never replace small organizations or entrepreneurs for the simple reason that as a large organization – such as Intel, Microsoft, whatever – it's as if you're an enormous ship that doesn't have the ability to launch pilots, explore new things and doesn't have individuals with entrepreneurial experience… It's like they can't move… to use the same analogy, the social sector, as a worldview, sees its role as a catalyst for social change in the public sector.*

The catalyzing philanthropy that Gil mentions represents a commonplace conception among the interviewees, who believe that the "right" philanthropy, which they practice, needs to influence social realities in a flexible manner. As they see it, flexibility means that they must first invest sufficient time and resources in identifying a specific social need or opportunity and only then decide on a form of

intervention, begin to recruit additional funding sources to supplement their own and develop creative and innovative avenues for change.

Ilana Silber (2007: 268, 277-278), who conducted a comprehensive study among Israeli mega-donors over the years 2000-2003, pointed out the development of a new trend in charitable giving which strives to break free from the pattern of "national fundraising efforts." The new pattern relies on direct philanthropy which transfers its funds to its grantees without government mediation. Silber recommends "paying special attention to the rise of a new type of donors over the last decade, who take on the role of philanthropic entrepreneurs as well, in the sense that they set up new philanthropic institutions." The donors that Silber studied "are not content simply with supporting existing institutions; but rather establish and sponsor nonprofit organizations and workers either by themselves or through business associations they created."

In the September 2007 issue of *Shuq Hahon* magazine, published by Meitav Investment House Ltd., Elisa Gotesman, Meitav's director of social involvement, recommends investing in the Alon Social Involvement Organization for educating youth in Israel. In an article laden with tables, graphs, and pie charts, Gotesman presents the activities of the Alon Oraganization, focusing on its achievements, and claims that it delivers "100% social return". According to Gotesman, the Psagot Ofek investment bank founded the *Hinuch LePsagot* program in order to "know how to invest in the education of the younger generation". A joint survey conducted by the Israeli Pricewaterhouse Coopers accounting firm and Ma'ala Business for Social Responsibility, an organization which encourages businesses to engage in socially responsible practices, has concluded that "investing resources in monetary gifts and community involvement is the most worthwhile investment in terms of a firm's reputation". Gotesman's language, like the terms used by the Israel Pricewaterhouse Coopers accounting firm and Ma'ala, represent for the most part the internal logic of the stock market and are examples of the introduction of capital market concepts and terminology into the field of philanthropy. These donors view philanthropy in terms of an "investment" and measure and report its activities in terms of "social return". The participant interviewees in this study appear to be operating according to market rules in the social realm as well; they carefully plan which projects to invest in (As Gil suggests, "One needs to develop methodologies that are not the classic, traditional philanthropy of laying down the money"), develop clear criteria for assessing the effectiveness of the projects and are personally involved in the

implementation of the projects at every level. Furthermore, like every investor, they tend to choose to invest in projects that promise the greatest return, as Eyal suggests:

> *We identify the most talented, most gifted, and poorest [kids] outside of the country's central region and we invest in them. I'm not a philanthropist, I'm an investor, and people choose what to invest in, not by the need but by the potential return. So you choose the candidates based on their potential.*

Investing is therefore a key concept in the philanthropic identity of the interviewees and it defines their goals for giving. As Eyal explained in the last quote and as will be explained later on in the paper, the interviewees chose to invest their money in the "most talented" and "most gifted" of the "candidates" – the recipients – i.e., those with the highest promise for a return.

"Teach a Man to Fish"

The interviewees see themselves as investors and regard their philanthropy as a business venture that follows rational managerial practices and is designed to yield a return. This attitude is also responsible, on the whole, for shaping their philosophies of giving that determine their considerations for deciding where to direct their philanthropic efforts. One feature of this giving philosophy is a clear tendency among the interviewees neither to participate in projects that distribute food to the needy nor to help individuals out of private debt because, as they see it, such projects, amount to no more than local or temporary pain relief. Furthermore, according to the interviewees, such projects cause recipients to develop a dependence on donors and therefore perpetuate the problems they seek to resolve. Instead, the interviewees prefer to invest in developing the recipients' abilities and qualifications in order to enable them to integrate independently into the workforce and to become socially productive. Rivka describes these feelings as follows:

> *I love this work of handing out fishing rods instead of fish. So, for example, nonprofit organizations that only manage soup kitchens and the like – that speaks to me less. Not that it is not important and not that it is not needed, but I need to decide on my priorities and that is something I will be less inclined to get involved in as opposed to things that build up individuals and later enable them to stand on their own two feet. I am not interested in encouraging dependence and disabilities, but rather I want to help people*

> *gain skills… This is about long-term thinking about how we can help the disadvantaged enter the global and digital era.*

It is important to note that the interviewees do participate in charity that involves a direct transfer of funds to the needy – mainly short-term and circumscribed help for the poor, for example, during the holiday seasons. Nevertheless, the interviewees emphasized that the vast majority of their giving is directed toward what Ulrich Beck (2002: 166) calls "active welfare"; this is welfare that is not directed toward satisfying immediate needs, such as food or money, but intended to effect long-term change in the lives of the recipients in order to help them gain control over their lives. Hannah describes this sentiment:

> *Neither food nor holidays, because I do not donate… for one-time things that do not really provide tools for change… I don't think that we need to handout fish. We need to give hooks, irrespective of whether it is on the individual level or the organizational level. We need to give people the tools to stand on their own two feet. Because if I were just to give and give each and every time, it would never end. It is an inexhaustible pool. It is better to give people the tools to lift themselves up so that they can move forward.*

The interviewees' decision to concentrate their philanthropy on skill development and on providing "fishing rods but not fish," is arguably motivated by prevalent rational problem-solving and decision-making principles that are found in organizational theories and are gaining prominence in the high-tech industry. This perception views philanthropy as a form of social intervention whose success depends on its ability to tackle problems at their roots, such as, for example, education gaps or inadequate opportunities, rather than by addressing the symptoms of the problems, such as hunger or social gaps. Transferring cash assistance to the needy without developing their skills would provide symptomatic relief without addressing the causes. This opinion is described by Hannah in the above quote.

The interviewees' reservations about transferring funds directly to the needy is in many cases an attempt to avoid what Giddens called taking a "moral risk" (Giddens, 2000: 140) – a situation created when charity, in effect, reproduces the same behaviors it is trying to uproot. According to this perception, unlimited

unemployment benefits and reliable cash assistance may actually perpetuate unemployment and reinforce negative behaviors that reflect a lack of personal responsibility. "Because if I were just to give and give each and every time," Hannah claims, "it will never end. It is an inexhaustible pool." If people cannot "stand on their own" they will turn to assistance on a permanent basis.

The interviewees' decision to invest in developing the recipients' skills aims to give those recipients what Robert Putnam has defined as "social capital", the ability to lead an independent civic life (Putnam, 2000). The interviewees' expectations of the recipients were not always limited to the expectation that they accept responsibility for their own lives; frequently they also expected that the recipients would eventually become active in their own communities and assist others. Gil gives voice to this expectation:

> *True assistance is to help people stand on their own… I also donate food for Passover, etc., but that is a different story. I invest most of my time and effort and money in helping students stand on their own… but what does it mean to stand on your own?... to shape people who can contribute charity and do not need it? Education is a classic example… What is the difference between what you were given there [in education] and what you are giving someone here, who works and does not have money to feed himself? What is the difference? Fishing rods as opposed to fish. That is all!*

Gil is not satisfied simply in developing personal skills. To his mind, his philanthropy is meant to transform the recipients into individuals who can "contribute charity," that is to say, to transform them from recipient citizens to contributing citizens. To this end, like most of the other interviewees, he chooses to invest in education. He believes that education not only perfectly fits his philosophy of giving – a philosophy represented in the metaphor of the fishing rod – but by developing the potential of the recipients to integrate effectively into society, he is also gaining an additional advantage: education is a power enhancer that empowers the recipients and allows them to help others in the future:

> *You know, I am always looking for a power enhancer. Always. That is why I turned to education… Power enhancers are the most effective thing around. It isn't… true. A lunch program for children is important, but its power to effect change is limited. If you take kids, invest in their education,*

> *and cause them to return to their towns and to mobilize those towns, then that is a different level of power enhancement. There are many examples of this.*

We see that the interviewees consider investment in education a worthwhile cause. In this sense, the conclusions of this study may help to explain at least one aspect of why business people so often choose to invest in and develop educational programs. (Note also the interest of American and Israeli advocates of TQM - Total Quality Management business theory in education in the 1990s, and the Israeli Dovrat Report). Perhaps business people, who regard themselves as investors even when engaged in social projects, view charity for social or cultural programs or food initiatives as a wasted investment. Education, on the other hand, offers an effective avenue for higher return. Not only does it achieve its immediate goals among the recipients of the donation by helping them incorporate into society as independent and productive individuals, but it is also able to reproduce when the recipients become active, engaged and concerned citizens who are able to give back to society by passing the investment on to others. Moshe represents the opinion that education offers promising returns on investments:

> *Our third [interest at IVN] in education is an active citizenship program launched in Sderot. This issue involves teaching civics in its basic vocabulary, which we were concerned was not taking place in the country. So we reached an agreement with the Ministry of Education to teach civics consecutively from 1st through 12th grade… Our test was whether the students … volunteered more in their communities. That is, whether there was some return. What we discovered was that there were very interesting consequences in the ways in which the kids assumed responsibility.*

Survival of the Fittest

Another manifestation of the approach that chooses to invest in developing the skills of the recipients is found in the interviewees' decisions to invest in the most "fit" or "competent" students or projects. By "fit", the interviewees do not mean individuals who come from strong social, cultural or economic backgrounds, but rather individuals who show promise and competence that the interviewees can identify and seek to support and promote. These potential recipients mostly include

successful or highly motivated students from underprivileged neighborhoods and towns ("We identify the most talented in the periphery," Eyal). Ehud voices a similar perception:

> *For example, to visit a leading school in the periphery… and take, say, the seventh grade and look at a typical grade with 200 to 250 students. We take about 70 students. Usually we take, on the one hand, those students who excel, the cream of the crop, and, on the other hand the weakest students, but kids that, you see, have failed four or five classes, but with the advice of the school counselors and teachers and our own people, kids in whom we can recognize a spark of motivation in them or the will to change their situation. And we put them together… We see our successful students when they are in high school, when they come back to work as tutors in our program, and they are by far our best tutors.*

Eyal and Ehud express a view, prevalent among the interviewees, that it is best to invest in "strong" groups or individuals trapped in disadvantaged social environments and to develop programs to assist them. Ehud gives as an example a "leading school in the periphery". The students are selected for the programs usually on the basis of the highest chances of success.

The interviewees, so it seems, think that their decision to invest in individuals with the highest potential sets them apart from Traditional Philanthropy, which to their minds is content in transferring funds to charitable and welfare causes. Since they see themselves as investors managing risks and identifying opportunities, helping the weak who offer less promise for success is a high-risk business that has a smaller promise of return. Investing in strong and competent individuals is the correct investment: it involves low risk and a high promise of return. This attitude results in an intensive investment in promising students from underprivileged neighborhoods and towns. Additionally, it leads to the interviewees' decision to invest in leadership programs for schools, universities and communities, which they consider to have the greatest chances for success. In Eyal's words:

> *And that is one more thing that we do – business. This means that, first, you recruit. You don't set up a company and hire workmen. First, you recruit leaders, despite the difficulty of turning others down… [We recruit] people with the potential to go to university, the potential to lead in their fields, the*

> *potential to do research, the potential to lead and to develop new jobs for others in the future. This is why the emphasis is placed on the best people.*

Eyal invests in the "best". Just as in his private business dealings he chooses to recruit leaders who have the ability to lead the organization to success, so too he chooses such people as the objects of his philanthropic activities.

The practical and business-managerial aspects of the philanthropic philosophies that guide the interviewees greatly resemble the perceptions that guide their colleagues in American Venture Philanthropy. The interviewees state their decisions to invest in a few well-defined and limited philanthropic causes (mainly in the areas of education, community and welfare), rather than to spread their investments over many causes. They conduct their activities according to the managerial principles that guide them in their business dealings, principles such as planning, identifying opportunities, setting goals and measuring and evaluating. They focus on preventing problems rather than on alleviating symptoms; they donate time, personal involvement, managerial expertise and connections, in addition to money. They invest in developing the recipients' skills, rather than in cash handouts. And they prepare exit strategies.

2. Patriotic Philanthropy

> *[My contribution] also involves working with one's own community, mainly in those places where it is trailing behind.* (Michael)

One of the salient characteristics of the interviewees' perceptions of their own philanthropic involvement is here referred to as "Patriotic Philanthropy". The concept of Patriotic Philanthropy denotes the emphasis the interviewees place on community development, and more often on Israeli society as a whole, rather than on investing in individuals, subgroups, or specific organizations such as hospitals, cultural institutions, and individuals with special needs, or ethnic groups. To their minds, the recipients are expected to become active, productive, effective and involved citizens within both, the local communities they belong to and the wider Israeli society. One manifestation of this attitude is the interviewees' decision, described in the preceding section of this paper, to direct their resources toward two avenues: investing in developing the recipients' skills ("fishing rods but not fish") and supporting the stronger members of the recipient communities. In both cases

the philanthropic investment involves improving the skills of individuals, when in fact these individuals are not in and of themselves the final end sought by the interviewees; the ultimate goal of the intervention is the communities to which these individuals belong or Israeli society as a whole. Moshe, along with his partners at the Israel Venture Network, funds civics classes "from first through twelfth grade" for the purpose of developing "active citizenship"; Gil invests in his recipients' skills in order to transform them into individuals who can "contribute charity" and assist others; Eyal supports the more capable individuals in underprivileged communities for the purpose of promoting future leaders who will then develop more workplaces.

The interviewees, it must be said, do support causes such as hospitals or programs for assisting youth at risk. Nevertheless, it seems that frequent references made to concepts such as "Center vs. Periphery", "North-South", "frontier line" or "the national interest" attest to the communal, macro-social conception that dominates the interviewees' philanthropic activities. Such a comprehensive social outlook is expressed by Gil:

> *We all know that the chain breaks at its weakest link, and the role of those who can afford it is to strengthen the weakest links.*

Gil prefers to limit his philanthropic efforts to strengthening the entire "chain", i.e., Israeli society, by investing in its weaker elements, described by him as the "weak links". To his mind, it seems, investing in Israeli society's weaker links constitutes a step within the greater process whose final goal is to strengthen Israeli society as a whole. A similar claim, albeit different in tone, is presented by Rivka. She claims that charitable resources should be directed toward society's weaker elements so that they will not be a burden to society, whether as unemployed individuals dependent on financial support or law-breaking individuals causing harm to society:

> *The gaps between well-to-do areas and disadvantaged areas, or between the central and outlying areas of the country, are dramatic. We are effectively perpetuating a sort of cycle of poverty and dejection, and eventually the burden will fall on society's shoulders, and these people will need to be supported, either because they will turn to unskilled labor that will not support them, or, in the worst case scenario, to crime.*

Rivka here expresses a commonplace criticism that the interviewees often bring up against the deteriorating quality of welfare services in Israel. I shall return to this discussion later in this paper. Rivka expresses her concern for the future of individuals who may turn to unskilled labor or crime. Her main concern, however, seems to be the harm that "these people", as she describes them, may inflict on Israeli society when they become a burden to it. Rivka is here expressing a common opinion among the interviewees, in which the recipients of philanthropy are regarded as a means to a wider and more comprehensive philanthropic end of social stability. Let us now return to the chain metaphor, proposed by Gil. Rivka's attention is arguably focused on the stability and unity of the chain as a whole, i.e., of Israeli society as a whole, rather than on the specific needs of its weak elements.

More tangible examples of Patriotic Philanthropy are the interviewees' philanthropic investments in collective causes, or, more precisely, national goals, such as developing employment sources in Israel, promoting the economy outside of Israel's central regions, eradicating poverty and developing community programs, mainly educational programs, whose purpose is to incorporate as many economically and geographically side-lined individuals and groups as possible into Israel's industrious and productive center. Moshe expresses these notions:

> *I dedicate more than half of my time to philanthropy… The ultimate goal we are seeking is to empower the community. For this purpose, we are active in three areas: one is educational work; the second is social leadership; and the third is developing jobs in [Israel's geographical] periphery.*

At least three different explanations can be given for Patriotic Philanthropy. One explanation interprets the interviewees' patriotic sentiments, namely their concern for social stability and cohesiveness, as an expression of a conservative discourse prevalent among affluent circles, who desire to preserve the existing social order because it is "good for business". A second explanation interprets the interviewees' collectivist and patriotic sentiments, and mainly their hope for social stability, as an expression of an organizational-managerial worldview, which believes that the situation of individuals cannot be improved through limited intervention but only through a systematic, comprehensive, and speedy overhaul of the social-order. Paul Watzlawick, John Weakland and Richard Fisch define this as "Second-Order Change" (1974). A third explanation, which is heavily supported by the empirical

data collected during the interviews, portrays Patriotic Philanthropy as the interviewees' attempt to promote an agenda of civil rights and social equality in Israel. For this purpose, they invest in education, developing social leadership, empowering the community and creating jobs, as described by Moshe in the previous quote. Additionally, they support this goal by developing programs for community and social involvement with the goal of "molding" active and responsible citizens who invest and are involved in their communities. This attitude is expressed in a speech Jonathan gave students at a ceremony awarding scholarships in Shlomi:

> *I gave the following speech three days ago, when I was awarding scholarships in Shlomi. I told them: 'Ladies and gentlemen, each and every one of us has potential, and it is our duty to fulfill that potential… so we are signing a contract with one another. I am giving you the money and you are going to work at the university as hard as you can. You are going to buckle down and study-study-study, and you will not give up, though it may be slightly difficult… This is your duty, your responsibility… Driving is a personal responsibility; littering is a personal responsibility; it is all about personal responsibility… Because when we don't take personal responsibility, when we don't look around us and don't care about anything outside of us, when we do whatever we like, whenever we like, in whatever way we like, we are actively unraveling the fabric of society. Because what is society? Society is a large group of people who all take personal responsibility for the common good.*

Jonathan takes care of students who are residents of Shlomi. He claims that he is there in order to help them get through university and realize their personal potential. But his investment in these students is not a personal investment; rather, it is principally a social and civic investment. He is assisting these students so that they may eventually become concerned citizens who are aware of their surroundings and see beyond their personal interests, concerned citizens who care about the "fabric of society". In transferring money to these students, Jonathan is in fact having them sign a contract that requires them to assume personal responsibility for the common good. The language he employs is Ethno-Republican in its nature and it emphasizes the primary place of the collective in civic life (Abowitz and Hanish, 2006). Like Rivka, who recommends investing in solutions for poverty and crime out of a concern for the health of the collective, and like Moshe who seeks to

empower the community, Jonathan uses his resources to promote the common good. By explaining to the students that "[s]ociety is a large group of people who all take personal responsibility for the common good," he is in fact attempting to promote a moral community that wishes to achieve "Civic Virtue" –a rich, satisfying and morally infused communal life (Peled and Shafir, 2005: 13). Jonathan therefore awards scholarships to individuals but makes sure to remind them of the importance of the common good. He stands before these relatively young citizens and urges them to view their citizenship not as individuals who are isolated from their surroundings, but as members of a society who are personally responsible for preserving that society.

Another manifestation of Patriotic Philanthropy is evident in the fact that the interviewees divert their discussion from the social realm to the national realm, or from the level of the community or society to the level of the State. Then, the interviewees turn to talking about the stability of the State of Israel rather than a more limited communal or social commitment. These notions are expressed by Shalom:

> *Occasionally, we also support research, which is usually attached to universities, because we believe that it helps the country advance. That is also another way – a more sophisticated way – to provide a fishing rod… and eventually, it will improve, say, the economic situation in the entire country.*

Shalom views his investment in academic institutions as a means rather than as an end, whose purpose is "to help the country advance". He expresses a narrative prevalent among the interviewees of this study that assigns national importance to civic-philanthropic entrepreneurial projects, which include promoting civic involvement and social responsibility, and see them as an integral part of a collectivist effort to reinforce the State. The concepts that are used for this narrative appear to be taken from the official collectivist, Zionist-Jewish narrative, which is centered on the concepts of a shared destiny, perseverance and survival. These concepts attribute to the civil and republican discourse national features that fall, for the most part, within the definition of an Ethno-Republican civil discourse, which views the state as the most important aspect of citizenship. Haim clearly expresses this worldview:

> *I think that today in Israel we are in the midst of a very serious crisis, and one of the main things… that can heal this crisis and repair the problems and move us forward, and allow us to preserve the State… uh… is collaboration, unity and solidarity, each according to the best of his abilities. I do not expect that people who cannot help others will help others, and I do not expect people who have limited means to help on a huge scale, but I say, everybody as far as he is able, should somehow increase social responsibility and solidarity…*

Haim later read me an excerpt from a speech he gave at one of the philanthropic events he attended: "Israel's fate depends first and foremost on national unity and on the readiness that each of us will show to pitch in and contribute toward improving our social order and strengthening our society."

Haim understands social responsibility as a demand for solidarity, because, as he sees it, "Israel's fate depends first and foremost on national unity." His public speaking style is reminiscent of the national discourse of the old Israeli elites, who viewed the State as a framework for harnessing the loyalty of the entire nation and a key factor for unifying the nation, according to Ephraim Yaar and Zeev Shavit (2003: 1108). In so doing, Haim narrows the scope of collective civil society, and, like most of the interviewees, places it within the borders of the Secular-Zionist-Jewish movement in the State of Israel. One may interpret from this discourse that the key factor of citizenship stems from membership in a common, homogenous identity group in a way that excludes other non-nationalist groups such as Ultra-Orthodox Jews and foreign workers, and, with a few exceptions, Palestinian citizens of Israel.

It may be possible to attribute the nationalist character of the interviewees' mode of expression to the fact that the interviews were conducted around the time of the Second Lebanon War (the interview process began about six months after the war). Hence, their accounts may be seen as an expression of the feelings of solidarity which are known to have surfaced in other times of crisis in Israel. These feelings of solidarity increased and intensified among those interviewees who had assumed a leadership role in philanthropic efforts during the war. (One should note that these feelings of solidarity may have deeper roots in Israeli public discourse, originating, as Lev Grinberg has suggested [2007], in a resurgence of patriotic and collectivist values after Rabin's assassination and the failure of the Oslo Accords.)

Nevertheless, it seems that it would be incorrect to unequivocally claim that all of the interviewees embrace an exclusionary, ethno-nationalist civil discourse. This is true, firstly, because most of the interviewees invest most of their philanthropic resources in what they consider to be underprivileged areas and communities – the "periphery" that has been traditionally ignored by state institutions; and secondly, because some of the interviewees do not limit themselves to the Zionist-Jewish collective and include Palestinian citizens of Israel in their philanthropic activities and demand that they be incorporated into Israeli society and the economy. Eyal is an advocate of this approach:

> *This is not about how needy a person is; it is about what he can contribute [to society]… We have the ability to influence the future of the State… and in my opinion we are headed downhill. Our place in the global economy is continuously worsening, and in my opinion, if we won't do anything to change the situation, we will become a third world country… Giving people cash in order to close social gaps will not effect change so we decided to invest in education. The gaps exist, I would say, among certain 'sectors', new immigrants, and the periphery, and if we do not solve these problems in the periphery, which includes both Jews and Arabs… This is the core problem, because it threatens Israel's stability… It is not that I am uncomfortable with the fact that there are poor people. It is about the fact that I love this country and want to have an impact on her.*

The interest Eyal expresses in the residents of Israel's "periphery", new immigrants and Palestinian citizens of Israel demonstrates a key aspect of the liberal civil discourse that is prevalent among the interviewees. According to this discourse, the incorporation of excluded social groups is one of the main elements of civil society (Abowitz and Harnish, 2006). A close reading of the interviews, in which the interviewees describe their investments in Israel's "periphery", nevertheless gives the impression that the values expressed by the interviewees represent mainly a rhetoric of liberal citizenship. Eyal does not consider investing in Israel's periphery and residents to be an end in and of itself, but rather a means to an end - an investment meant to strengthen the country whose economic prowess is failing and which is losing its place in the global economy. Eyal invests in education in order to influence "the future of the State." Insofar as he is an advocate of a republican and ethno-nationalist civil discourse, he declares that his main purpose is not to provide

immediate financial relief for individuals ("giving people cash"), even the desperate ones, but to assist and ameliorate the problems of the periphery that threaten "Israel's stability." Though he is concerned with underprivileged individuals and groups from underprivileged geographic or ethnic backgrounds, his main objective is not to improve their financial situation or social rights but to reinforce the State of Israel.

The absence of a liberal civil worldview is evident from the fact that, outside of a handful of specific references to Arabs and new immigrants, the interviewees tend to lump Israeli society's underprivileged groups together under the term "periphery" that reduces the differences and special needs that exist among them. "The Periphery", as the interviewees refer to it, is almost a faceless and nameless object that does not take into account the diversity of different geographic areas and groups in Israeli society and presents them as a "weak link" that needs to be fixed so that the entire system can run efficiently. The interviewees did not refer to underprivileged and disadvantaged groups by name (Swirski, 1981) – Bedouin, battered women, people with physical disabilities, single-parent homes and Sephardim,[10] all of them representatives of the social "periphery" and the main concern of a liberal civil society. One can infer from this that they do not see these groups as an object of philanthropy. To their minds, the periphery mainly denotes a geographical concept that represents a handicap that needs to be corrected because it is disruptive to the State and impedes its function. It seems therefore, that the liberal and civil rhetoric adopted by the interviewees, which is concerned with the periphery, actually creates a distinction between the Israeli, nationalist and Zionist center, and the Jewish (Sephardim and new immigrants), Arab (Palestinian citizens of Israel), and foreign (foreign workers) periphery, which is underprivileged and disadvantaged. This distinction, in fact, is a direct consequence of the disregard of Israel's center toward the rights and needs of the periphery. An example of this attitude is found in opinions expressed by Michael:

[10] Most of the interviewees chose to ignore the social and cultural diversity of Israeli society and to invest in fostering a unified collective Israeli identity. This attitude was expressed, for example, in Noga's reservations about the activities of the ISEF Foundation among Sephardic communities in development towns and underprivileged neighborhoods. At an ISEF gala event, held in Tel Aviv in May 2006, short films were screened in which, *inter alia*, the Sephardic students described the help they had received from the ISEF Foundation during their studies. After watching these documentaries, Noga expressed her reservations about creating ethnic categories nowadays, categories which no longer exist following the high rates of mixed marriages between Ashkenazim and Sephardim.

> *The success [of community programs] among a very narrow part of the population, as much as it gives rise to hope, also serves as a warning sign, a warning sign against things that happened in South America. In the current situation, in Israel's central regions, in places like Kfar Shmariahu, Herzliya Pituach, Ramat Hasharon, Ramat Aviv, there is this sort of educated Israeli "Ashkenazic" ethos… of people who like talking among themselves and like the homogeneity of their kids' schools – and I personally find this to be problematic. It misses large sections of Israel that lie outside of that cosmopolitan center that we have here in Israel, and it leaves out a large section of the cultures – of what is taking place here, of what we call the Periphery… Now, Israel's Center cannot continue to be withdrawn into itself for economic and practical reasons as well, because we are ignoring a huge economic force… I mean to say, there is a need to bring some common ground to the Negev and to institute some economic, tourist, cultural, pioneering changes that will tap into aspects of Israeli culture – other than Tel Aviv – which can bear much fruit. Outside of the Center, infrastructure needs to be developed in the Galilee, Jerusalem, the Negev, and other places in Israel.*

By seeking to introduce groups from the periphery into the center, Michael appears to hold a philanthropic worldview that espouses a liberal conception of citizenship. But, in fact, Michael directs his efforts first and foremost to advancing Republican and ethno-nationalist citizenships. His discourse is moral and value driven to some extent, but his focus is nevertheless pragmatic, as he himself asserts. To his mind, advancing the "educated and Ashkenazic" Israeli center at the expense of the force found in the periphery has the effect of wasting an important social force in fostering exclusionary, and therefore immoral, social behaviors. More importantly, however, it has the effect of wasting the economic and social potential that lies outside of Israel's Center. The geographical borders that contain Michael's philanthropic objectives run along the official borders of the State of Israel. Michael thinks of the Galilee, Jerusalem and the Negev, and warns that Israel act so as to avoid ending up in a situation similar to that of South America. Like Eyal, it seems that he is not immediately concerned with the rights of those who are not part of the "educated Israeli Ashkenazic ethos." Rather, he is concerned with incorporating these people into the Israeli national collective in order to strengthen the State. In other words, Eyal is interested in incorporating disadvantaged groups into mainstream Israel because he worries that Israel will become a third world country.

Michael advocates against concentrating on Israel's center and overlooking "large sections of Israel," because he is worried that Israel will seem like some South American countries.

3. Motivations for Giving

> *I know what we did for them [the grantees] and, in my opinion, it is an honest and genuine feeling for them to want to give back to the country, because we are the country.* (Eyal)

Studies show that giving patterns in Israel differ from giving patterns in other, mainly Western countries with regard to volunteerism and monetary donations in particular (Needle-Shimoni, 2007). Some claim that this may be due to years of sacrifice including high taxation levels, extended mandatory military service and reserve duties, long work hours and low-wages, high consumer prices and customs taxes, and naturally also living conditions on a warfront and under threat of terrorism (Silber, 2007). According to this claim, these factors cause Israelis to seek to be left alone and to enjoy the modicum of free time and disposable income that they have. Another possible explanation for the fact that Israelis do not readily donate time or money to others may be the centrality of the concept of the *Freier* ("sucker" or "duped one") in Israeli culture. This concept reflects the Israeli fear of being taken advantage of and thereby suppresses social involvement and philanthropy (Roniger and Feige, 1993).

It nevertheless seems that there has been a great increase in the levels of giving, at least in terms of major donors, and the number of wealthy Israelis investing in developing new philanthropic projects is continuously increasing. The clearest expression of this revival is the central role that the participants in this study played in the field of philanthropy during and after the Second Lebanon War in the summer of 2006.

In their book based on questionnaires completed by 218 major American donors, Russ Alan Prince and Karen Maru File offer seven models for understanding giving motivations (Prince and File, 1994). The first group, which included 26% of the interviewees, was the "Communitarian" group. These donors believe that philanthropy is good for their private businesses and their community. The second

group (21%), the "Devouts", are motivated to give to nonprofit organizations for religious reasons. The third group (15%), the "Investors", give out of a desire to promote social causes but channel their gifts to avenues that offer the highest return. The fourth group (11%), the "Socialists", seek to promote a better world. The fifth group (9%), the "Altruists", believe they have a moral imperative to give. The sixth group (10%), the "Repayers", give mostly to health and education organizations from a feeling of gratitude and commitment after having benefited from their services. The motivation for giving among the seventh group (8%), the "Dynasts", stems mostly from their socialization and family heritage which promoted philanthropic behavior.

The classifications suggested by Prince and File can serve as an excellent point of departure for inquiring into the characteristic attributes of the donors who participated in this Israeli study. Aside from religiously motivated giving, which does not characterize any of those interviewed for this study, one can find attributes of the motivational components suggested by Prince and File among all of the interviewees. A few of them said that they give because it is a smart business move ("This is also a consideration… that it is the right thing to do and, in addition, you also score dividends that position you as a business person who supports the community", Shalom). Other accounts embody more altruistic motivations ("One needs to reach a point where he can give what he thinks needs to be given, when it needs to be given, and without regard for himself", Noga). Others describe their interest in philanthropy as an attempt to help promote a better world ("If the world were to learn, if people would learn that their personal responsibility is what matters… I think things would be different", Jonathan). Only a few of the interviewees describe their giving as a family tradition ("It's my parents, my school, my preschool education", Daniella). The vast majority of the participants in the study are first-generation donors who built up their own personal wealth. Nevertheless, when asked who were the people who influenced their decision to engage in philanthropy, most of them mentioned a parent, an aunt or a grandmother who, though not him/herself wealthy, had been dedicated to helping others ("My grandmother on my mother's side… she was part angel – always giving others," Haim).

The next section will elaborate on five motivations for giving that came up repeatedly in the interviews: collective identification; taxation and marketplace positioning; a desire to give back to the society in which they were educated and

built up their personal wealth; peer pressure and isomorphism; identity motivations and a search for meaning.

Collective Identity

> *From the North of Israel to the South, I donate… The organization [name removed] which I founded and organized and funded for eight years really changed Israeli society. No doubt about it.* (Hannah)

One may be tempted to consider Patriotic Philanthropy, especially in its national manifestations, one of the primary motivations of the interviewees to support social causes in Israel. Such an interpretation would explain the interviewees' motivations for becoming active in philanthropy as a product of the collectivist value system that dominates Israeli society and continues to serve as a main source of identity, despite the increasing prominence of neo-liberal and individualistic values (Auron, 1993; Needle-Shimoni, 2007). It is possible to interpret the importance of the Ethno-Republican civil discourse adopted by the interviewees as an expression of such motivations, as well as the frequent references they make to narratives that include the desires to help "Israel's economic condition" (Shalom); "to influence Israel's future" (Eyal); "to help lift the country out of the crisis it is in" (Haim); or, to invest in the country "so that vast areas of the country are not overlooked" (Michael). The interviewees employed references of this kind within a narrative that included a kind of imperative to contribute to preserving Israel's strength and to ensuring her continuation.

However, an alternative claim may be raised, which is no less strong: the collectivist spirit does not necessarily function as the *motivation* for giving, but rather plays a key role in the interviewees' decisions about where to direct their giving. As we have already seen, the interviewees mainly invest in projects that carry broad, often national, social significance – projects that may lead, in the long term, not only to local changes but even to change in the fabric of society as a whole. The interviewees' desire to support collectivist projects is suggestive of one of the primary motivations for giving among British donors, *viz.*, who perceive giving as an expression of the "collective responsibility" to give. This responsibility places society at the center of attention for British philanthropy. In contrast, American

philanthropy places private entrepreneurship, targeted assistance and personal gain at its center (Wright, 2001:412).

Taxation and Marketplace Positioning

> *If someone is looking to advertise his efforts in order to brand his business, that is fine, that is excellent.* (Ehud)

The critical nature of the research world is such that no scholar can disregard theories that question the philanthropic activities of major donors from the business world. This is not the place to analyze these approaches in detail, but in general, such approaches would characterize the philanthropy conducted by the business-people interviewed for this study "philanthropy for the rich". According to this view, the donors themselves are the primary beneficiaries of their largesse: they enjoy considerable tax deductions, gain meaning in their lives and reap substantial social capital that eventually promotes their businesses (Karmer, 2002). An example of criticism of this type is the wave of criticisms directed toward Microsoft owner, Bill Gates, who, together with his wife founded the largest charitable foundation in the world, the Lilly Endowment, in 2000. Critics claimed then that the Endowment was founded in an attempt to improve Bill Gates' public image at a time when he was under investigation for Microsoft monopolization (Brower, 2001). Ronen Shamir provides a detailed and example-laden description of the development of the concept of "corporate social responsibility". Shamir argues that it does not stem from voluntary or altruistic behavior, as corporations try to claim, but instead is a consequence of social pressures attempting to restrain corporate behavior and an image-building tool that is part of corporate marketing efforts (see also, Rowe, 2007).

Like the corporate executives described by Shamir, some of the interviewees who participated in this study present their activities as voluntary, often altruistic, and devoid of economic profit. This is present in Noga's words: "One needs to reach a point where he can give… without regard for himself". The same follows from Jonathan's words: "Personally, I have been giving for many, many years… but this is done without giving my name, right? It is done anonymously. It is anonymous."

Some of the interviewees presented their activities as altruistic and even expressed resentment toward the fact that elements of Israeli society, particularly the printed

media, wrongly and invidiously accuse them of making cynical use of their philanthropy for personal gain or to advance their businesses. One interviewee even asked me to help him and his assistants deal with such accusations.

It is important to note that, though some of the interviewees presented themselves and their philanthropy in an altruistic manner that does not seek personal or financial gain, this does not reflect antipathy toward instrumental philanthropy, which does afford personal and financial gain. All of the interviewees, even the "altruists", view charitable giving positively, whether or not the gift is motivated by instrumental concerns. This attitude is reflected in Ehud's opinion:

> *If someone is looking to advertise his efforts in order to brand his business, that is fine. That is excellent. But so many people give from their own personal money! … It astounds me every time...*

Many of the interviewees chose to demonstrate their approval of instrumental giving by pointing out Arkady Gaydamak's philanthropic engagements. Alongside their extreme reservations about the man and his influence in social and political Israeli life, most of the interviewees expressed their appreciation for his philanthropic activities and sought to separate them from his personal interest. Noga formulated her thoughts as follows:

> *I think that what Gaydamak did, in setting up a tent for thousands of people, was unprecedented as far as I can remember. I think he established a sort of precedent for generosity. What his goals or motivations were – I won't go into that. I am simply looking at his actions. The fact that he provided shelter for thousands of people – that really presented an example for a level of giving that can be reached, of not being afraid to do the unexpected and the grand.*

Another way in which the interviewees expressed their approval of the potential financial and business advantages of philanthropy was to attribute such motivations to others. The dominant narrative in this context frequently opened with a statement that they themselves do not act from instrumental motivations and ended with another statement that there was nothing wrong with doing so:

> *Some people need it for their public recognition; as for me, not only do I not need it, I also shun it. I simply shun it, but I tell you that even those people who need the public recognition, I find that legitimate too. It is fine that people represent themselves through philanthropy.* (Jonathan)

Another example is found in Shalom's opinion:

> *Look, no offense to … [names a donor], and I am convinced that this [philanthropic] activity… is part of his [efforts] to position himself in the business community… I think some people do it because they are aware of the public relations aspect…*

Giving Back

> *I was personally successful because of what I received here; I studied at the Technion, I served in the 8200 [technological intelligence unit] and I started a company in Israel.* (Moshe)

Studies of entrepreneurial philanthropy point to the donors' desire to give back to society as a main source of motivation (Fleishman, 2007: 35). Eleanor Brown (2000), for example, claims that the new wealth, which the global high-tech economy has suddenly placed in the hands of new potential philanthropists, motivates these people to give back to the society that enabled them to earn their wealth. This study's participants make the same claim. Many of them described their responsibility toward Israeli society and their grateful recognition of those institutions which enabled them to reach their economic and social achievements. Shalom describes these feelings:

> *You see many guys in high-tech who really became multi-multi-millionaires, who say they wouldn't have reached their position without the Technion or the Hebrew University. And I feel that I'm doing the right thing when I give back a little bit, and allow others to succeed, maybe like myself.*

The interviewees' attitude toward the idea of giving back is packaged within a narrative that reflects a social conception of a reciprocal relationship between citizens and community. According to this narrative, individuals, but mainly those

who achieve financial success, are required to give because they received from society. Eyal explains this:

> *Philanthropy is like public relations – but that can't be the motive. If I advertise that my bank donates to children with disabilities so that people will open bank accounts with me – that's not the right place to be coming from. It should come from a feeling that my organization is successful because it is part of Israeli society and therefore it should give back to society.*

Many of the interviewees feel committed to institutions of higher education in Israel and to the IDF because those institutions contributed to their personal development and to the success of their professional careers. As they see it, Israeli institutions of higher education gave them professional training and an understanding of the business world that enabled them to succeed, while their military service gave them the management skills necessary for developing and leading complex organizational systems. These ideas are expressed in Moshe and Shalom's quotes (above) and in Tzvi's words below:

> *Someone like me feels that part of what he received, he received here from the educational system … I think that the most defining, most significant experience I had in terms of management was in the army… In what other country, as a 20-year-old kid, would I have been responsible for life-and-death, for… for… for the equipment? … And after that, my university studies as well – and once again, we don't have a system where one year of schooling costs $50,000 a year.*

It is possible to explain the interviewees' desire to give back to society in several ways. It is possible to say that their desire to give back stems from their aspiration to contribute toward the social development and economic success of Israeli society; and that this desire stems from an attitude, often held by those with established wealth, that is interested in preserving and reinforcing current conditions for the benefit of their businesses. Another approach, which also takes into account personal interest, might view social return as an expression of the donors' aspiration to create for themselves and their children a successful and high-class society, in economic, social and cultural terms. The interviewees often explained that they are not interested in staying within their "bubble" of financially secure individuals,

though they are able to live anywhere they choose in the world. Instead, they are interested in combating social inequality, for which they themselves are partially responsible with their new wealth, in order to help promote a stable society for themselves and for the sake of their children. As Moshe describes it:

> *We are high-tech professionals: we have our own kids, we're financially secure, none of us wants a political position. I believe it is our responsibility to give back to the community that helped us become who we are. Most of us have managed large companies, have made it financially, and that's due to what we have done here. We want to give back to the community, because we understand that Israel is extremely polarized today. That is to say, high-tech is not… the country's image… because high-tech professionals can live anywhere in the world… it's not the country's image. And we can remain in our own "bubble" and eventually there will be a social disaster. What would happen then?*

In this context it is interesting to turn to Jacob Burak's book (2007). Burak is a high-tech entrepreneur who, after becoming wealthy, decided to abandon his businesses and to use his money to write the book, *Do Chimpanzees Consider Retiring?* Burak claims that people who were raised in a socialist society, as Israel used to be, feel guilty when they become wealthy, which accounts for their desire to turn to philanthropy, i.e., to give back to society in order "to justify their special condition" (quoted in Alfasi, 2007). From this point of view, one could make the claim that the interviewees, who mostly uphold patriotic-collectivist social perceptions, have developed feelings of guilt following their success. In order to liberate themselves from their guilty feelings, they seek to "step out of their bubble"; some of them even believe that the fruits of their privileged condition rightfully belong to society, not only to themselves, as can be understood from Moshe's words quoted above.

Peer Pressure and Isomorphism

> *I think that it is a trend that is increasing… it has even become a sort of fad, so that's a good thing.* (Jonathan)

It seems that the informal social environment is one of the main factors influencing the interviewees to participate in their philanthropic activities. The interviewees

recounted social gatherings with other donors or people of means that they are interested in pulling into the community of donors. This is described by Jonathan:

> *So I told my friends from whom I was trying to raise funds: if we were to give one percent of our personal wealth right now, would you feel it? Do you have any idea how much one percent of our wealth is? Of my friends' wealth? So I told them: Can you imagine what it could do up North? One percent!*

From the interviewees' descriptions it is possible to infer that philanthropy has become extremely popular among participants of social gatherings, and that it brings with it social prestige. Philanthropy is often presented, albeit implicitly, as a status symbol which encourages other potential donors to take part in philanthropic activities and to increase their investments in it. One indication that philanthropy functions as a status symbol can be derived from the interviewees' accounts; the interviewees repeatedly mentioned by name extremely famous donors with whom they cooperate or consult in their philanthropic investments. Ehud, for example, recounts that:

> *I've had many discussions with other people in the high-tech world, some of whom turned to this [philanthropy] later in life… It also stems from being a concerned citizen, I mean through my experiences in high-tech… I ask: how much longer will our advantage last? How many good engineers will there be? How many schools will put out these kids and how many good citizens will the country have?*

The picture that emerges from the interviewees' accounts is that these informal social gatherings serve to reinforce their business stature, to create individual identities and to form a new, elite philanthropy in Israel – a subject which should be further studied separately. The members of this elite group, as shown in this study, are individuals who possess social and economic influence and who give over some of their skills and resources for the benefit of the country. These are individuals whose identity is constructed around their concern for the continuation of the collective national Israeli struggle for the preservation of the state.

The Israel Venture Network seems to be a key identity provider that serves to preserve and enlarge this elite group. The Network constructs identities and status

through its development and promotion of new philanthropic projects and investments. Nevertheless, the IVN not only causes its participants and others who are influenced by its ideas to construct their identities, it also functions as a breeding ground for developing new philanthropic initiatives and partnerships and for exploring avenues of worthwhile investment. As Moshe describes it, the Network also helps to encourage donations:

> *So I am very active in The Israel Venture Network… it's a network of American and Israeli high-tech entrepreneurs. Shlomo Dovrat is one of its founders. Our goal… there are about 150 members in the network, and each person donates money and time. I dedicate more than half of my time to philanthropy, and others like Itzik Danziger, the former president of Comverse, dedicate a similar amount of their time. We have many people who dedicate a lot of time. As I see it, philanthropy is much more than money. Maybe I'm not objective, but it is much more than money… our organization has made its goal to foster a more competitive society and education and welfare.*

Another important motivational factor which influences the interviewees to become involved in philanthropy, or more precisely to expand their existing activity, can be found in their relationships with charitable foundations or third sector organizations that they consider successful. The interviewees recount that their cooperation with these organizations helps them develop their thoughts about philanthropy and is a major motivating source for them to engage in philanthropy. In David's words:

> *IFCJ, JDC, Sacta-Rashi and Shari Arison called and said: let's agree on the important causes that need to be supported.*

Another source of motivation mentioned by some of the interviewees was the publicity that philanthropy enjoys, which increased after the Second Lebanon War. According to the interviewees, the publicity has popularized philanthropy. It is almost a fad that business people are pulled into. According to Jonathan:

> *I think that it is a trend that is increasing. For one thing, it has become sort of a fad, so that's a good thing. I think it's great that it's a fad… I don't like publicizing what I do... But others will say that that is a mistake and I think*

> *maybe they're right too. I mean, if you make it known then other people will feel a need to give as well.*

Jonathan's supposition that philanthropy is becoming a local fad that is gaining prominence is reinforced in the daily newspapers, mainly in the business sections, which present, daily, new philanthropic projects of business leaders in Israel. Nevertheless, one should note that the fad Jonathan mentions, namely the imitation of philanthropic practices by larger numbers of donors, is not strictly a local phenomenon. Institutional Sociology views this phenomenon as part of a global trend of "Normative Isomorphism" (DiMaggio and Powell, 1983), a process by which local players adopt Western practices, behaviors and concepts and adapt them to their local environments. Expressions of such isomorphic processes can be identified in the accounts given by some of the interviewees who adopt so-called 'American' organizational and managerial models. As Tzvi describes it:

> *Ask about Tmicha [an altered name of the foundation he helped establish], no one will tell you that it was Moshe Ron and Yoram Reuveni [the names have been changed]. [Because the foundation] was founded on American models, on the United Way and the IYF [not familiar to the author] which served as the model for the establishment of Hosen [an altered name of the organization he directs].*

The Search for Meaning

> *I made the most of the high-tech industry. [Today] I'm no longer interested in it. … The creation of something from nothing … that is what interests me.* (Moshe)

It seems that the significance of philanthropy for the interviewees is found not only in the question what do *they* bring to philanthropy, but rather in the question what does philanthropy *offer them*. In this context, some researchers have claimed that high-tech professionals, particularly those who have become extremely wealthy following the successful sale of their companies (such is the case with a few of the participants of the present study) get involved in philanthropy because it keeps them occupied. Betsy Streisand (quoted in Wagner, 2002: 345) explains that many young millionaires work full-time for charitable causes, not because they need the

money but because they need to "do something." The same can be said about some of the participants of the present study, though arguably they derive something more from their philanthropic activities. As the interviewees themselves admit, their involvement in philanthropy offers them instrumental, external rewards, such as something to do, prestige, respect and public relations. Nevertheless, it seems that in addition, and perhaps even more importantly, they enjoy the personal, internal rewards, such as feelings of satisfaction, self worth and personal realization. Such feelings were expressed by Jonathan and Noga:

> *Donating is something extremely important – for me, not for anyone else! That is, I don't think that by giving, I am giving to other people; a person gives for his own sake… Three days ago I was up North, where I handed out 46 scholarships for kids in Shlomi – students. I do this for myself. I want students in Shlomi to be able to study.* (Jonathan)

> *I don't need the credit. Why should I need the credit? Who ever needs the credit? The credit is that you know that you have done something. It's as if it is part of the meaning of life. Again, I'm not saying it's always like that. It's very difficult to reach the point where it works like that. People always want others to thank them and to know that they gave, but I try to fight it.* (Noga)

The internal satisfaction that Jonathan describes and the meaning that Noga derives from her philanthropic activities have been explored in studies conducted by Martin Seligman at the Positive Psychology Center at the University of Pennsylvania (see Needle-Shimoni, 2007). These studies have found that philanthropic involvement has a profound and long-term impact on internal positive emotions, more so then the search for pleasure or material gain. These experimental studies have indicated a positive correlation between doing good and feeling good. The good feelings, which were the subject of the Positive Psychology Center's research and which participants of this study have said that they experienced, are said to originate in the new possibilities and avenues for self-realization that philanthropy offers, as well as the opportunity to mobilize for social change and to leave their personal imprint. These feelings are expressed by Ehud:

> *I see this also with my high-tech friends, even those who never made enormous profits from the sale of their companies, even those who simply reached the age of 45, and understood, on the one hand, that they will never*

> *be the CEO of Amdocs, but on the other hand, were interested in shifting gears in life and leaving their impact in places other than their workplace and abroad… I brought my business partners from all my start-ups along [to an honorary ceremony of an educational project that Ehud started] and told them: Look, we can start a new start-up, a really successful one, and either sell it or go public with it... But how can you compare this to taking a class of 70 kids, which 20 years of statistics have shown that 25% of them will drop out or be expelled and will end up on the street by the end of ninth grade, and succeeding in changing their situation... There is just no comparison… It is something that, you know, is even sort of self-centered. It's the type of reward that you don't… receive in many other places and it is a lot of fun. In this respect I am very pleased.*

Ehud's account reinforces the assumption presented at the opening of this section that the relevant question for understanding the interviewees' motivations for giving is the question of what philanthropy offers *them*. When trying to persuade his friends to join the world of philanthropy, Ehud cites the major rewards it offers: namely recognition, influence ("personal imprint") in another social context outside of the Israeli and foreign business worlds, and the ability to use the skills he developed in the business world in order to promote students. David Carington (2003) has claimed that many dot.com entrepreneurs in the United States decided to carry the revolution over to areas outside of the business world at the conclusion of their successful fast-track careers. After restructuring an entire industry, these entrepreneurs redirect their genius to the next reasonable object: improving society. This is also the feeling that one gets from Ehud, who describes to his friends that investing in one more business project, which would eventually be sold or brought public would not give them the level of satisfaction that he enjoys when he creates social and educational change.

Joel Fleishman (2007: 40–41) claims in this regard that once they have exploited the world of business opportunities, the only interesting challenge that remains for these business leaders is in the civil sector. As an example he brings two of the founding fathers of American philanthropy, Andrew Carnegie and John Rockefeller, who, he claims, attempted to reproduce their business successes in the civil sector. The same holds true for some of the participants of the present study, who claimed that they had no interest in replicating another business success and that the business sector has ceased to interest or challenge them. Instead, they claimed,

philanthropy has replaced their business interests and offers them a means of self-expression and influence. Moshe conveys this idea:

> *I was the founding-manager of Alumot [the false name of a high-tech company he founded] for 15 years. I was the company entrepreneur… When I finished my term, I made a personal decision to dedicate a large part of my time to philanthropy. That was my decision. I still didn't understand it or anything about it… Personally, I wanted to do it… I felt that I had fulfilled myself in the high-tech world… that I had made enough money, and didn't need any more than simply the feeling of giving because it is a good feeling… I had personally reached a high position from nothing. I was a large company, a billion dollars, a world leader. I made the most of the high-tech industry. [Today] I'm no longer interested in it. … The creation of something from nothing … that is what interests me. And if people can say: these guys started from nothing – look what they did – they built something, they changed something: volunteer profile, giving profile, that kind of stuff. I would say we made a mark in this sense.*

So far, a number of reasons have been offered to explain the attraction that the world of philanthropy holds for the interviewees: the search for a new source of recognition, influence, satisfaction, interest, self-expression, and, of course, self-realization. But from the interviewees' accounts it is possible to learn not only what initially motivated them to engage in philanthropy, but about the factors that maintain their motivation and even increase it. As with a closed circuit, the practice of philanthropy produces its own motivation. Organizational sociologists and psychologists have already described this type of motivation produced by the activity itself. Richard Hackman and Greg Oldham (1976), two of the founders of a study of motivation at work, have claimed that work can itself play a significant role in generating motivation if managers take the pains to design the work environment properly. This means that they need to design the work environment in a way that will offer workers varied assignments which affect the lives of others, enable them to be involved in the full work process and offer them regular feedback on the outcomes of their work. According to Hackman and Oldham, these conditions increase the workers' quality of work, satisfaction and self-motivation to contribute to the success of their tasks. Such is precisely the character of the philanthropic activities in which the interviewees are involved. As they put it, their philanthropic involvement is extremely varied and significant for the lives of others; furthermore,

it allows them to be involved in all stages of the project and to experience its outcomes. Hannah's account, in which she describes her involvement in a hospital, offers an example:

> *Another example is from places such as Reut [a false name of a hospital] that are unrecognizable. Anyone who remembers it in the past and sees it today – it's like night and day – and it's not just the money. It's about the investment, and about the fact that I put my soul into it. I was there when they chose the architects; I was there every time they chose the carpeting, the design, the tiling and the beds. I sat on dozens of beds until I found one that would be comfortable for a patient. And you can see the difference. The same goes for the Nahsholim School [false name]. Every place I got involved, the large donations, our impact shows and you can really see the change.*

Hannah was personally involved in every stage of investment and implementation in the *Reut* hospital. (See the recurrent use of the first person singular, "I"). This involvement, together with a feeling of influence and an opportunity to witness personally the outcome of her investment, appear to generate motivation in and of itself. The interviewees voiced many descriptions of this kind, as they related the changes they had brought about in the lives of the students who participate in their educational projects. These accounts may be reminiscent of George Simmel's classic observation: "when an act of assistance has been performed … although it be spontaneous and individual and not demanded by any obligation, there is a duty to continue it, a duty which is not only a claim on the part of the one who receives the assistance, but also a sentiment on the part of the one who gives." (Ostrower, 1995: 34).

Lilya Wagner (2002: 346) in her discussion of the 'new' donor in the United States notes the donors' need to invest where they expect to be able to affect significant change, which is to say they consider where and how they can "make a difference". The participants of this study also stressed that they would only invest where they thought they could achieve noticeable change. In the above quotes, Ehud noted that he was interested in achieving a significant change in the dropout rates of high school students ("and you manage to change the situation"), Moshe clarified that he was looking to create "something out of nothing", and Hannah can already see the "difference" she has brought to a hospital.

4. The Public Sector

> *It impregnates the country… and I think that things should be different.* (David)

Perceptions of the Limitations of Government

It is difficult to identify another topic in which the interviewees had a more homogeneous position than they had in their perception of the first (public) sector, or more specifically in their attitudes toward government agencies. The vast majority of the interviewees exhibited a markedly negative attitude toward government representatives, which is expressed in their low appreciation of and confidence in those representatives' professional competence and interest in promoting initiatives in the fields of welfare, education and community. The interviewees expressed these attitudes primarily when relating to the performance of the government during the Second Lebanon War in the summer of 2006. The following was Dorit's description:

> *It amazed me. It worried me and I think it was horrifying. It is horrifying to see the condition of the bomb shelters in the areas near the border; to see the level of utter unpreparedness for that situation. In a sense, everything collapsed in terms of the ability to take care of people. Those poor people had to flee like insects to seek shelter.*

The sociologist Francie Ostrower (1995) conducted a study in New York based on in-depth interviews with nearly a hundred mega-donors from the business sector. In this study, she describes the donors' dissatisfaction with the performance of local and federal government representatives, but clarifies that these negative views are not inherently anti-government, but rather focus on the government's poor performance in dealing with social and welfare problems and its insufficient involvement in philanthropic activities. The participants interviewed by Ostrower criticize, among other things, the excessive bureaucracy, the politicization of decision-making processes, and the lack of professionalism and intolerance of new ideas in government agencies. The study of Israeli mega donors uncovered similar attitudes. The interviewees' low estimation of, lack of confidence in, and hostility toward government representatives express more than a general dissatisfaction with the government, similar to the criticism often voiced by many Israelis; it expresses

their disappointment with the ineffectiveness of municipal authorities[11] and welfare agencies in those areas that are their direct responsibility. Daniella describes these feelings:

> *I think that this enrages people who expect the government to fulfill its duties. We pay the government money and we expect them to do what they should be doing and to handle the situation. There shouldn't be hungry children. That just shouldn't happen. Not that I think that it would prevent people from giving.*

Daniella expresses the sweeping disappointment of the interviewees with the government for not fulfilling its obligation to provide basic social services. As a taxpayer, she complains about the government's inability to cope with social problems such as hunger and poverty; as a philanthropist, she is furious that she is forced to intervene in areas that fall within the government's responsibility to provide basic services. By and by, Daniella is voicing here another view that is commonplace among the study's participants, who believe that government officials are unprofessional, lack initiative and operate in a cumbersome bureaucratic system that inhibits the introduction of new initiatives. The interviewees' attitude to the government's ineffectiveness, in many cases, also reflects a fear that potential new donors in Israel will avoid joining the community of donors because of the government's negligent behavior. Such is the opinion expressed by Gil:

> *See, serious people won't pitch in if one worthless official, excuse my expression, or some politician at the head of some committee that needs … I've been invited to participate in committees several times. I picked up and left very quickly because people in the government system usually don't know what they're talking about… I know these committees. A committee that is strictly public – its chances of success are miniscule.*

The interviewees' dissatisfaction with the government's performance is not limited to accusations of bureaucratic cumbersomeness, unprofessionalism and ineffectiveness; many of them claim that the government is indifferent to citizens' hardships. The interviewees mentioned many areas that fall within the

[11] The interviewees did not generally refer to municipal authorities often, and when they did, they were incredibly negative, following their experience with the Second Lebanon War. A single exception was one interviewee who claimed to be cooperating with three municipal authorities in Haifa, Tirat HaCarmel and Or Akiva on educational projects.

government's responsibility, but are neglected: rising unemployment, the condition of single-mothers, the condition in the country's periphery, health concerns, etc. This attitude can be seen throughout the study in the quotes brought from the interviewees. One noteworthy example can be found in Shalom's words:

> *I expect the state to do more… I am swamped with letters and I'm torn, there are people who need money to undergo an operation abroad… in cases where there is no solution available in Israel. I think medical insurance should cover it. Why do they need to go around begging for money? I mean it is not as if these are people looking for a luxury, when a solution is available in Israel… The State of Israel should cover this. That is my opinion.*

The criticism that the interviewees raise against the government's bureaucratic conduct and indifference to its citizens' distress is strengthened by the fact that Israel continues to place welfare and education at the bottom of its national priorities despite the fact that it is economically successful and can afford to do more. In Moshe's words:

> *As I see it, Israel is not a weak country. It's not the 1950s. That's just not true. It's a strong state. The country … Look at the country's budget, it is growing, it's doing fine. The fact that there are hungry people – something is wrong on the most basic level… I think that we need to stop donating and to blow it up… so that the disaster will force them take it seriously, to take care of it.*

From Criticism to Cooperation: The Government as a Regulatory Agency

In light of the interviewees' negative attitudes toward the government and their disappointment over the government's failure to provide adequate welfare and educational services, one might have expected the interviewees to prefer to work independently of the government and its representatives and to conduct their own independent philanthropy. Such an assumption, however, would be mistaken as it does not reflect the full range of the interviewees' position. Alongside their criticism of the government and its representatives, the interviewees by and large expressed the belief that maintaining a functional relationship with the government was a necessary precondition for the success of their philanthropic activities and therefore

supported cooperation between the government and philanthropic organizations. Moshe, as quoted above, recommended that philanthropists initiate protest steps, such as cutting off funding, in order to force the government to take up social and welfare problems.

Peter Frumkin has suggested a four-model taxonomy of nonprofit-government relations that is based on a multi-year study of the American nonprofit sector (Frumkin, 2006: 49-54). According to the first model, philanthropy operates autonomously and is free of government direction, despite government control of nonprofit taxation and management regulations. According to the second model, philanthropy challenges the government. The third model views philanthropy as offering supplementary support for government programs by identifying and filling the needs of existing government programs. According to the fourth model, philanthropy complements, rather than supports government programs that follow a well-defined division of labor.

Autonomous without Presenting a Challenge: The interviewees' philanthropy is directed for the most part toward educational, welfare and community projects. They fund these projects independently or through partnerships with other charitable foundations.

> *We don't take government money … we raise our own personal money and also raise money through partnerships with various other charitable organizations.* (Moshe)

Through the projects they develop in the spirit of Patriotic Philanthropy, the interviewees foster civic responsibility, social involvement and community identification among the recipients. These activities do not, however, undermine the existing social order. Uri Ben-Eliezer has reached similar conclusions in a comprehensive study of the accelerated pace of development of third sector organizations in Israel (Ben-Eliezer, 1999: 61). Ben-Eliezer has found that these nonprofit organizations operate in a restrained, institutional manner that does not translate their ideological beliefs into political social activism. Following the restraint exercised by nonprofit organizations, Ben-Eliezer goes as far as to question the very existence of a civil society in Israel. The findings of the study presented in this paper would seem to back those of Ben-Eliezer's study. Nevertheless, Ben-Eliezer's conclusion that Israel has no civil society seems hasty or imprecise. In the

case of mega philanthropy, the interviewees' restraint and non-confrontational philanthropy does not indicate the absence of a civil society, but rather indicates the existence of a conservative civil society that is guided by Ethno-Republican discourse that, as was pointed out earlier in the section on Patriotic Philanthropy, seeks to foster social cohesion, not to undermine or challenge the existing social order.

Supplementing Government Programs: One practical, though minor, expression of criticism of the government can be found in the interviewee's resentment for having to assist the hungry, the needy or citizens in need of medical care – which they see clearly as the responsibility of the government. Though they believe that it is not their responsibility,[12] as quoted above from the interviews with Daniella and Shalom, the interviewees nevertheless claim that in the absence of a national welfare policy for helping the poor in Israel, they often find themselves in the position of needing to step in as an outside source of funding for government programs for feeding and aiding the needy. These feelings are expressed by Rivka:

> *Look, I think that in the present situation, the government is not doing its job and not fulfilling its obligations in the educational, social, welfare and medical areas. The negligence, I would say, is criminal, so that if you ask me, people who have the ability and capacity to give, whether in money, time, knowledge, experience or expertise, have no choice. If they do not do it … our society, the State of Israel, will pay, now and in the future, the extremely high costs of having an undeveloped population, both academically and culturally.*

In her interview, Rivka outlines the role the interviewees accept upon themselves of supplementing what they see as insufficient and ineffective government programs in almost every possible area: "the educational, social, welfare and medical areas." Rivka thus represents the interviewees' justification for frequently supporting not only programs that improve the skills of the recipients, but also nursing care, medical emergencies and employment services. According to this logic, if

[12] Ronen Shamir (2007) points to a reverse trend than the one proposed in this paper. Based on an analysis of financial statements of Israeli companies whose stocks are traded on the Tel Aviv Stock Exchange, Shamir shows that Israeli corporations believe that corporate "social responsibility" should supplement government welfare services. Additionally, these corporations view corporate social responsibility as a practice of charity and community responsibility that aims to assist national health, education, and environmental agencies.

philanthropy will not do so, the country's condition will deteriorate; philanthropy, in their eyes, is like the final guard against the collapse of society.

A Complementary Relationship. From what has been said so far, it is possible to infer that the interviewees are mostly involved in *independent* philanthropic programs in the areas of education, welfare and the community, and only marginally involved in projects that *supplement* government programs such as assisting the needy. Nevertheless, the opinions expressed by the interviewees reflect that they were not in favor of working independently and separately from the State or simply supplementing its activities. As we have already seen in the section dealing with Venture Philanthropy, the interviewees' preferred model includes a division of labor featuring a complementary relationship between philanthropy and the government. According to this model, philanthropy should serve as a sort of pioneering force that initiates, develops and implements new programs using state-of-the-art management methods imported from the business world. Only once the programs are ready to be institutionalized will these philanthropists give the programs over to the government for long-term management and supervision. Such is Ehud's view, expressed in the following quote:

> *I had a meeting with IVN, an organization you are naturally familiar with. They really have this desire to try and take it, you know, a few levels higher and say that philanthropy does not have to operate [the programs], but it should be the one to develop the knowledge base, import expertise from other areas, to direct, support and construct the basic model. However, it should also do this in cooperation with the government from the outset so that the government can adopt it, so there are all sorts of initiatives.*

The idea put forward by the interviewees that philanthropy and the state are complementary appears to have originated in the high-tech world. In this model, philanthropy would operate in a similar manner to innovative and flexible technological startup companies in that they would pave the way for the whole of society by innovating new models for social intervention to be eventually institutionalized and adapted by the state. This relationship model is yet another expression of the "exit strategy" that guides the interviewees in their philanthropic activities. This paper has already referred to one aspect of the concept of the exit strategy, expressed in the interviewees' decision to invest in developing the recipients' skills so that they are eventually capable of leading their personal lives

and communities without external charity or assistance. Here, we see another aspect of the exit strategy, according to which the government should serve almost as a subcontractor – or buyer - for operating programs that were developed and initiated by philanthropists such as the interviewees. To their minds, the government should adopt these programs and continue to fund and manage them over the long term. This view is expressed by Moshe:

> *We are involved in what is called Venture Philanthropy – that is, non-business philanthropy that is supposedly more effective. Our second project was a management training program for school principals up North. The training… which took two years, had a very high-tech-like approach to management… We taught them… tools for implementing change in the school: how to initiate change, how to set goals, how to prepare a work-plan, how to market, how to manage human resources, had to manage a project. We did not touch upon the pedagogical… that was the "exit" point for us – the establishment of a national center in cooperation with the Ministry of Education… We are not looking to replace them; we are only trying to give them the tools to be better managers… We are successful when they no longer need us.*

Karen Wright, in her study comparing American and British philanthropy, touched upon the issue of government involvement in philanthropy (Wright, 2001). Wright claims that there is a general antipathy in the United States toward government regulation of philanthropy for fear that it will misuse its power. This aversion to state power, she claims, is founded on the principles of the American constitution and founding, traditional American values as showcased by Alexis de Tocqueville' that the role of government, particularly federal government, should be limited (see also, Ostrower, 1995; Frumkin, 2006). In contrast, in Britain, the government is seen as the most capable party for promoting philanthropic causes. Though there is criticism in Britain of government performance in the areas of welfare and education, common opinion holds that effective philanthropy depends on cooperation with the government. The interviewees in this paper more resemble their British colleagues in the way they view cooperation with the government; indeed, they have even greater expectations of government. Many of them claim that they are interested not only in cooperating with the government but also in seeing the government serve as the primary regulator of all philanthropic activities in Israel. David presented this sentiment as follows:

> *When speaking about major donors, I would like things to change. Let me tell you what I mean: today, if I have some idea that I am interested in promoting, I will invest money in it and try to raise more money. And by doing so, I will try to influence public priorities with my money, and that is actually what "impregnates" the country and forces it into a commitment. But I think things should be different… The government should be stepping in and indicating which projects are necessary: These are the things I want to promote and I am looking for a partner. So that, say, if you were a philanthropist, you would step up and say, okay, I want to do this. And the state might say: that is my fifth priority but I will promote it because you are willing to take it on. But the state should be working according to priorities, and not taking on unplanned programs and implementing them simply because it doesn't want to lose your money… The deciding body needs to be named. It might be in the Prime Minister's Office or in another Ministry, I don't care. But some body needs to be leading.*

David is not interested in working autonomously from the state; instead, he is interested in rectifying what he sees as an unhealthy relationship between the government and philanthropy. He is not interested in acting dishonestly or irresponsibly, "forcing" programs upon the state as if "impregnating" government agencies. Rather, he is looking to engage in a predefined and agreed upon relationship based on cooperation and mutuality. Furthermore, David even recommends that a central body be established in the Prime Minister's office that will be responsible for regulating all philanthropic activities in Israel. The interviewees' expectation of government regulation[13] seems to arise from the feeling that the area of philanthropy is over-saturated with a surplus of many organizations and projects operating in similar fields. In order to correct this superfluity and redundancy, they expect the government to create a central mechanism that will direct the many charitable donations to their proper places. This opinion is expressed in the following quotes:

[13] Galia Maor, President and C.E.O. of Bank Leumi expressed a similar expectation in the 2007 Maala Conference for Business for Social Responsibility (October 2007). In her conversation with the Welfare and Social Services Minister Isaac Herzog, both agreed that the government should regulate philanthropic activity in Israel, first by creating a comprehensive list of requirements to be followed by efforts to steer and guide philanthropic efforts in Israel toward those areas.

[The country should indicate] what it is expecting… It should provide a guideline! It should set up a body to help me: that is my guideline… But to let it carry on without any oversight while everyone does their own thing!? (Moshe)

I think that if there was an agency that would do some synergy, conduct some analysis and then a synergism of several nonprofits – that would preserve resources. (Rivka)

This immense ocean needs to be directed and guided to the right places… It shouldn't be determined by wealthy individuals, who happened to fall in love with whatever, and then decided that 30% of the money will go to that cause… This is the disturbing aspect of the lack of government involvement or the absence of a government support-system for this. (Ehud)

The systemic definition of a federated organizational structure seems to be the interviewees' preferred model for nonprofit-government relations. In line with the federated organizational structure, the interviewees expect, on the one hand, full autonomy in their philanthropic activities, and on the other hand, close cooperation with the government. Furthermore, they expect the government to adopt the philanthropic programs that they developed and to act as a regulator of philanthropy in Israel.

5. The Third Sector

> *There are wonderful organizations out there but there are also plenty of organizations I simply don't trust… Ha'aguda Lema'an Hahayal [Friends of the IDF] – I can say I genuinely despise them.* (Jonathan)

It is common practice to see philanthropy and mega-donors as part of the third sector. Philanthropy is not a public institution, does not operate for profit and is therefore part of neither the first sector nor the second sector. The interviewees in this study saw themselves as part of the third sector as well. Nevertheless, while they related often and extensively to the first, governmental sector, they brought up the third sector less frequently and their opinions of it were more varied.

It seems that the sparse references to third sector organizations by the interviewees may be due to: (a) their decision to act independently; (b) their decision to cooperate

primarily with charitable foundations established by other philanthropists from the business sector; (c) their decision to work through the Israel Venture Network (which was the case with five of the interviewees). The interviewees' decision to carry out their philanthropic projects primarily in one or more of the above ways creates a sort of duality within the third sector; on the one hand, there are nonprofit organizations and associations, and on the other, there are the philanthropists from the business sector. This situation, of "a sector within a sector," as the father of the study of philanthropy in Israel, Eliezer Jaffe, has brilliantly termed it (2007), reflects the interviewees' preference to direct their philanthropic activities "within their own world". It implies their preference for working with their associates from the up-to-date business world, who speak their language and direct their own philanthropic investments in a similar fashion, independently from third sector organizations. This worldview is expressed by Haim:

> *The government will and should do what is required of it… and my feeling is that we, in the business sector, should proceed and take action alongside the government.*

In Haim's view, the world of philanthropy includes the business sector and even the government, despite his criticism of it. Third sector organizations, however, are not part of this world. The reservation that the interviewees feel toward some third sector organizations and their decision to set up independent foundations stems from the assumption that these organizations are wasteful and irresponsible. As Tzvi puts it:

> *Many people want to give but don't know how to do it, they simply don't know. They suffer from inhibitions, either fears or paranoia, that they are being tricked.*

Joel Fleishman (2007:37) has identified similar feelings among American donors. Fleishman claims that often philanthropists set up their own private foundations because they are uncertain of how or to whom to give. These philanthropists, he says, claim that it is difficult to find organizations [in the third sector] that are large enough, focused enough or effective enough to provide an answer for the specific causes they are after. As part of their criticism of traditional philanthropy (presented in the introduction to this study), the interviewees point out the ineffectiveness of third sector organizations which they claim are wasteful and

unprofessional, improperly managed, and demonstrate little success in bringing about social change. The interviewees come out against these organizations' complete dependence on the government and their incompetence and inability to lead the third sector. In Gil's words:

> *Why did God choose Moses to take the Children of Israel out of Egypt? Clearly, it was not because he stuttered. It was because, on the one hand, when he saw an Egyptian beating a Jewish person, he took action and killed him, but more importantly, it was because he wasn't living with the slaves. The people of Israel were slaves and the sons of slaves, whereas he [Moses] had been living in the royal court and he thought like royalty, he thought differently… Often, in the third sector they also think like slaves because they are all poor, they all cry out to the government, [he raises his voice] "Help, help, help." This is the wrong attitude.*

The interviewees do not only criticize third sector organizations; rather this criticism constitutes only one aspect of a range of diverse positions that construct, though only implicitly, a two-fold reality. On one side stand "government-like" nonprofit organizations and institutions, which Ilana Silber (2007: 267) labels the "national-governmental philanthropic establishment", such as the Friends of the IDF, the Shirutrom [the Galgalatz IDF radio station's annual fundraising event] and the LIBI Fund. The interviewees have a very negative view of organizations of this kind, as is expressed in the above quotes from Tzvi and Gil. Mainly, they criticize the management practices in these organizations and their high overhead expenses. On the other side they place well-established, private nonprofit associations and foundations that have been around for many years in the world of Israeli philanthropy, organizations that are backed by a founding father, usually from the traditional business world. Among the associations of this type that were mentioned by the interviewees were the Yad Hanadiv (Rothschild) Foundation, the ISEF Foundation and the Sacta-Rashi Foundation. This duality is expressed by Jonathan as follows:

> *I, myself, don't like donating to [third sector] organizations because I think that many times, and I know this is largely unjust because there are wonderful organizations out there, but there are simply too many organizations that I simply don't trust… I'll give you an example, the Friends of the IDF; I can say I genuinely despise them… because I know they employ*

> *people who take a huge cut, so there is absolutely no chance, no chance that I [will support them] – and I make contributions all the time [also] on the personal level.*

Private associations and foundations of the other type, those "wonderful organizations" that Jonathan mentions in the above quote, are described by the interviewees as extremely effective. That is to say that the interviewees believe that those organizations usually achieve their pre-defined goals by investing a reasonable amount of resources. The interviewees believe that these associations have demonstrated success in the third sector and that their management practices include flexible and prompt decision-making processes. As the primary example of this, many interviewees referred to the Sacta-Rashi Foundation, which gained mention by many of the interviewees largely on account of its director:

> *Elie Elalouf made a huge impression on me. We're great friends, though we sometimes have a difference of opinion. I think we've also had an influence on him. We are strategic partners. We direct all of our urban intervention programs in partnership with him. At the outset, he had these slogans about how there was no money for management; the money goes only to the kids. In the end, there's no such thing; he's different today. And I can say we can take the credit for that change in his attitude.* (Moshe)

> *Look, I'm in touch with the Sacta-Rashi Foundation, they helped us reach decisions to increase philanthropy in the fields we were dealing with… Elie Elalouf sat here and we discussed children and youth at-risk and this idea came up. He said: "I will invest in this project [names a project] if the Foundation will contribute 20 million"… In less than a month we had an agreement and we had launched a project.* (David)

Moshe and David's positive view of the Sacta-Rashi Foundation represents more than just the interviewees' appreciation of the effective management practices of these foundations. It also points to their need for guidance to help them through the labyrinth of third sector activities. This need is apparently a central component in the interviewees' decision to enter into "business" partnerships with these foundations through their philanthropic activities. These partnerships allow them to act in new areas, alongside experienced nonprofit associations and foundations that are familiar with the intricacies of the third sector and its philanthropic

activities. (This is in addition, of course, to the fact that these partnerships are an excellent fundraising tool). Another example of such partnerships is a partnership which two of the interviewees formed with the ISEF Foundation. In both of these cases, ISEF students tutor children and youth from underprivileged neighborhoods who are participants in educational programs run by the charitable foundations set up by the interviewees:

> *The partnership we established with the ISEF is an example of a partnership which will prove to be, I very much hope, a long-term and win-win situation. The students who are required to do community work do it with us. That way they enjoy themselves all the same. Our children not only benefit from having students but also from having role models, because many times the students come from a similar background, and they are studying in university and building up their future… So it is also a form of partnership that we were looking to build in order to have long-range partners… We went from being a nonprofit organization operating one center and working with a few dozen kids to being a nonprofit with nearly 1,000 kids, operating in 15 different locations. All the work is done by students [that we] and ISEF recruit, they are our students.* (Rivka)

There are, however, also exceptions. Despite its institutional character, some of the interviewees considered the Jewish Agency one of the organizations "with whom it is good to work with." Many of them noted that they were pleasantly surprised with the Jewish Agency's performance and the productive and pragmatic cooperation they experienced working with the Jewish Agency, attributed in all cases to the Jewish Agency's chairman:

> *The Jewish Agency underwent a major upgrade through this struggle. That is, [Zeev] Bielski did a wonderful job… He lifted it up wonderfully… We will not be able to raise that kind of money in the future.* (Moshe)

IV. Discussion and Conclusion

In conclusion, the majority of the fourteen interviewees who participated in the study appear to believe that they represent a new world– a world of creativity, big money, and innovation. From this point of view, they look back with critical, often paternalistic eyes, on those who have 'remained behind': the government, for not living up to its most basic responsibilities; traditional philanthropists, who only write out checks; and third sector organizations, some of which are corrupt and some of which are engaged in wonderful work, but are simply not professional enough. [14] They are unrelenting in their attempt to get all of these players to adopt the methods that have served them in the business sector and have brought them the great wealth they now put to use toward their philanthropic enterprises. These tools, which in this paper have been described under the heading of "Rational Philanthropy", bear great similarity to the tools employed by the interviewees' American colleagues in American venture philanthropy circles.

Rational Philanthropy is based on investing in a few, well-defined and focused projects rather than multiple ones; it focuses on the causes for social problems rather than their symptoms. Rational Philanthropy does not simply measure gifts according to their monetary value, but also by the investment in time, personal involvement, assistance in managerial and business expertise, and personal connections. Rational Philanthropy invests in long-term projects and in the development of evaluation and measurement tools. It starts out by identifying needs and planning intervention, continues on to set strategic and practical goals and concludes its work by withdrawing its organized support in accordance with exit strategies.

One should note that a study evaluating the effectiveness of these philanthropic practices in Israel has never been conducted. Nevertheless, it seems that it is already possible to identify at least two significant potential advantages that these practices offer. Firstly, such practices are able to promote effective philanthropic practices that are based on the long-term, outcome-oriented, personal commitment of donors

[14] This approach may explain why the members of the Dovrat Commission did not include teachers in framing their conclusions. Most likely, it was a sense of arrogance and superiority that accompanied the goodwill, alongside an attempt to force business models on the educational system. (See, Dahan and Yonah, 2006a and 2006b)

that do not view philanthropy as a matter limited to a simple transfer of funds. Secondly, the demand presented by these business people both to themselves and to others for rational philanthropy business practices may help legitimize these practices and thus improve philanthropic effectiveness in the sector as a whole. For example, the demand that outcomes be measured in terms of "social return" can serve to develop effective evaluation measures for the sector. Likewise, exit strategies can serve to promote proactive, long-term thinking and behaviors that serve predetermined goals, and to define the grantmaker-grantee relationship as a temporary relationship that will end once these predetermined goals have been achieved.

However, the initiation and management of educational and social projects by business people using market practices that have been adapted and reproduced according to the changing needs of the business world raises several questions. For example, do the interviewees in this study fully understand the cultural intricacies of the third sector and of those they seek to help? Are they aware of the time it takes to achieve social change or to develop a social or educational project? Are they aware of the values of the third sector? Is it reasonable to talk about "social return" the way one would talk about financial return? In other words, is everything measurable? Is it even possible to quantify social or educational work in the way that success is quantified in the business sector? Because after all, the work in which third sector organizations are engaged is not necessarily the same as that involved in developing a new business project, creating a website or purchasing a new company – activities with which the interviewees' are familiar. Considering the relatively brief history of involvement that many donors have with philanthropy, are these donors familiar with the true needs of those they aim to help? Can they properly identify their needs? Is their direct involvement in programming unequivocally positive? Is there no benefit to engaging the assistance and advice of professionals and experts from within the third sector? In addition to business development, initiating social solutions, and raid outcome measurements, do the interviewees also invest in developing social leadership? (It should be noted that in the interviews there was no evidence of this.) In general, is it not possible that the market orientation of the participants of the study is responsible for processes that instrumentalize the social-educational field and more importantly, the beneficiaries who are mainly students? The approach expressed by the interviewees presented the young beneficiaries of the philanthropic activities either as objects of their investment ("I invest… [in] producing people who will be able to contribute

philanthropy", Gil) or as objects intended to be incorporated into the local workforce and the global economy ("we are helping the underprivileged enter the global era", Rivka). The focus was further placed on yielding a return on investments ("you measure in order to determine what to invest in, not according to the need but by the expected return", Eyal). The question therefore arises: does this approach encourage the development of thinking individuals – as they are defined in Yossi Yonah and Yossi Dahan's superb criticism of the Dovrat Report (2006b:121) – "[with] intellectual, spiritual, aesthetic, emotional and social capacities"?[15]

Despite the invigorating vitality that the introduction of "managerial-business rationalism" brings to the third sector in Israel, the trend is not in itself entirely new. One should recall that a large number of the people who head nonprofit organizations and associations in Israel, as well as the organizational consultants who work with them, hold academic degrees in organizational management from the Departments of Sociology, Anthropology, Psychology or the School of Social Work. Key concepts such as strategic planning, goal-setting, and project evaluation are not only familiar to these people and the organizations they head but have been adapted by them to better suit the special needs of the third sector. Such organizations include the New Israel Fund and its capacity-building project Shatil; the Association for Civil Rights in Israel; Yedid – the Association for Community Empowerment; and the ISEF Foundation. Though lacking the business acumen possessed by those interviewed in this study, these organizations nevertheless have amassed impressive expertise in managing organizations and people in the third sector. This expertise, for example, can include evaluation and outcome measurement of community and educational projects, goal setting for projects and organizational intervention in personal and communal processes. Philip Johansson (1999) claims in this regard that, when considering the introduction of second (business) sector concepts and venture philanthropy into the third sector in the United States, it is incorrect to view this as a process of replacing the old with the new. He claims that this attitude would throw away the valuable experience accrued by both sides. Philanthropy, like any field, is a learned skill, and Rational Philanthropic practices introduced by business people should add to this field but not replace existing accumulated wisdom. Jim Collins (2007) goes as far

[15] The discussion regarding the instrumental nature of education is not new and has figured centrally in modern times in the arguments of educational professionals and intellectuals against the largely instrumental professional schools that grew out of the industrial revolution in the 19th century in Europe (Yonah, 2006).

as to suggest that the business sector should learn from the third sector how to manage people "with passion" in the service of genuine social causes.

Rational business management principles, which are used by the interviewees to organize their philanthropic enterprises, embody to a large extent the increased spread of Western– primarily American but also to some extent Japanese and Western European – managerial values and practices worldwide. This diffusion process has been shown by researchers in the field of Cross-Cultural Management to be related to a dual process of managerial globalization (Shimoni with Bergman, 2006). On the one hand, this process promotes homogenous management cultures; in an isomorphic process, managers from across the globe are gaining rational-organizational values and practices such as precision, planning and outcome-oriented management. They gain these practices and values in business schools whose programs were mostly developed in the United States, or through their interactions with business associates from different countries and they spread them around the globe. On the other hand, this process also promotes heterogeneous management cultures, as these same local managers recast the meaning of these managerial practices and principles, in the process of incorporating them into their native environment. In the field of anthropology, this process is defined as re-contextualization (Shimoni, 2008). The subjects of this study behave, to a large extent, like those local managers and even outdo them. While implementing Western business management practices and principles in their philanthropic activity, they are in fact reproducing global homogeneity in the first and third sectors as well as in the business sector. That is to say, the way these interviewees - all of them business people – use these practices in managing their philanthropic enterprises is representative of Israel's incorporation into the global, decentralized, competitive, individual and market-oriented neoliberal order. Nevertheless, these practices - which were developed under conditions of a competitive market for the purpose of advancing personal interests and private wealth - take on a new meaning when they are used by the interviewees to construct communal responsibility and collective involvement.

Furthermore, the use of managerial practices from the business world for promoting communal responsibility and reinforcing the state illustrates the fact that Israeli society has not yet broken free of collectivism – whether ideological, cultural or social. The state, and not the market, is the main source of identity. In this sense, the interviewees' involvement with local philanthropy shows that the local Zionist and collectivist narrative and the global, individualist and neoliberal narrative do not have linear, chronological relations in which the rise of one (the global

narrative) represents the decline of the other (the local Zionist narrative). Instead, the two are related to one another in paradigmatic relations of coexistence, in which the Zionist collectivist narrative not only refuses to disappear, but actually re-organizes, recasts and re-interprets the advent of global, neoliberal and individualist concepts in its own terms and uses them for its own local needs. One can only assume that patriotic philanthropy – i.e., the interviewees' attempt to generate social cohesion and create a sturdy and strong collective – represents not only a local Israeli response to local and regional developments (including Rabin's assassination, the disintegration of the Oslo process and the Second Lebanon War), as suggested throughout this study – but also the response to the cultural disruptions that are caused by the penetration of global neo-liberalism into Israel's cultural-sphere in the form of individualist values such as self-gratification, competitiveness and personal interest.

Patriotic Philanthropy thus enacts a self representation of the state of civil society in Israel. A society which aspires to be a civil society, but nevertheless promotes a restrictive and conservative model of citizenship that does not provide personal or communal benefit (rights, property, specific identities) but is focused on the national collective good.[16] This philanthropy is primarily of a national-Zionist type that seeks to promote similarities and not differences and avoids challenging the existing political order. By choosing to invest primarily in social and communal projects based on accepted collectivist discourses of identity, this philanthropy is involved in forming disciplined citizens whose responsibility is to develop "properly" within the existing order. This philanthropy thus serves as a sort of national socialization mechanism that marginalizes identity politics in Israel and silences anew local cultural and ethnic differences. This is evidenced by the interviewees' frequent reference to the catch-all concept of the "periphery," their tendency to stay away from supporting individual or ethnic rights alongside their concern for Israel's economic and social strength and cohesion. Indeed, it would seem that this type of patriotic philanthropy is not founded on charity or compassion focused on the well-being of individuals, nor is it a liberal philanthropy fighting for the civil rights of the recipients (Roche, 1987: 363). It is a rational, neo-liberal philanthropy that is economically liberal and socially conservative. This philanthropy is organized by

[16] An equally legitimate explanation will view collective philanthropy as an outcome of a comprehensive structural and managerial approach that assumes that it is not enough to assist individuals or specific groups or geographical regions in order to achieve social change. Rather, it is necessary to improve the conditions in the State as a whole -- as for example by supporting the national school system, developing workplaces and closing gaps between the country's central and peripheral regions.

business experts who employ advanced management techniques in order to achieve effective, efficient and directed philanthropy that seeks first and foremost to achieve individual welfare through comprehensive social-economic changes.[17]

In so far as the interviewees are members of Israel's ruling elite, their philanthropy appears to reflect both continuity and change in the structure of that group.[18] Unlike the old elite, these individuals do not possess political party capital, and they believe in a neo-liberal economic order that allows limited government intervention. Nevertheless, the new elite resembles the old one in that it is primarily comprised of secular Zionist Jews who couch their control of Israel's economic capital (Ram, 2002) in a comprehensive, national-collectivist discourse that marginalizes other discourses that represent individual or community interests. In other words, the interviewees are representative of the new Israeli elite which embraces both individualist and competitive, neo-liberal economic principles as well as the collectivist rhetoric of the old elite that upholds the values of unity, uniformity and contributing to the commonwealth.

From this point of view, it is possible to understand why the interviewees invite the government to take partial responsibility for regulating philanthropic activities in Israel and why they see this as self-evident and unproblematic, in contrast to their colleagues in American Venture Philanthropy. As we have seen, the interviewees expect the government to function as a welfare state and improve the services it provides; they expect it to function as a central body and to oversee all philanthropic activities in Israel. Their demands represent, as it seems, a concession on the part of the interviewees that steers them away from the possibility of doing more than simply writing out checks. By making this demand, they are in fact relinquishing their right to determine the civil agenda and public priorities in Israel in the areas of education, society and welfare. Indeed, even today the Israeli government regulates philanthropy to a certain degree through clause 46 of its tax code and through legislation regulating nonprofit organizations under the Ministry of the Interior (Registrar of Nonprofits). These regulative tools give the State the potential power to promote, hinder or prevent philanthropic initiatives – if, for

[17] This approach is reminiscent of neo-liberal programs for addressing poverty that have been developed over the past 15 years. These programs were created around the "Rational Policy" concept. Examples of such programs include British welfare policy, and EU and World Bank policies for reducing poverty (*Cf.*, Gottlieb, 2003). The World Bank's rational policy, for example, entirely avoids direct cash handouts for the needy. Instead, it has developed programs designed to address the structural and deep-seated problems of disadvantaged areas. These programs, which rely on predefined success indicators, focus on increasing economic opportunities for the poor, empowering the poor and encouraging unemployed people to join the workforce.

[18] Philanthropic involvement functions as a sort of membership ticket into Israel's ruling economic elite.

example, they do not uphold the law or threaten state security, which is of course given to interpretation. Nevertheless, the explicit agreement within the philanthropic field that the country regulate its activities depends largely on the degree to which philanthropic organizations agree to the cooption of philanthropy by the State. Such a situation may eventually lead philanthropy and the third sector to greater dependence on the State and thus hinder or even stall processes of social change. Such an agreement may even enable the government or elements within the government to exploit free services they receive from philanthropy in order to cut their expenses on welfare services and other social services, such as in the fields of the environment or civil rights. One possible consequence of this is that the decision to promote these projects may become strictly political, sectorial or ideological, disregarding social pressures that philanthropic players may exert.[19]

In the world of Jewish philanthropy, for example, it has become increasingly common to bypass formal Israeli governmental and quasi-governmental agencies when transferring funds to Israel in order to be free from government priorities and constraints. One recent example of this trend can be seen in recent threats voiced by Jewish donors that they will cut their funding for the Jewish Agency and redirect their contributions directly to an independent project if the Jewish Agency does not "remove all political ties from its activities" and does not separate from the Zionist Federation, whose party representation in Israel is high (Pfeffer, 2007).

One example of the inherent risk in political intervention in philanthropy is the case of the "Training Program for Public Activists" and the ISEF Foundation. These two programs, which aim to promote students from development towns and low-income neighborhoods, are two of the largest educational philanthropic projects of the last 30 years. Both projects started out with many similarities. In order to promote affirmative-action, Nissim Gaon and Edmond J. Safra, 'Sephardic' individuals of means, decided to provide scholarships to Israeli students who were the children of immigrants from Muslim and Arab countries. Nissim Gaon funded the Jewish Agency's "Training Program for Public Activists" (which also received funding from the Ministry of Education and the Ministry of Housing). Edmond J. Safra funded the ISEF Foundation almost completely without the involvement of institutionalized agencies. The "Training Program for Public Activists", which had relinquished its independence and placed itself in the hands of the quasi-governmental Jewish Agency and other government bodies, was constantly under threat of closure and was subject to the whims of department heads in the Jewish

[19] In this context see Binyamin Gidron's (2007) discussion of third sector-government relations.

Agency – most of whom were political appointees – until it was finally shut down by the Jewish Agency's Chairman.[20] The ISEF Foundation, which had retained its full independence, even today supports nearly 1000 students studying toward graduate and undergraduate degrees in Israel and across the world and has stayed true to its original goals.

A few final remarks. Though all of the interviewees who participated in the present study operate through personal foundations that they have established, they nevertheless claim to be open to the possibility of cooperating with and donating to other causes that they believe in. It appears that fundraisers and third sector organizations interested in gaining the support of these donors will need to better present (or construct) their organizations as efficient, outcome-oriented organizations. To this end they need to be able to formulate an organizational vision and viable goals and objectives, as well as define criteria for organizational success. They should use tools such as clear organizational policies, evaluation measures, transparency standards and clear decision-making processes. In addition, it is important to indicate clearly to potential donors where they can become personally involved. Organizations, foundations and associations which are led by charismatic individuals "with whom one can do business" – i.e., individuals who demonstrate flexibility in their decision-making, are prudent spenders and have experience in the third sector – will be considered good partners and will have increased chances of securing support. New potential donors who resemble participants in this study would probably also be interested in social and educational projects that target high achieving primary, secondary and postsecondary students from underprivileged communities. Philanthropic projects targeting these groups should be based on communal empowerment and the promotion of personal participation. Conversely, it may be assumed that one-time projects for providing food or assistance to the needy would receive nominal help, if any from this type of donor; and the same holds for advocacy projects dedicated to defending individual or community rights. Multicultural projects for the preservation and promotion of ethnic rights would similarly be sidelined as potential donors would view these projects as a threat to the cohesion of the secular-Zionist-Israeli collective.

Not every grant-seeker has the privilege of choosing who will fund him, says Paul Firstenberg (2003: 110-111) in his book which deals with the practical aspects of Rational Philanthropy. Nevertheless, it seems that every grant-seeker should

[20] The "Training Program for Public Activists" has been renamed and is now run by the Hebrew University of Jerusalem with funding from a private donor who participated in this study.

learn about the potential donor he or she is approaching. Such a preliminary inquiry is important, first and foremost, in order to determine the likelihood that the donor will support the cause and, later, in order to establish a constructive relationship with the donor. From the descriptions given by the interviewees, one can learn, for example, that it is worthwhile to explore the depth of the donor's involvement. To what extent does the donor allow others to get involved? Who are the associates the donor brings along? How effective was the donor in other projects?

The present study indicates the need to conduct additional studies in order to explore the limits and characteristics of this "New Philanthropy" in Israel. As a decade of intensive philanthropic involvement of philanthropists from the business sector comes to a close, it appears worthwhile to conduct an external evaluation study, independently from evaluation studies conducted by the foundations themselves, in order to assess the success of the projects they operate. Another study is needed to explore not only the influence of the business sector on philanthropy but also the influence of philanthropy on management practices in the business sector. Given several findings extrapolated from the interviews in this study, I recommend that the business sector be studied by area of activity in order to explore the specific contribution that each area or sub-field has had on the management and performance practices in the philanthropic sector. Such a study should start from the hypothesis that businesspeople who manage venture-capital funds – that is, professionals who by definition must collaborate with and rely on others - should tend to initiate partnerships in their philanthropic pursuits more than high-tech entrepreneurs, who traditionally work more independently. Another study might explore how businesspeople, guided by neo-liberal values rather than values of charity and welfare, are transforming civil society in Israel through their philanthropy. Though the subject of the relationship between the government and the *third sector* has been widely-explored, the question of the relationship of government to *philanthropy* has been widely neglected. Such a study should outline options for institutionalizing effective philanthropy-government relations; though I have lightly touched upon this subject in this paper, it still remains to be more fully explored.

To conclude, it seems that as in the case of any other text, the meanings drawn from the study depend largely on the observer, whether the author or the reader. In that spirit, I shall present two alternative interpretations of the interviews, interpretations which are, of course, also open to interpretation. The first version views those interviewed as generous individuals giving of their time

and money to society. In the current neo-liberal order, against the collapse of the Israeli welfare state and the rapid explosion of social and economic inequalities, these people have set aside some of their own resources to help those who are in need.

The second version places the direct responsibility for the development and preservation of the neo-liberal order and value system – and thereby also the present condition of the poor – with this study's interviewees. According to this second reading, the interviewees are responsible for introducing rationalization processes into Israeli society on at least three levels. On the first level, the interviewees' market-oriented approach toward education, which guides them in their philanthropic programs for primary, secondary and postsecondary students, can be seen as promoting the instrumentalization of education in Israel. Through this approach, the focus is placed on incorporating students into the workforce rather than on the students' education as an end in and of itself. On the second level, the interviewees' promotion of neo-liberal principles and values in Israel can be seen as a means for rationalizing interpersonal relations in Israeli society by basing them on considerations of personal interest and gain rather than social responsibility as such. On the third level, the interviewees' implementation of rational business-management practices in their philanthropic activities is seen as a cause of the growing commodification of philanthropy, a process through which emotional philanthropy stemming from goodwill (as it has been understood thus far) is transformed into a more calculated, organized, effective and efficient philanthropy that is also used for market positioning.

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Appendices

Appendix 1: Guiding questions used during the interviews

Date:
Name of interviewee:
Age (estimated):

Philanthropic involvement and personal biography

- Would you please tell me about the first time you gave to charity? Through whom? For whom? What did you give?
- What projects have you participated in so far?
- What are your main philanthropy goals nowadays?
- How much did you give last year (in absolute terms or as a percentage of the company turnover)?
- What would motivate you to give more or prevent you from doing so?
- Are you satisfied with the impact that your contribution has made?
- In your opinion, what responsibility do affluent citizens have to support others?
- What are your main considerations for giving?
- With whom do you consult before you make a gift?
- Do you prefer to give one large gift or several smaller donations?
- Can you think of people who have influenced your decision to turn to philanthropy?
- Can you tell me about a significant event, a truly memorable occurrence, that you have experienced during your philanthropic involvement?
- If you were a movie director or an author documenting your philanthropic activities, what would your character be like?

During the Second Lebanon War

- Did your philanthropic involvement change at all during the last war, by increasing either your activity levels or your monetary investment? Did you receive help from other or new donors?
- Did you learn something new about philanthropy and Israel during the last war?
- What did you learn about governmental conduct as a whole and its welfare agencies in particular over the last war? (Can you provide an example?)
- Did the last war teach you anything new about philanthropic practices in Israel? Have you reached any conclusions regarding how you would like to continue pursuing your philanthropic involvement?
- Can the war experience help predict the future of philanthropy in Israel? Will it expand, in your opinion? Will it develop in new directions? What will its future objectives be? Will it expand into new areas of activity?
- Are there additional questions concerning philanthropy during wartime that I haven't raised?

Appendix 2: A sample excerpt from an interview
Ehud

… You've been invested in this [i.e., philanthropy] for some time now?

Look, I think that one of hmmm, I didn't grow up in … in a slum. I grew up in say a lower-middle-class environment, or something like that. My parents' situation slowly improved, but I grew up in Holon. I think that, first, yes, it does originate in some kind of gap that I experienced… I think it finally hit me mainly in the army, when I got there and saw the gap between kids from Ramat Hasharon and Ramat Aviv and kids from Holon, Bat-Yam and the like. I had a happy childhood. I wasn't deprived of anything. All of my needs were met, but still, there was this feeling of injustice, that some have the possibility and others don't. Why should a kid who can afford private lessons reach this level, but another won't? Look, also, it also comes from… I've had many discussions with other people in the high-tech world, some of whom turned to this [philanthropy] later in life, Avi Naor, for example… so yeah, all of these people, Itzik Danziger, Shlomo Dovrat. It also stems from being a concerned citizen, I mean through my experiences in high-tech. I ask: how much longer will our advantage last? How many good engineers will there be? How many schools will put out these kids and how many good citizens will the country have? But the point I want to emphasize is… that it is possible… and some people have done this, to take a stand that says: we need a systemic solution – a solution at the state and national levels. We need the entire system, i.e., the government and the Ministry of Education to be involved in this from day one. So let's set up something top-down in cooperation with the government. The funding will come from the third sector and the government, and we will rebuild it the right way. These types of activities – it's like déjà vu, you know – they are constantly being replicated, and people try to launch these projects and then they fail and don't get funding in the last moment, and politicians won't allocate funding for them. So I, at some point – the reason I started doing it from the ground-up was that at some point, I said to myself: look, everyone is talking and meanwhile, there are tens of thousands of kids that are on the line and nothing is happening with them. Sometimes the best way to demonstrate leadership is through a personal example. And that is why I started "Arazim" [an altered name], which now operates in four centers, without getting a penny from anyone, under the conviction that I would bring [the names of two development towns in which the project operates] to their feet no matter what. And I didn't go around at all asking for money from the government because I knew that the money would come through two years later if it came through at all. My thought was, after we measure and demonstrate its success, and show that the model works… and in fact, in… [place name] we set up the project in cooperation with the local municipality, and the same goes for … [place name]. The next stage does in fact involve placing part of the responsibility back into the hands of the government's educational system; and they offered us to set up new schools following the 'Arazim' model. So on the personal level of dedicating time and starting something, it's possible to talk-talk-talk all day, but at some point one needs to lead the change or do something by demonstrating that it's possible. It's not about the monetary value and how much money you spent per child, the sums are not high, and you can take care of… what the system is neglecting to take care of.

Do you think that people who have money have a social role, or a social responsibility?

Look, I think everyone has a social responsibility. You see I really try… one of the things that makes me unusual in my opinion is, for example, that even when I'm offered, I refuse to advertise 'Arazim' in various magazines concerning business community involvement. Because business community involvement has a clear connotation, a context in which one has to give back to the community in order to strengthen the company's brand name in the marketplace. This is established practice in the United States, where an index already exists that ranks public companies based on their contribution to the community. I didn't come to 'Arazim' from this angle. It is possible that in the future I will want to realize this aspect as well, but I am not currently realizing it. I came to 'Arazim' as an individual interested in promoting change and in demonstrating that it is possible to effect change, and in trying to get larger forces to take on the responsibility and provide some of the funding and… I think it is a responsibility that people have, I think I would have come to this even if I didn't have the money I have today. I think at some point – I see this also with my high-tech friends, even those who never made enormous profits from the sale of their companies, even those who simply reached the age of 45, and understood, on the one hand, that they will never be the CEO of Amdocs, but on the other hand, were interested in shifting gears in life and leaving their impact in places other than their workplace and abroad – so they do it on a smaller scale. I think that people – I think it is everyone's responsibility, but I also see people's need, and moreover, I think that one of our mistakes with 'Arazim' – and I see it happening in other places as well, is really to use … – that in all of these enterprises to build some kind of volunteer basis, because the need exists, people want to volunteer. I… look… there are a million people who hear about 'Arazim' in the elevator and fall in love and say to me, so, bring me along to five meetings with your best kids, and people really can be role models. And, in fact, I took up an offer from a wing commander in Ramat David, a math graduate, and we constructed a program where he teaches the excelling students in … [place name] ten classes about encryption. That is a subject that is very easy to teach, but in retrospect, what actually took place was 10 sessions of civic education – why it's good, what its importance is, why people should vote and what the connection with society is, and how you personally… because one of the things you find in these towns, which have very high percentages of new *olim*, is a strong drive for academic excellence but a very serious disconnect with their immediate surroundings and society as a whole, to the point that these kids tell you: 'sure, I would like to take 5 points [in the matriculation exam, which is equivalent to AP classes in the United States], I'll go to the Army and work there in a serious profession so that I can go to the States immediately after the Army and earn a lot of money and start a start-up'. So this need – I think this need exists, I identify it in lots of places. The need to give – I think that people arrive at some point where they realize that they would also like to take part in these activities. But I also think that it originates in a sort of disgust with politics. People say, listen, I want to get involved where there's no politics, come tell me where I am needed. If there is a need I am willing to come during my own free time and get involved. Without the politics and party-politics, just to come and get involved.

Are you satisfied with what you are doing, with the donation, the project and the outcomes?

Look, I'm very happy with it. It's also very rewarding. And… and… it's like I said… in [place name], they gave me honorary citizenship a year ago. So what I said then, when I spoke there, I brought my business partners from all my start-ups along and told them: Look, we can start a new start-up, a really successful one, and either sell it or go public with it, but in the end, when you look at the outcome, in Israel, let's just say, another ten people made a fortune, and a few more non-Jews abroad have improved their work capacity. But how can you compare this to taking a class of 70 kids, which 20 years of statistics have shown that 25% of them will drop out or be expelled and will end up on the street by the end of ninth grade, and succeeding in changing their situation. In … [place name] we have had 100% success in lowering dropout rates. There is just no comparison. Most people are their own power enhancers. We just lend them a hand to continue their activities. But think of the impact such a person has on the place afterwards, and what… you know. It is incredibly rewarding. It is something that, you know, is even sort of self-centered. It's the type of reward that you don't …

For yourself?

Yes, for myself . . . that you don't receive in many other places and it is a lot of fun. In this respect I am very pleased. I am less pleased with… look, I don't believe that the third sector should replace the state. I think that the third sector should intervene in those places where the state experiences difficulties, mark the necessary changes, mark the ability to effect changes, introduce models, and learn over time how to work with state agencies so that they can take over. At 'Arazim', for example, we are now talking about opening two new centers every year, and it costs $110,000 to open a center in a new town, and we still won't even begin to reach the tip of the iceberg in terms of all the schools that require such help throughout Israel. The complementary model, which is also more correct, is to harness the existing know-how and to present it to state actors. Even today we are accompanying a project and not acting as the direct sponsors in one or two places. In Haifa we have taken the Gavrieli school, which is situated in a very Ethiopian neighborhood, and have focused on the 1st through 6th grads, rather than on the middle school, in order to build a magnet school in this difficult neighborhood, which will be modeled after 'Arazim' with all of its advantages. If it is successful, it offers a new model. With the $110,000 that I used to open one new center, I can actually open three all at once, in Hatzor Haglilit, Maalot and Kiryat Shmona, which will be operated by the Ministry of Education's trust fund and staff, and we will only oversee it to ensure that it is done correctly. This is actually an example of how to make a handover and hand some of the responsibility back to the state. In this respect, I am, well, kind of frustrated. I mean, well, everybody is willing to take what is handed out for free. But if you approach a municipal authority and tell them to cover 30% of the cost of the project each year, then you need a mayor who is education-minded, who has raised the banner of education, who really believes in it. They do exist, I mean… [name of a local council chair] is like that, and [another name] is defiantly one of them, and [another name] is like that, but other places they are not, and our offer was declined. They told us they were interested, and how wonderful and dandy it was, but they were not interested enough for the city to contribute $30,000 a year.

Are there projects, or areas, that you would say: No, I refuse to do this, I won't put my money down on this?

No, look, beyond… the filter is mostly centered around our focus. We see lots of nice projects, and you know, there is unfortunately a great need for many initiatives, but I'm a big believer in education first, as something that… you know, a factor of social management, and the ability to really cause people to make a change – that is the first thing. Beyond that, I have more faith in younger age groups than… I think that for a fraction of what you spend in high school, you can offer much more basic help in grade school and up to the age of eighth grade – and that determines the focus.

But are there areas, or criteria, or conditions under which you will say, I won't enter here, which will prevent you from giving the money?

Yes, look, I will first try to give more where the need is greater. People are always trying to drag us to places that are in "dire straits" – that's how I call them. In places where, you see… the models we employ require by definition a really good partner like the Ministry of Education. You need to go to places where your partners are good, because these aren't projects that can run alongside the educational system without any interaction between the two. It involves a very intimate symbiosis into, into the educational system. You know, I think that, like any of us who are involved in philanthropy, your red lines are often derived from your beliefs, opinions, political orientation. You see, I, I … we are definitely going to be involved in joint Arab-Jewish towns, we are considering Druze villages, and we will do it, we've already started looking into it. We… not only do we not discriminate between religious and secular Jews, I am extremely motivated to show that yes, it is possible to do things that in addition to what we do, also bridge those divisions. One of the things we were offered two years ago in Or Akiva – but it was too early to accept – an inspector from the Ministry of Education approached us and said that the money was allocated for a professional school in Or Akiva North, which had also received approval to become a regional school, and offered that we cooperate together to construct a model that can be executed, fashioned after the 'Arazim' school with grades 1-12, or alternatively, a school that is basically part of the religious school system, but into which we would introduce things related to building bridges between the secular and the religious… There was a suggestion that we bring a group of volunteer young adults interested in bridging gaps and working with the high school in an attempt to have an impact along the lines of, for example, *Tzav Pius*. So even in that sense I'm not… I don't have red lines… listen, you know, I won't go for the obvious. I won't choose to organize a project like this in a middle school run by, I don't know… not that I think they exist, but… say a fanatic religious school that educates for the values of Avigdor Lieberman or anything along those lines.

Can you think of your past and of people, not necessarily in the distant past, who have influenced you or shaped your philanthropic practice or philosophy?

Listen, the most important person was… in fact, come to think of it, I only remembered this after I really thought about *Arazim* – my grandmother, my father's mother. I remember myself as a child, I think I was eight or nine, following her around …