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Labour Market and Socio-  
Economic Outcomes  
of the Arab-Israeli  
Population

**Jack Habib,  
Judith King,  
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**Labour Market and Socio-Economic Outcomes of the Arab-Israeli Population**

by Jack Habib, Judith King, Assaf Ben Shoham, Abraham Wolde-Tsadick and Karen Lasky

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## SUMMARY

The Arab-Israeli population age 15-64 in 2007 numbered 783.5 thousand and comprised 18.2% of the total Israeli population in this age group. The report analyzes current (2007 data) labour market outcomes, as well as trends over time, by various socio-demographic characteristics. It generally relates to the Arab population as a whole, selectively highlighting differences among sub-groups within the Arab population, such as Moslems, Christians, Druze and Bedouin. It also examines quality of employment indicators such as type of occupation and income from work, as well as indicators of job satisfaction and the perception of working in a field related to one's studies. This is of particular interest with respect to Arab-Israelis with academic degrees.

Arab-Israelis have lower labour force participation and employment rates compared to Jews, which has a negative impact on their economic wellbeing. The gaps are not very large for men - 65.6% (Arabs) compared with 70.8% (Jews) in participation, and 59.3% compared with 66.3% in employment, but are very large for women – 22% vs. 68.2% in participation and 18.6% compared with 63.1% in employment.

The report addresses some of the main factors that account for the labour market situation of Arab-Israelis: gaps in human capital (education, computer literacy, Hebrew proficiency); residence in the periphery where employment opportunities are more limited; traditional cultural restrictions on women; and discrimination in access to public resources on the one hand and in the practices of employers on the other. Two additional factors that are particularly affecting the trends over time are: the changes in the labour market as a result of the radical shift to a high-tech oriented economy and the phasing out of significant sectors of traditional industry, and the significant increase in the number of foreign workers in Israel, who in sectors such as agriculture and construction directly compete with less educated Arab workers.

The report concludes with a description of recent initiatives that can help improve the labour market situation of Arab-Israelis. These include both general national initiatives targeted at disadvantaged groups and governmental and private sector initiatives focusing specifically on the Arab population. The latter include both programs to enhance labour market skills, and expand job opportunities, among others, through economic development in areas where there are concentrations of Arab residents and efforts to influence employer hiring practices in the private and public sectors and to better link the Arab job seekers with the opportunities.

The statistical data analyzed in the report derive primarily from three types of surveys conducted by the Central Bureau of Statistics in Israel (CBS): (1) *The Labour Force Surveys (LFS)* 1990-2007; (2) *The Social Survey* 2007; (3) *The Income Survey* 2007.

## RESUME

En 2007, la population arabe israélienne de 15 à 64 ans comptait 783 500 habitants, soit 18.2 % de la population israélienne totale de ce groupe d'âge. Ce rapport analyse les performances actuelles du marché du travail (données de 2007) ainsi que les évolutions en cours en fonction de diverses caractéristiques sociodémographiques. Dans l'ensemble, le rapport s'intéresse à la population arabe, en mettant en évidence les différences entre les sous-groupes de cette population, tels que les Musulmans, les Chrétiens, les Druzes et les Bédouins. Il examine aussi les indicateurs sur l'emploi tels que le type d'occupation et le revenu du travail, et les indicateurs sur la satisfaction dans l'emploi et la perception du travail dans un domaine lié à ses études, notamment en ce qui concerne les arabes israéliens possédant des diplômes universitaires.

Les arabes israéliens ont une participation au marché du travail et des taux d'emploi inférieurs à ceux des Juifs, ce qui a un impact négatif sur leur bien-être économique. Les écarts ne sont pas très élevés chez les hommes – 65.6 % de participation chez les hommes arabes comparés à 70.8 % chez les hommes juifs et 59.3 % comparés à 66.3 % pour l'emploi – mais ils se creusent chez les femmes – 22 % de participation chez les femmes arabes contre 68.2 % pour les femmes juives et 18.6 % comparés avec 63.1 % pour l'emploi.

Ce rapport s'intéresse à certains des principaux facteurs à prendre en compte concernant la situation des arabes israéliens sur le marché du travail : les écarts dans le capital humain (éducation, connaissance de l'informatique, maîtrise de l'hébreu) ; le lieu de résidence, la périphérie offrant moins de possibilités d'emploi ; la place traditionnellement limitée accordée aux femmes ; et la discrimination quant à l'accès aux ressources publiques d'une part et aux pratiques des employeurs de l'autre. Deux facteurs supplémentaires affectent en particulier les tendances en cours : l'évolution du marché du travail suite au changement radical vers une économie à forte intensité technologique et la réorientation de secteurs entiers de l'industrie traditionnelle, et l'augmentation significative du nombre de travailleurs étrangers en Israël, qui, dans des secteurs comme l'agriculture et le bâtiment rivalisent directement avec les ouvriers arabes les moins instruits.

Le rapport conclut avec une description des initiatives récentes qui peuvent améliorer la situation des arabes israéliens sur le marché du travail. Celles-ci comprennent aussi bien les initiatives nationales ciblées sur les groupes défavorisés que les initiatives publiques et privées destinées en particulier à la population arabe. Ces dernières initiatives comprennent notamment des programmes pour améliorer les compétences sur le marché du travail et augmenter les offres d'emploi, grâce, entre autres, au développement économique des zones à forte densité arabes et aux efforts pour renforcer les pratiques d'embauche des employeurs dans les secteurs publics et privés, et à mieux apparier la demande et l'offre d'emplois de travailleurs arabes. Les données statistiques analysées dans ce rapport proviennent principalement de trois types d'enquêtes conduites par le Bureau central de statistiques d'Israël (CBS) : 1) les Enquêtes sur la population active (LFS) 1990-2007; 2) l'Enquête sociale de 2007; et 3) l'Enquête sur le revenu de 2007.

The OECD Council decided to open accession discussions with Israel on 16 May 2007, and an Accession Roadmap, setting out the terms, conditions, and process for Accession was adopted on 30 November 2007 (see [www.oecd.org](http://www.oecd.org) search for "OECD Enlargement"). The OECD's Employment, Labour and Social Affairs Committee was requested to review Israel's labour Market and Social Policies and, as part of this process, prepared the OECD Review of Labour Market and Social Policies in Israel which was released in January 2010 ([www.oecd.org/els/israel2010](http://www.oecd.org/els/israel2010)).

This publication covered a wide range of issues including: improving enforcement of labour laws; investing more in effective ALMPs, including welfare-to-work policies; strengthening the fight against discrimination; extending infrastructural investment in Arab localities; extending coverage of pension saving; new policies on foreign workers with *temporary* permits; and, policies to help absorb large quantities of *permanent* migrants.

The present paper was commissioned from Jack Habib, Judith King, Assaf Ben Shoham, Abraham Wolde-Tsadick and Karen Lasky, acting as consultants to the OECD Secretariat in order to provide background information for the OECD review, but is not part of it. The views expressed in this paper cannot be attributed to the OECD or its Members; they are the responsibility of the authors alone.

Le Conseil de l'OCDE a décidé d'ouvrir des discussions avec Israël le 16 mai 2007 et une feuille de route, adoptée le 30 novembre 2007, définit les modalités, les conditions et le processus devant permettre à Israël d'adhérer à l'OCDE (voir [www.oecd.org](http://www.oecd.org), recherchez sous "l'élargissement et l'engagement renforcée"). Le Comité de l'emploi, du travail et des affaires sociales de l'OCDE a été mandaté pour passer en revue le marché du travail et les politiques sociales d'Israël et, dans le cadre de ce processus, a préparé "l'examen des politiques sociales et du marché du travail d'Israël " qui a été publié en janvier 2010 ([www.oecd.org/els/israel2010](http://www.oecd.org/els/israel2010)- en anglais seulement).

Cette publication couvre une vaste gamme de questions, notamment : améliorer l'application du droit du travail ; investir davantage dans des politiques actives du marché du travail qui soient plus efficaces et en particulier dans les mesures de réinsertion ; renforcer la lutte contre la discrimination ; accroître les investissements en infrastructures dans les localités arabes ; étendre la couverture du régime de retraite ; mettre en place un nouveau régime de permis *temporaires* pour les travailleurs étrangers et prendre des initiatives pour faciliter l'absorption d'un grand nombre de migrants *permanents*.

Ce rapport a été rédigé par Jack Habib, Judith King, Assaf Ben Shoham, Abraham Wolde-Tsadick et Karen Lasky, consultants au Secrétariat de l'OCDE, pour fournir les informations de base en vue de l'examen de l'OCDE, dont il ne fait pas toutefois partie intégrante. Les points de vue exprimés dans ce document ne peuvent être attribués à l'OCDE ou à ses membres ; ils sont de la responsabilité des seuls auteurs.

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## LABOUR MARKET AND SOCIO-ECONOMIC OUTCOMES OF THE ARAB-ISRAELI POPULATION

### 1. Introduction

1. There is no doubt that the Arab-Israeli population faces many unique challenges in successfully integrating into Israeli society and realizing its full potential. This report considers the current labour-market situation and economic well-being of Arab-Israelis, and examines some of the main factors that account for their situation. It also describes a variety of recent policy initiatives to deal with the situation. The data are from three types of surveys conducted by the Central Bureau of Statistics in Israel (CBS): (1) *The Labour Force Surveys (LFS)* 1990-2007; (2) *The Social Survey* 2007; (3) *The Income Survey* 2007. A fourth CBS source is *The Israel Statistical Abstract* 2008.

2. Chapter 2 presents data on the socio-demographic and human capital characteristics of the Arab-Israeli population (see also Box 1). Next, we focus upon labour market outcomes and economic wellbeing indicators. We analyze data on the labour force situation in 2007, as well as time-series data demonstrating important changes that the Arab-Israeli population has undergone in recent years. The analysis is done separately for men and women. Finally, we discuss factors that can account for differences between the Arab-Israeli and Jewish population (chapter 3). We then examine some recent efforts by government, business leaders, voluntary organizations and other forces to improve the labour-market situation of Israeli Arabs and narrow the existing gaps in Israeli society, as well as legal efforts to reduce discrimination of Arabs in the labour market (chapter 4). We also address the availability and accessibility of education and social and health services in general terms, with a focus on underlying factors (chapter 5). But first, a few words on the context for this analysis, as discussed in the relevant literature.

#### Box 1: Subgroups of the Arab-Israeli Population

The Arab-Israeli population is composed of several subgroups. We distinguish between five major subgroups, defined along three dimensions: legal status, religion and ethnicity.

**Table 1.1: Subgroups within the Arab-Israeli Population, 2007**

| <i>Legal Status</i>   |         |  |            |                   |         |
|-----------------------|---------|--|------------|-------------------|---------|
| East Jerusalem        |         | Arabs Residing Outside of East Jerusalem |            |                   |         |
| <i>Religion</i>       |         |  |            |                   |         |
|                       |         | Druze                                    | Christians | Ethnicity Moslems |         |
| Total Arab Population |         |  |            | Bedouin           | Moslems |
| 1 431 700             | 256 300 | 108 400                                  | 118 600    | 160 200           | 785 600 |
| 100                   | 17.9    | 7.5                                      | 8.3        | 11.4              | 54.9    |

Source: Authors' calculations from Israel Statistical Abstract, 2007, Central Bureau of Statistics

*Moslems* in Israel are predominantly Sunni. This is a young population, with a high fertility rate and large households. Moslem Arabs have a strong religious affinity.

*Christian Arabs* are a minority within the Arab population. In comparison to the non-Christians, as a group Christian Arabs have a lower fertility rate, an older age distribution and are more educated and wealthier.

*Druze* are a distinct religious group, with a unique dialect and distinctive traditions. They reside in predominantly Druze rural localities in Israel's northern district. Many of the Druze men serve in the Israeli Defense Forces. Druze residing in the Golan Heights were given permanent resident status (1981) and the majority of them later chose to become Israeli citizens.

*Bedouin\** are Sunni-Moslem tribes originating from the Saudi-Arabian peninsula, with distinctive ethnic and cultural characteristics. Traditionally nomadic, the majority of Bedouin now live in the Negev (southern district) and a minority resides in the north of Israel. Characterized by a very high fertility rate, the Bedouin are an extremely young population. There is a government policy to settle the Bedouin population in permanent and recognized localities. Still, about 40% of the Bedouin in the Negev reside in what are called "unrecognized localities", with minimal basic infrastructure.

Arabs residing in *East Jerusalem* were given legal status as Permanent Residents. This entitles them to almost all civil rights except the right to vote for the Israeli parliament and to carry an Israeli passport. Although they are entitled to file a request for citizenship, the majority have chosen not to do so. Of the Arab population in East Jerusalem, 95% are Sunni Moslems and the rest are Christians.

The composition of the Arab population has changed over time. Over the last 20 years the percentage of Christians dropped from 11% to 8.3% and the percentage of Druze dropped from 9.5% to 8.3%; the percentage of Arabs from East Jerusalem rose from 17% to 18% and the percentage of Moslems (including the Bedouin) rose from 60% to 66.3%. These changes are primarily due to the different fertility rates in these groups.

\* In 2007, the LFS included close to 100 000 observations, from which a "Bedouin and others who live outside a locality" component included 3 200 observations. Out of a population of 161 700 Bedouin in the south, 49 900 are represented in the fixed survey and 111 800 are represented in the changing survey component. The estimate for the Bedouin population almost doubled between 1998 and 1999 (the year when data from the 1995 Census replaced data from the 1983 Census). Prior to 1999 the fixed "Bedouin" component held 1 664 observations representing 139 900 individuals in the 1998 LFS. The 3 200 observations in the fixed component represented 94 700 individuals in the 2007 LFS.

## 2. Factors behind differences in outcome: a brief literature review

### 1. Cultural Factors

3. The status of Arab women in the labour market. There is considerable attention to and concern with the very low rates of Arab women's employment. There is controversy concerning the extent to which this situation can be explained by traditional Arab socio-cultural norms as opposed to institutional barriers, such as lack of employment opportunities in the Arab sector and child-care arrangements.

4. Authors who emphasize cultural factors claim that in Arab society, female employment is perceived mainly as a means for economic assistance to the family rather than an avenue for career development (Awad, 2007; Arar and Mustapha, 2009). Abu Baker (2002), herself an Arab woman and professor of education in Israel, notes that educated women tend to lower their expectations after marriage to being a "working woman" rather than a "career woman" because of pressure from the immediate and extended family. Women tend to choose professions deemed suitable for women by traditional society, and those that will allow them to combine work and family obligations, e.g. part-time jobs, working in their location of residence. This forces them to look for employment in the local labour market (ethnic enclave), which is small, lacks a modern developed private sector and offers limited job opportunities (Yonay and Kraus, 2005). The result is that they are channeled mainly into teaching (57.6% of employed women with academic degrees) and local administrative jobs and are poorly paid (Shkhade, 2004; Yashiv and Kasir, 2009).

5. Conversely, other scholars emphasize exogenous factors. These include insufficient employment opportunities in the community, due, among other things, to lack of industrial parks and a small scale business sector; lack of regular public transportation making job opportunities outside the community inaccessible; lack of vocational training programs sponsored by the state and adjusted for Arab women, which reduces their chances of integrating into "good jobs"; insufficient child-care frameworks and inadequate enforcement of Minimum Wage Law. (Bolos, 2003; Lotan, 2005; Abu-Bader and Gottlieb, 2008; Yonay and Kraus, 2005; Toma-Shukha, 2006)

6. Analyzing the CBS Social Survey data, King et. al. (2009) found that both Arab men and women give wide support to the idea of women's employment but it declines significantly when there is a small child in the home. They also indicate that differences in education cannot account for most of the gap between Jewish and Arab women. They conclude that while there seems to be a positive climate in regards to women's employment, cultural barriers still play a role and institutional factors are of significance.

## ***2. The Impact of Labour Market Changes on the Economic Activity of the Arab Population***

7. The literature discusses a number of important developments that influence the trends in economic activity.

- a. The decline of traditional labour-intense industries e.g. textile and food, which provided jobs for less educated people, caused many Arabs to lose their jobs.
- b. This development was exacerbated by Israel's integration in the global economy causing industrialists to move their factories to countries where wages are lower than in Israel. This particularly affected poorly educated Arab women who had previously been able to work in small factories in their village and now lost not only their job but almost any chance of alternative employment, since both cultural norms and transportation limitations restrict their employment possibilities outside the village (Haidar, 2005a; Yashiv and Kasir, 2009).
- c. Globalization also affected the Arab business sector. In the global economy, it is difficult for small businesses to survive. Most of the Arab business sector consists of small businesses, all specializing in food and supply of construction materials and services. It is hard for them to expand beyond the local market due to financial difficulties and lack of management skills (Schnell, 2004; Sadan and Khalabi, 2008).
- d. The economic branch which represents the growth engine in Israel (and elsewhere) is high-tech and information technology. Representation of Arabs in this branch is limited (Kremer, 2004; Sadan and Khalabi, 2008.)

## ***3. The Impact of the Arab-Israeli Conflict***

8. Various articles discuss the implications of the conflict on the economic relationships between the Arab and Jewish populations and sectors and the consequences for Arab-Israeli economic development. There are also studies that analyze the immediate implications of specific developments in the conflict. The following examples show that the effect could be both negative and positive.

- a. Following the peace agreement with Jordan in 1994, some Israeli firms moved their production there, thus causing many Arab-Israelis to lose their jobs, especially women who had been employed in textile factories in their villages.
- b. Acts of terror by Palestinians in Israeli localities led Israel to occasionally close the gates to Palestinian workers, who were replaced by imported foreign workers. The latter were often paid

less than minimum wage and received no social benefits. This led to a lowering of wages and loss of jobs for local workers in agriculture, construction and other traditional economic branches in which many Arabs had been employed. (Haidar, 2005a; Shkhade, 2004).

- c. By contrast, the separation caused by the wall separating Israel and the Palestinian territories positively affected the business sector in Arab-Israeli localities, as local residents could no longer purchase goods and services in the areas beyond the wall. Consequently, local Arab retailers, contractors and unemployed Arabs found many new employment opportunities (Haidar, 2007).
- d. In protest of Arab-Israeli support of the Intifada ("Uprising") in 1987 and again in September 2000 and the clashes with the police in October 2000, Jewish consumers avoided the markets located in Arab localities, which led to a decrease in sales and even a closing down of businesses. Jewish tourism in the North (which has a large concentration of Arabs) also declined drastically. Schnell (2004) claims that this contributed to a decline in the percentage of self-employed from 18% of all employed in mid 1990s to 12% in 2001. Miaari et. al. (2008) also studied the effect of the second Intifada in 2000 on job separation of Arab workers in private sector firms which employed both Jews and Arabs. They found that while before the Intifada, Arabs had a 3-5 percentage points lower chance of separation from employers than Jews, during and following the Intifada, job separation was 1-2 percentage points higher among Arabs. By means of statistical analysis, they show that the reason for this was increased layoffs rather than voluntary separation among the Arabs. The authors comment that their analysis underestimates the effect of the Intifada since they only analyzed layoff decisions and ignored hiring decisions of Jewish employers, which were probably also influenced by the conflict.
- e. Another important result of the Arab-Israeli conflict discussed in the literature has been the increase in foreign workers in Israel that have competed with the Arab and other low-skilled populations for lower-skilled jobs (Asali, 2006; Yashiv and Kasir, 2009).

#### ***4. Lack of Infrastructure Necessary for Economic Development and Inequalities in Budget Allocation***

9. The literature addressing this issue mostly discusses the following aspects:
  - a. Lack of development of infrastructure necessary for economic activity, e.g. network of internal roads connected to inter-city roads and regular public transportation, lack of industrial parks. (Haidar, 2005; Hamaisi, 2004) This is especially problematic in the unrecognized (unauthorized) Bedouin villages (Abu-Bader and Gottlieb, 2008; Al-Sanah and Abu-Ajaj, 2007).
  - b. Lack of governmental resources (funds) for private entrepreneurs and investors, resulting in an under-developed business sector comprising small businesses, and industries which engage in labour-intensive production and use old technologies.
  - c. Partial government budget utilization even when government resolutions were passed to correct inequality (Oldswer, 2004; Blaikof, 2005).

#### ***5. Discrimination in Hiring and Wage Gaps***

10. There is broad recognition and concern about discrimination in the labour market as this may affect both employment and wages. There are no direct studies that we have identified of actual hiring practices, thus the efforts to measure the extent of discrimination are based more on econometric techniques that attempt to estimate the size of the employment and wage gaps that cannot be explained by individual background, family situation and place of residence. There have been a number of such studies that have generally found that there does exist an unexplained gap. Some of these studies have also

examined how the unexplained gap has changed over time. (See for example Asali, 2006, Cohen and Haberfield, 2006 and Abu-Bader and Gottlieb, 2008) This literature also relates to other factors that could be reflected in the unexplained gap. These factors include cultural differences in attitudes towards employment (for women), differences in the regional labor markets (beyond that picked up by our included variables), cultural and language barriers in assessment procedures and exams. In addition, it could reflect differential access to work support services as discussed in section 3 above. (Dagan-Buzaglo, 2008)

11. Another barrier is that high-tech firms that work for the military and the Ministry of Defense, specifically in the areas of electronics, electro-optics and similar fields, do not hire Arab professionals for security reasons (Sadan and Khalabi, 2008). There is also a literature that has documented the under-representation of Arabs in the civil service and government-held companies. (Almagor-Lotan, 2008; Markovitz, 2007).

12. Asali (2006) cites important background factors such as the immigration from the Former Soviet Union during the early 90's, the large influx of foreign workers in the late 90's and political events (the Oslo Accords, the violent events of 2000). He argues that given the inseparability of social, political and economic factors, it is difficult to arrive at conclusive explanations as to the changing patterns of income inequalities between Arabs and Jews over the study period.

13. One issue in the literature is the question of under-employment of Arab university graduates and disparities in opportunities between them and Jews with similar education regarding type of job and wages (Gera, 2005). Some studies point out that this problem is more salient among educated Arab men than women (Abu Bader and Gottlieb, 2008; King et. al, 2009).

## **6. Structural Barriers**

14. A number of authors discuss various structural barriers.

- a. The need to be tri-lingual (Arabic, Hebrew and English);
- b. The concentration of the Arab population in relatively small communities in the periphery in the south and north of the country without direct access to the major areas of economic activity in Israel;
- c. The fact that Arabs and Jews, for the most part live in separate cities, go to separate schools and for the most part do not go to the army together and therefore do not develop social networks that contribute to access to employment;
- d. The larger family sizes that impede on women's labour force participation;
- e. The weakness of Arab municipalities due to size, the division into extended family networks (*hamulot*) with the associated obligations that promote favoritism and the consequent implications for leadership and municipal management (Haidar, 2009 – forthcoming; Rabin-Margalioth, 2005; Khamaisi, 2006, 2004a, 2004b).

## 2. SOCIO-DEMOGRAPHIC AND HUMAN CAPITAL CHARACTERISTICS OF THE ARAB POPULATION

15. Within the past 20 years, the Arab population of Israel has grown at an average annual rate of 3.1%. From 1990 to 1998, the percentage of Arabs in the total population remained at 18%, due to the large wave of immigration from the former Soviet Union. Since 1998, the higher growth rate in the Arab population has been dominant and in 2007 the percentage of Arabs rose to 20%.

### 2.1 Demographic Characteristics

16. Israel's Arab population over the age of 15 is 860 700, comprising 16.7% of Israeli residents in this age group. Most Arabs over the age of 15 reside in the north of Israel, particularly the city of Haifa (68.6%). They comprise almost half of the residents in the north and a significant minority in the cities of Jerusalem and Haifa. The Arab population is young compared to the Jewish population: 30.4%, versus 20.8%, are under 25 years old and only 12.7%, versus 27.9%, are aged 55+ (Table 2.1). Arab households are much larger than Jewish households – 5.6 compared to 3.6. This is so for several reasons: *a)* the percentage of mothers is significantly higher – 49.9% versus 34.5% among Jewish women; *b)* on average, Arab mothers have more children – 3.0 versus 2.2; *c)* Arab households, more often than Jewish households, include also family members other than the nuclear family. In relation to that, a higher percentage of Arab women also have younger children – 14.6% versus 9.4% of Jewish mothers have a child 0-1 years old and 28.7% of Arab mothers versus 17.3% of Jewish mothers have a child 0-4 years old. However, it should be noted that fertility rates among the Arab population declined significantly between 1996 and 2007, from 4.35 to 3.62 (see Box 2 at the end of this Chapter 2 for more detail on outcome per Arab population group).

**Table 2.1: Gender, Age, Marital Status and Family Size, Age 15+, 2007**

|                                | Arabs   |            |       |         |                | Total | Jews | Total |
|--------------------------------|---------|------------|-------|---------|----------------|-------|------|-------|
|                                | Moslems | Christians | Druze | Bedouin | East Jerusalem |       |      |       |
| <b>Gender</b>                  |         |            |       |         |                |       |      |       |
| Men                            | 50.5    | 51         | 52.1  | 51.2    | 50.1           | 50.7  | 48.3 | 48.7  |
| <b>Age</b>                     |         |            |       |         |                |       |      |       |
| 15-17                          | 10.1    | 8.1        | 10.2  | 14.6    | 10.6           | 10.4  | 6.1  | 6.8   |
| 18-24                          | 19.9    | 15.1       | 19.5  | 27.9    | 19.7           | 20    | 14.7 | 15.6  |
| 25-34                          | 25.8    | 21.4       | 24    | 28      | 24.6           | 25.2  | 20.1 | 21    |
| 35-44                          | 19.6    | 21         | 22    | 14.9    | 19.2           | 19.5  | 16   | 16.6  |
| 45-54                          | 12.5    | 13.1       | 12.6  | 7.6     | 12.3           | 12.2  | 15.2 | 14.7  |
| 55-64                          | 6.8     | 9.6        | 5.9   | 5.5     | 7.5            | 7     | 12.6 | 11.7  |
| 65+                            | 5.2     | 11.6       | 5.7   | 1.5     | 6.1            | 5.7   | 15.3 | 13.7  |
| Average age                    | 35      | 39.6       | 35.2  | 30.3    | 35.5           | 35.2  | 42.7 | 41.4  |
| Median age                     | 32      | 37         | 33    | 27      | 32             | 32    | 40   | 38    |
| <b>Marital status (col. %)</b> |         |            |       |         |                |       |      |       |
| Married                        | 58.6    | 59.3       | 61.1  | 58.6    | 56             | 58.4  | 57   | 57.2  |
| Separated                      | 0.6     | 1.1        | 0.5   | 1       | 1.6            | 0.8   | 1.1  | 1     |
| Divorced                       | 0.9     | 1.5        | 0.3   | 1.2     | 1.8            | 1.1   | 5.7  | 5     |
| Widowed                        | 3.1     | 4          | 3.3   | 1.6     | 4.1            | 3.3   | 6.5  | 5.9   |
| Single                         | 36.7    | 34.1       | 34.8  | 37.6    | 36.5           | 36.3  | 29.7 | 30.8  |
| <b>Average household size</b>  | 5.3     | 4.2        | 4.9   | 9.1     | 5.9            | 5.6   | 3.6  | 3.9   |

Source: Analysis of CBS LFS by Myers-JDC-Brookdale Institute.

## 2.2 Human Capital

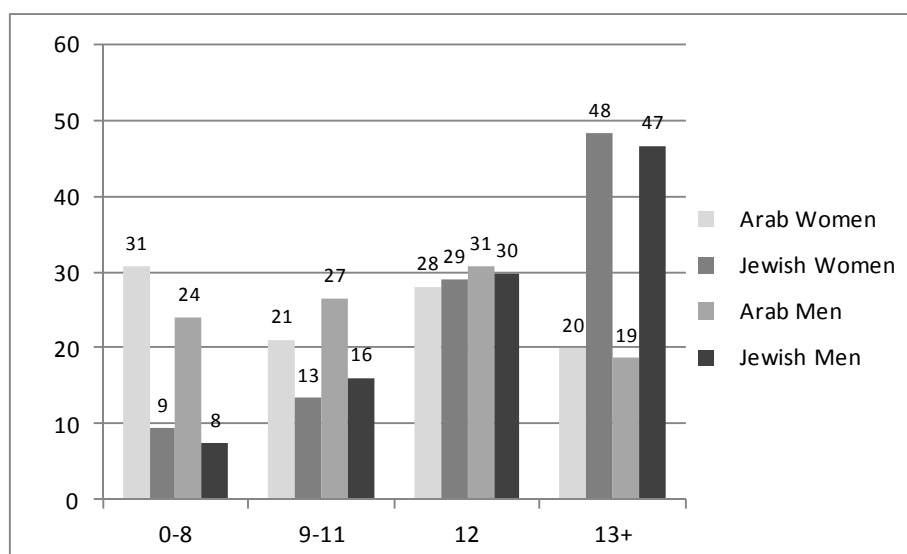
### Education

17. Between 1990 and 2007, there was an increase in the level of education among Arab men and women. The average number of years of education for men increased by 1.5 years (from 9.1 to 10.6) and for women by 2.5 years (from 7.3 to 9.8). In this period, the gap in education between Arabs and Jews declined slightly for men and more significantly for women.

18. However, a significant gap remained. The average number of years of schooling is 10.2 for Arabs and 13 for Jews. Close to half of the Jews have 13 or more years of schooling versus a fifth of the Arabs; 27.5% of the Arabs have 8 years of education or less, compared with 8.5% of the Jews. The percentage of Arabs with a post-secondary certificate is far lower than that of Jews – 13.4% compared to 37.5%, respectively (Figure 2.1. See also Table A.1 in the Annex).

19. Of additional interest is the comparison between Arab men and women. In the past, Arab men had a significant advantage in education over Arab women; however, Arab women have been catching up significantly in recent years, and indeed by many indicators they have now equalled or even surpassed the education levels of Arab men (see the next section). In terms of average years of education, men still have a slight advantage over women, 10 years versus 9.8 years. However, the average is somewhat misleading because women have made particular progress at the higher levels of education, at which they already have equal rates with men, whereas women still have a higher proportion at the lower end of the distribution in terms of 0-8 years of education.

**Figure 2.1: Number of Years of Education of Arab and Jewish Men and Women Age 15+**



Source: Analysis of CBS LFS by Myers-JDC-Brookdale Institute

### Hebrew Language and Computer Skills Barriers

20. Lack of Hebrew proficiency is a significant barrier to employment. Among Arab-Israelis 23% do not speak Hebrew at all or only poorly, and some 30% cannot read or write in Hebrew or do so only poorly (Table 2.2). Moreover, an additional 19% can speak but "not so well", and an additional 23% are able to read or write "not so well". Almost half have language-related barriers to jobs that require a good



knowledge of Hebrew, and the levels lacking Hebrew proficiency are much higher among Arab women than Arab men. There is also a serious gap in computer skills, with roughly twice as many Arab men and women who have not used a computer in the last 3 months compared with the Jewish population.

**Table 2.2: Lack of Hebrew Proficiency and Computer Skills; Age 20-64, 2007**

|  | Arabs | Jews |
|--|-------|------|
| <b>Total</b>                                     |       |      |
| <b>Hebrew proficiency</b>                        |       |      |
| Speak poorly or not at all                       | 23    | 7.1  |
| Speak "not so well"                              | 21.7  | 7    |
| Read/write poorly or not at all                  | 29.7  | 11.3 |
| Read/write "not so well"                         | 21.3  | 6.8  |
| <b>Men</b>                                       |       |      |
| Speak poorly or not at all                       | 9.4   | 6.4  |
| Speak "not so well"                              | 18.9  | 6.3  |
| Read/write poorly or not at all                  | 19.8  | 9.8  |
| Read/write "not so well"                         | 23.8  | 5.7  |
| <b>Women</b>                                     |       |      |
| Speak poorly or not at all                       | 36.6  | 7.6  |
| Speak "not so well"                              | 24.6  | 7.7  |
| Read/write poorly or not at all                  | 39.6  | 12.6 |
| Read/write "not so well"                         | 18.8  | 7.9  |
| <b>Did not use computer during past 3 months</b> |       |      |
| Total  | 63.1  | 33.4 |
| Men  | 58.3  | 29.5 |
| Women  | 68    | 37.1 |

Source: Analysis of CBS Social Survey by Myers-JDC-Brookdale Institute.

## 2.3 Health-related Indicators

### *Life Expectancy and Mortality Rate*

21. The life expectancy of Arab-Israelis is some four years lower than that of Jews, for both men and women (Table 2.3). Infant mortality rates are significantly higher among Arabs than among Jews (Table 2.4).

**Table 2.3: Life Expectancy and Mortality Rate, 2007**

|  | Arabs |       | Jews |       | Total |       |
|--|-------|-------|------|-------|-------|-------|
|  | Men   | Women | Men  | Women | Men   | Women |
| Life expectancy  | 75.3  | 78.8  | 79.3 | 82.6  | 78.8  | 82.5  |
| Mortality rate per 1 000 residents                               | 3.2   | 2.7   | 6.2  | 6.3   | 5.6   | 5.6   |
| Mortality rates per 1 000 residents (standardized <sup>1</sup> ) | 6.9   | 5.5   | 4.9  | 3.4   | 5.1   | 3.6   |

<sup>1</sup> Total 1983 Census population, by age group.

Source: CBS Statistical Abstract, 2008

**Table 2.4: Infant Mortality Rate**

|   | Arabs                  |      | Jews                   |      | Total                  |      |
|---|------------------------|------|------------------------|------|------------------------|------|
|   | 2000-2004<br>(average) | 2005 | 2000-2004<br>(average) | 2005 | 2000-2004<br>(average) | 2005 |
| <b>Infant mortality rates per 1 000 live births</b> | 8.4                    | 7.7  | 3.8                    | 4.4  | 5.1                    | 4.4  |

Source: CBS Statistical Abstract, 2008

### ***Disability***

22. We define disability as having had a medical problem for at least 6 months that limits or severely limits daily activities. Of this group, those who report having difficulties in performing at least one ADL activity (such as eating, bathing, dressing, etc.) are defined as severely disabled and the rest as moderately disabled.

23. 21.8% of Arab-Israelis age 20-64 reported being disabled (Table 2.5) and of these, 13.5% reported being severely disabled; among Jews 16.8% reported being disabled and 5.3% as severely disabled. Thus disability among the Arabs is higher than among Jews even though the Arab population is younger.

24. A recent study reported that a higher percentage of Arabs than Jews receive disability benefits from the NII, 4.8% versus 3.8%. The magnitude of the gap is not as great as for reported severe disability in the Social Survey (see Naon, ed., 2009).

25. There are several possible explanations for the relatively high prevalence of disability among Arabs. These include high rates of intra-familial marriages within Arab society; possible gaps in the provision of health services; and the fact that Arab men enter work earlier than their Jewish counterparts and are more likely to be employed in physically demanding occupations that may impact their health. While the occupational explanation cannot explain the same pattern of decline for women, there might be a parallel process among Arab women, as most of them are engaged earlier and more heavily than their Jewish counterparts with household chores and child-rearing. The gap in education between Arabs and Jews may also help to explain the overall difference in disability rates.

26. To explore these possibilities we carried out a more in-depth examination of the data from the Social Survey. It shows that there is indeed a very strong link between disability rates and education for both Arabs and Jews and for both men and women. In particular, the rates of disability among Arabs are exceptionally high among those with 0-8 years of education, about 43% for women and 47% for men. The severely disabled are 34% for women and 30% for men. By contrast, the rates of severe disability are less than 4% for both men and women with 13 or more years of education. The decline begins immediately after 8 years of education (Table A.2 in the Annex).

27. We also find that disability gaps between Arabs and Jews within education categories are not that great within any of the education groups, and in some education groups they are even in the reverse direction. Therefore, it would appear that the major source of the differences in the overall Arab-Jewish disability rate is the difference in the education distribution. In order to quantify this, we applied the education distribution of the Jewish population to the disability rates by education level. We did a separate calculation for men and for women. We find that with the same education distribution, Arab men and Arab women do not have higher levels of severe disability rates than Jewish men and women.

**Table 2.5: Disability Levels, Age 20-64, 2007**

|                      | Arabs   |            |       |         |                   | Total | Jews     | Total    |
|----------------------|---------|------------|-------|---------|-------------------|-------|----------|----------|
|                      | Moslems | Christians | Druze | Bedouin | East<br>Jerusalem |       |          |          |
| Total population (N) | 372.9   | 30.2       | 63.2  | 36.5    | 100.5             | 603.3 | 3 134.20 | 3 737.50 |
| Percentages          | 10      | 0.8        | 1.7   | 1       | 2.7               | 16.1  | 83.9     | 100      |
| Disability level     |         |            |       |         |                   |       |          |          |
| Not disabled         | 74.8    | 86         | 75.3  | 89.6    | 85.8              | 78.2  | 83.2     | 82.4     |
| Disabled             | 25.1    | 14         | 24.7  | 10.4    | 14.2              | 21.8  | 16.8     | 16.6     |
| Moderately           | 8.8     | 4.2        | 11.4  | 0       | 8.6               | 8.3   | 11.5     | 10       |
| Severely             | 16.3    | 9.8        | 13.3  | 10.4    | 5.6               | 13.5  | 5.3      | 6.6      |

Source: Analysis of CBS Social Survey by Myers-JDC-Brookdale Institute.

### **Conclusion**

28. In comparison with the Jewish population, Arab-Israelis tend to have larger families; leave school earlier; do not speak Hebrew or master computer skills as well; do not live as long and suffer higher disability rates earlier in life. While there are some differences within the Arab-Israeli population, these are smaller than those between them and the Jewish population overall (For a sample of Arab-Israeli access to basic infrastructure, see Annex Table A.3.).

### Box 2: Main Differences in Demographic Characteristics and Human Capital between Arab Sub-groups

The Moslems are the largest of the five Arab subgroups defined above. They comprise 56.3% of the Arab population age 15+. The second largest subgroup is the Bedouin - 23.3%. East Jerusalem Arabs comprise 17.6%, the Christians comprise 10% and the Druze 8%. There are considerable differences between the various ethnic subgroups.

**Moslems** outside East Jerusalem comprise more than half of the Arab population. They are concentrated in the north of Israel, but a significant minority (16%) live in the center of the country. Moslem men are more educated than women – 11.5% have a post-secondary certificate, compared to 6.6% of the women. However, the fact that a higher percentage of women than men have a matriculation certificate (22.4% versus 17.1%) suggests a potential future increase in the percentage of women who will continue their studies. Regarding reading, writing and speaking in Hebrew, the Moslems have a low level of proficiency, and the men have a higher level than women. The gap in computer skills is smaller than with respect to Hebrew skills, but still close to two-thirds of the Moslems have few skills, and again men have an advantage over women.

**The Bedouin** are the youngest of the sub-groups, with a median age of 27. They have the largest households – 9.1 persons on average, compared to 5.6 among all Arabs. This is due to the high percentage of married women (55%) and the high average number of children they have – 4.7 compared to 3.0 among all Arab mothers. The Bedouin are the least educated group – 28.7% have never studied or have no certificate, and only 7.3% have a post-secondary certificate, mostly not academic. The education level of the women is even lower: 39.2% have never studied or have no certificate. Regarding reading, writing and speaking in Hebrew, the Bedouins have a slightly lower level of proficiency than the Moslems, and as with the Moslems the men have a higher level than the women. Computer skills are lower than for the other groups.

**Arabs from East Jerusalem** have similar demographic characteristics to Moslems. However, they are slightly more educated, particularly the women. Despite the fact that they have been under Israeli rule for almost four decades and have contact with West Jerusalem, the Arabs from East Jerusalem have the lowest level of proficiency in reading, writing and speaking in Hebrew, with the rates among women lower than among men.

**The Christians** are concentrated in the north of Israel. They have the highest median age (37, compared to 32 among all Arabs); yet report a lower rate of disability. Christian mothers have the fewest children under age 18 – 2.3 on average, which is similar to Jewish mothers (2.2). The Christians are the most educated group – 23.8% have a post-secondary certificate, compared to 13.4% among all Arabs, and only 38.1% have not completed high school, compared to 53.6% among all Arabs. The education gap is especially pronounced among the women – the percentage with a post-secondary certificate is twice as high as that of all Arab women (26.3% versus 13.3%). This is the only group in which the women are more educated than the men, if only slightly. The Christians have the highest level of Hebrew proficiency, especially among the men, and the extent of their computer skills is greater.

**The Druze** also reside in the north of Israel. There is a higher rate of married women with children compared to all Arab women (52% versus 47%), but fewer children per woman – 2.6 on average versus 3.0 among all Arab mothers. Druze men are slightly more educated than all Arab men – they have an average of 11.2 years of schooling compared to 10.6 among all Arabs, and 16.7% hold a post-secondary certificate, compared to 13.3%. Druze women, on the other hand, are less educated than all Arab women. The level of Hebrew proficiency of the Druze men is the second highest, which is probably due to their participation in the Israeli Defense forces. By contrast, the Druze women have the second-lowest level of Hebrew proficiency.

### 3. EMPLOYMENT OUTCOMES AND ECONOMIC WELLBEING INDICATORS

29. In this chapter, we examine labour market outcomes in 2007 as well as the trends over time in the Arab population. In coordination with the OECD, the data presented in this report relate to the age 15-64 population. We compare the Arab population to the Jewish population, sometimes presenting separate data for men and women.

30. In section 3.1 we examine the overall rates of labour force participation, employment and unemployment, as well as the pattern of employment by age and education. In section 3.2, we analyze trends over time (1990-2007) in labour force participation. Sections 3.3-3.4 deal with part-time employment and characteristics of employment, as measured by several indicators, including employment status, occupation, economic branch, earnings and job satisfaction.

#### 3.1 Labour Force Participation, Employment and Unemployment (2007)

We begin by examining the various measures of integration into the labour force for the age 15-64 population.

##### 3.1.1 Employment Indicators for Age 15-64

31. The labour force participation rate of Arabs is lower than the rate among Jews – 44.1% versus 69.5%, respectively (Table 3.1). This is due in large part to the difference in the participation rates of Jewish and Arab women - 22% compared to 68.2%. The gap in the participation rates of Jewish and Arab men is much smaller - 65.6% and 70.8%.

**Table 3.1: Civilian Labour Force, Employment and Unemployment, Age 15-64 (excluding constant sample)**

|                      | Arabs   |            |       |         |           | Total | Jews     | Total    |
|----------------------|---------|------------|-------|---------|-----------|-------|----------|----------|
|                      | Moslems | Christians | Druze | Bedouin | Jerusalem |       |          |          |
| <b>Total</b>         |         |            |       |         |           |       |          |          |
| Thousands            | 452.9   | 73.1       | 64.2  | 53.6    | 139.7     | 783.5 | 3 525.00 | 4 308.50 |
| Percentages          | 10.5    | 1.7        | 1.5   | 1.2     | 3.2       | 18.2  | 81.8     | 100      |
| Participation        | 44.8    | 57.8       | 41.5  | 37.6    | 38.4      | 44.1  | 69.5     | 64.9     |
| Employment           | 40.1    | 53.4       | 38.8  | 29.3    | 33        | 39.2  | 64.7     | 60       |
| Rate of unemployment | 10.5    | 7.6        | 6.5   | 21.9    | 14.1      | 11.1  | 6.9      | 7.4      |
| <b>Men</b>           |         |            |       |         |           |       |          |          |
| Thousands            | 228     | 37.6       | 33.6  | 27.1    | 70.5      | 396.8 | 1 717.70 | 2 114.50 |
| Participation        | 67.1    | 72.2       | 57    | 59      | 64        | 65.6  | 70.8     | 69.8     |
| Employment           | 61.4    | 68.2       | 54.1  | 47.3    | 54.5      | 59.3  | 66.3     | 65       |
| Rate of unemployment | 8.4     | 5.6        | 5     | 19.7    | 14.8      | 9.7   | 6.3      | 6.9      |
| <b>Women</b>         |         |            |       |         |           |       |          |          |
| Thousands            | 224.9   | 35.5       | 30.6  | 26.5    | 69.2      | 386.7 | 1 807.30 | 2 194.00 |
| Participation        | 22.2    | 42.5       | 24.5  | 15.6    | 12.4      | 22    | 68.2     | 60.1     |
| Employment           | 18.4    | 37.7       | 22    | 10.9    | 11.1      | 18.6  | 63.1     | 55.3     |
| Rate of unemployment | 17      | 11.3       | 10.3  | 30.4    | 10.3      | 15.4  | 7.5      | 8        |

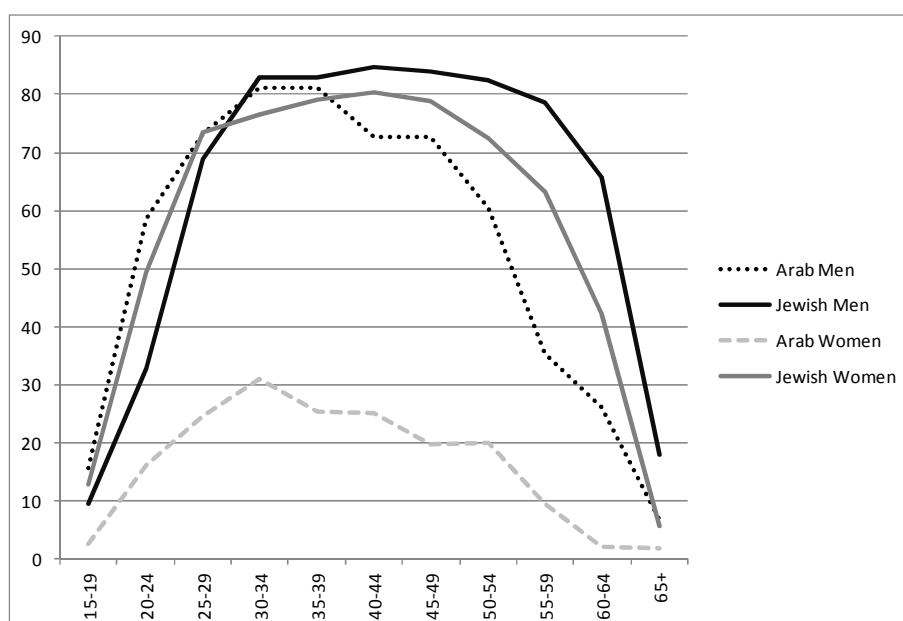
Source: Analysis of CBS LFS 2007 by Myers-JDC-Brookdale Institute.

32. Unemployment is significantly higher among Arabs than among Jews. The gap is particularly high for women as the rate of unemployment is double that of Jews. The gaps in employment are somewhat greater than for participation as a result of the higher unemployment rate of Arabs. Thus the employment rate for Arab men is 59.3% versus 66.3% for Jewish men.

33. Among women the employment rate is 18.6% as opposed to 63.1% for Jews. Understanding the relative employment rates, however, requires attention to the rates by age as presented in Table 2.3. Among men, Arab employment rates are higher than among Jews up to age 25-29, in part due to higher rates of participation in education among Jews and in part due to army service among Jews. Employment rates among Arab men rise quickly with age and peak at 81.2% at age 35-39. However, they decline much more quickly and at an earlier age, compared to Jewish men, so that the absolute gaps rise dramatically with age (Figure 3.1). Similarly, employment rates of Arab women peak at age 30-39 at 30.9%. They decline substantially afterwards, although the absolute gaps do not increase with age. Thus the Arab – Jewish employment gap for men is really about employment rates after age 40 whereas for women the gaps are significant at all ages.

34. Yashiv and Kasir (2009) have recently emphasized the age-related patterns and raise several possible explanations. They include the higher concentration of Arab men in physically demanding occupations, which is also associated with high reports of employment-related disability. Another explanation that they offer is the possibility of a cultural difference in concepts of the retirement age and of the role of children in supporting parents at later ages.

**Figure 3.1: Employment Rate by Age Group (excluding constant sample)**



35. Considering the 25-64 age group, the difference in employment rates of Arabs and Jews is somewhat smaller for men aged 15-64 than for those aged 25-64. The pattern is similar for the women although the difference is somewhat greater. The same general differences exist for participation (see Table A.4 in the Annex).

36. Educational gaps between Arabs and Jews are a second factor contributing to the differences in labour force participation and employment rates. Participation rates increase significantly with education for men, from 46.1% for those without any certificate to 84.8% for those with an academic certificate (Table 3.2). For women the increase is even more dramatic, from 6.1% to 77.1%. As for the participation

gaps between men and women, these are huge at lower education levels, and much lower at higher education levels. Participation also rises dramatically for Jews, though the increase is similar for men and women.

37. The education pattern for employment is similar. Among Arab men the increase is from 35.2% to 82.6% and for women from 4.9% to 73.2%. The gaps between Arab men and women are much smaller at higher education levels. Among Jews, the increase among men and women with education is again the same. Thus, for both participation and employment the returns to education for Arab women are much higher than for Jewish women, while the returns for Arab and Jewish men are similar.

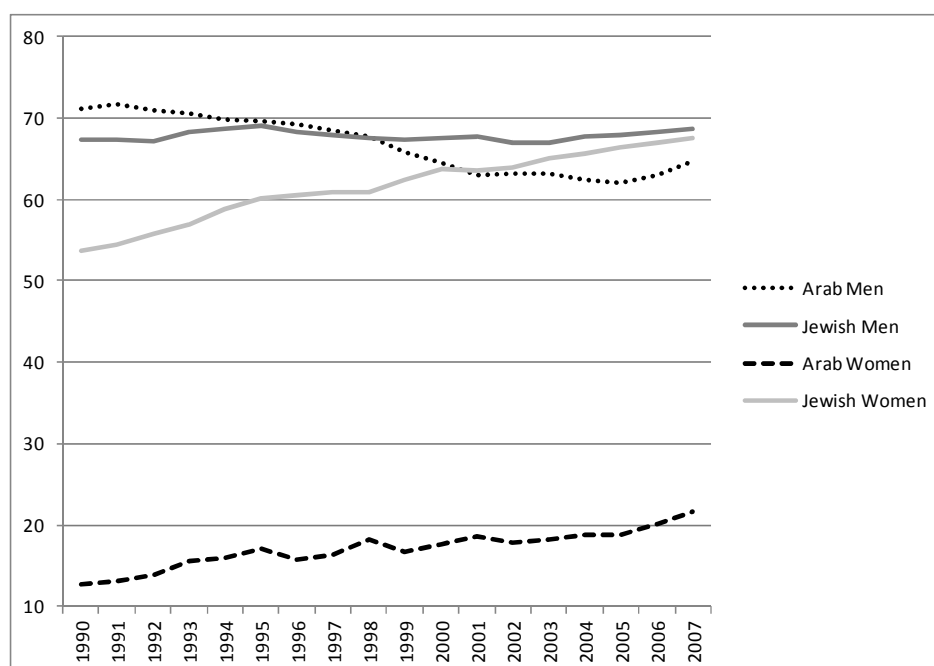
**Table 3.2: Participation and Employment Rates, Age 15-64, by Population Type, Gender and Highest Certificate, 2007 (excluding constant sample)**

|                      | Total | Did not study or get any certificate | Primary or intermediate certificate | Secondary school – but not Matriculation | Matriculation | Post secondary certificate but not academic | Academic B.A, M.A or Ph.D |
|----------------------|-------|--------------------------------------|-------------------------------------|--|---------------|---|---------------------------|
| <b>Participation</b> |       |                                      |                                     |  |               |   |                           |
| Total Arabs          | 44.1  | 20                                   | 34.2                                | 55.6                                     | 43            | 73.2  | 81.1                      |
| Men                  | 65.6  | 46.1                                 | 57                                  | 77.7                                     | 66.7          | 85.5  | 84.8                      |
| Women                | 22    | 6.1                                  | 8.3                                 | 21.6                                     | 23.1          | 62.3  | 77.1                      |
| Total Jews           | 69.4  | 38.1                                 | 38.9                                | 69.6                                     | 65            | 82.3  | 88                        |
| Men                  | 70.7  | 40.8                                 | 44.4                                | 72.1                                     | 64.4          | 86.8  | 90.2                      |
| Women                | 68.2  | 35.8                                 | 32.2                                | 66.5                                     | 65.6          | 78.7  | 86.3                      |
| <b>Employment</b>    |       |                                      |                                     |  |               |   |                           |
| Total Arabs          | 39.2  | 15.4                                 | 28.7                                | 50.2                                     | 38.9          | 67.3  | 78.1                      |
| Men                  | 59.3  | 35.2                                 | 49.2                                | 71.7                                     | 62.2          | 81.2  | 82.6                      |
| Women                | 18.6  | 4.9                                  | 5.5                                 | 17.2                                     | 19.4          | 55  | 73.2                      |
| Total Jews           | 64.6  | 32.4                                 | 33.5                                | 63.1                                     | 59.6          | 78.3  | 84.9                      |
| Men                  | 66.2  | 34.3                                 | 38.9                                | 66.3                                     | 59.7          | 83.5  | 87.2                      |
| Women                | 63    | 30.6                                 | 27                                  | 58.9                                     | 59.5          | 74.1  | 83.1                      |

Source: Analysis of CBS Labour Force Survey 2007 by Myers-JDC-Brookdale Institute.

### 3.2 Labour Force Participation, by Gender and Selected Characteristics, 1990-2007

38. In this section, we examine the trends in labour force participation by gender, from 1990 to 2007. We present the data by age group and by highest certificate obtained. The data in this section include the constant sample. We analyze the age patterns over time for three age groups – 15-24, 25-54 (primary age group) and 55-64.

**Figure 3.2: Labour Force Participation by Gender, Age 15-64, 1990-2007**

39. The LFP of Arab men dropped gradually from 71% to 63% between 1990 and 2001, remained steady between 2001 and 2005, and rose to 65% by 2007.<sup>1</sup> Throughout this period, the LFP of Jewish men remained steady at around 68%. Thus the LFP gap has grown over this period (Figure 3.2).

40. The LFP of Arab women rose steadily throughout the period, from 13% in 1990 to 22% in 2007. The trend among Jewish women was similar, rising from 54% in 1990, to 68% in 2007. Thus the relative gap declined but the absolute gap increased.

41. Employment rates exhibit similar trends, for both men and women (see Figure A.1 in the Annex)

### 3.2.1 Labour Force Participation by Age Group (Figures A.2-A.3 in the Annex).

42. The trend in male LFP from 1990 to 2007 is similar for all age groups and follows the general trend described in Figure 3.2 above

43. However, the decline is more pronounced among the younger age group (dropping from 52% to 41%), and particularly the older age group (dropping dramatically from 56% to 38%) and less pronounced in the primary working age group.

44. In contrast, for the Jews there is no significant trend over time in any age group. The participation level of the Jews in 2007 is much lower for the 15-24 age group, it is somewhat higher for the 25-54 age group, and much higher for the 55-64 age group.

45. The LFP rates of Arab women in the younger age group are volatile and in 2007 were very similar to what they were in 1990, while the rate among young Jewish women rose from 34% to 40%.

<sup>1</sup> 2002-2007 were growth years—an average rate of 5% per year.



46. The LFP rates of women in the primary working ages follow a clear trend among all Arab subgroups as well as among Jewish women. For Jewish women the increase was from 67% to 82%. Thus there was a decrease in the relative gap and for some groups in the absolute gap.

47. In the older age groups, participation rates of Arab women were lower than 10% and showed little or no increase throughout the period (except for Christian women). By contrast, the trend among Jewish women was strong and steady, rising from 33% to 55%.

### **3.2.2 Labour Force Participation by Education (Figures A.4-A.5 in the Annex)**

48. The most dramatic change throughout the period occurred among men with 0-8 years of education. The LFP rates of both Arab and Jewish men in this category fell sharply between 1990 and 2001, and then remained stable with a slight increase towards the end of the period. The Arab LFP rate fell from 79% in 1990 to 59% and the rate among Jews fell from 72% to 52%.

49. The trends among Arab men with 9-11 years of education were somewhat different, and milder: the LFP rose from 58% in the early 1990s to 66% in 1996, dropping to 55% by 2001, after which it remained steady, with a slight increase toward 2007. The LFP among Jews gradually fell from 62% to 50% in that same period.

50. The LFP among Arab men with 12 years of education dropped slightly from 75% to 72% throughout the period. The rate among Jews increased slightly, from 63% to 66%.

51. The LFP among Arab men with 13 years of education or more was volatile and hardly increased throughout the period. At the same time, there was a gradual increase of the LFP among Jewish men, from 74% in 1990, to 79% in 2007. The LFP of Christians rose from 76% to 83%.

52. Arab women with 0-8 years of education had low participation rates (7%-8%) throughout the period. At the same time, rates among Jewish women increased slightly, from 34% to 37%.

53. There were no substantial changes in LFP rates among Arab women with 9-11 and 12 years of education (except for Moslems with 12 years of education). At the same time, rates among Jewish women rose from 55% to 63%.

54. Among Arab women with 13 or more years of education, the rates dropped from 54% in 1990, to 46% in 2000 and rose back to 53% towards 2007. At the same time, the rates among Jewish women rose from 73% to 80%.

### **3.3 Part-time and Full-time Employment (2007)**

55. In order to provide a more accurate picture we integrated data on the reasons that wage earners gave for working part time (Table 3.3).<sup>2</sup>

56. Overall, women have higher rates of part-time employment than men in both the Arab and Jewish populations. Among women, the rate is somewhat higher among Arabs than Jews, whereas for men it is higher among Jews.

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<sup>2</sup> Part-time employment is defined as working less than 35 hours per week. Individuals, who reported that they were working than 35 hours a week because that was considered a full time position, were redefined as full-time workers.

57. However, when we look at the reasons for part-time work we do find a significant difference between Arabs and Jews. Among women a much higher percentage of Arabs (59.1%) indicate that they are not in full-time work because they were not able to find it, whereas among Jews this is only 23.9%. For Arab men there is a similar difference of 53.2% versus 21%. A similar percentage of Jewish and Arab women said that they work part time because they had to take care of their children or another household member.

**Table 3.3: Part-Time Employment Rate, Age 15-64, by Population Type and Gender, 2007**

|  | Total |      |       | Arabs |      |       | Jews  |      |       |
|--|-------|------|-------|-------|------|-------|-------|------|-------|
|  | Total | Men  | Women | Total | Men  | Women | Total | Men  | Women |
| Part-Time Employment Rate                            | 19.3  | 10.2 | 29.7  | 12.9  | 6.8  | 32.6  | 20.2  | 10.9 | 29.5  |
| <b>Reason for working part time for employees</b>    |       |      |       |       |      |       |       |      |       |
| Sought additional or full time work and did not find | 26    | 25.1 | 26.4  | 56.8  | 53.2 | 59.1  | 23.2  | 21   | 23.9  |
| Illness or disability                                | 7.7   | 13.7 | 5.6   | 8.6   | 16.7 | -3.6  | 7.6   | 13.3 | 5.8   |
| Retired  | 3.1   | 2.9  | 3.2   | -0.1  | -0.6 | -0.1  | 3.4   | 3.2  | 3.4   |
| Care of children and/or household                    | 17.1  | -1   | 22.6  | 13.9  | -1.1 | 21.9  | 17.4  | -0.9 | 22.6  |
| Studies  | 25.8  | 45.1 | 19.2  | 15.7  | 23.9 | 10.6  | 26.7  | 48.2 | 19.9  |
| Not interested in full time job                      | 15.6  | 7.3  | 18.4  | -2.4  | -1.3 | -3.1  | 16.8  | 8.2  | 19.5  |
| Other cause  | 3.2   | 2.8  | 3.3   | -1    | -1.8 | -0.6  | 3.4   | 2.9  | 3.5   |
| Unknown  | 1.6   | 2.1  | 1.4   | -1.3  | -1.3 | -1.2  | 1.6   | 2.2  | 1.4   |

Source: Analysis of CBS Labour Force Survey 2007 by Myers-JDC-Brookdale Institute.

### 3.4 Characteristics of Employment (2007)

#### 3.4.1 Occupation

58. Over a half of employed Arabs are skilled workers in agriculture, manufacturing and construction (41.9%) or unskilled workers (12.9%). Only 7.4% are employed in academic occupations, and an additional 13.9% work as associate professionals, technicians and managers (Table A.5 in the Annex).

59. There is a significant difference between Arab men and women in occupational distribution. It reflects the usual gender differences - e.g. men tend to be employed as skilled workers more than women, while women tend to be employed in clerical and sales jobs more than men. In addition, it reflects the fact that Arab women who are employed tend to be the more educated, whereas among men there is less selection by education. Thus, 44% of the women but only 14% of the men are employed in the first two (highest) levels of occupations.

60. Arab men are less likely than Jewish men to be employed in academic occupations (6% versus 15%), in associated professions and as technicians (8% versus 24%). By contrast, they are more likely to work as industrial skilled or unskilled workers (53% versus 28% and 13% versus 6%, respectively).

61. The occupational gap between Arab and Jewish women is smaller. Arab women work less in academic, clerical and sales compared to Jewish women, but they work more as associate professionals, technicians and managers. The percentage of unskilled workers is higher among Arab women than Jewish women.

#### *Occupation by Highest Certificate*

62. A comparative analysis of the occupational distribution of Arabs and Jews must take into consideration the differences in education between the two populations (see Table A.5 in the Annex). Our

data show that higher education significantly increases the prospect of work in academic and associate professions for both Arabs and Jews and reduces the gap.

63. A further issue is whether educated Arabs are employed in occupations commensurate with their level of education.

64. We relate to three groups: persons with academic degrees, persons with post-secondary non-academic certificates and persons with 12 years of education.

65. The data indicate that there is little difference between Arab and Jewish university graduates in the rate of employment in academic occupations (39.0% compared to 40.5%, respectively). In the next highest occupational category, associate professionals and technicians, the rate of employment among Arab graduates exceeds that among Jews (40.4% versus 32.1%) (Figure 3.3).

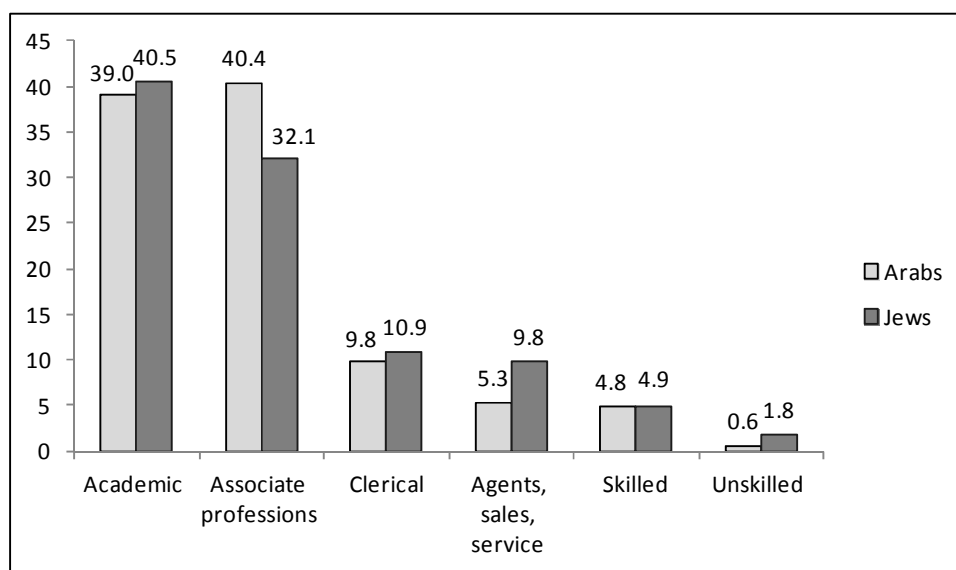
66. It is important to point out the difference between Arab men and women. Among men, Arabs and Jews with academic degrees have similar rates of employment in academic and associate professions. However, among women with academic degrees, the comparison is more complex: the rate of Arab women is slightly lower than that of Jewish women in academic occupations (31.0% vs. 37.3%) and much higher in associate professions (50.2% vs. 37.8%) (See Tables A6 and A7 in the Annex). One of the reasons for this difference is that elementary and high school teaching are classified as associate professions (rather than academic) in the International Classification of Occupations, and Arab women are much more concentrated in the teaching professions than their Jewish peers.

67. However, as reflected in the literature, these broad occupational categories disguise differences in the actual nature of the occupational distribution. It is argued that Arab men with academic degrees are much more likely to be teachers and less likely to be employed in their field of studies. In response to a direct question asked in the Social Survey 2007 as to whether one is working in one's field of studies, 76% of Arab men, compared to 78% of Jewish men, answered affirmatively. Thus in both groups there is a significant percentage of persons whose jobs are not commensurate with their field of studies. A more in-depth analysis than that presented here would be required to fully examine this issue.

68. Among those with post-secondary non-academic certificates, Arab men (but not women) are less likely than their Jewish counterparts to work in academic and associate professional occupations (See Tables A6 and A7 in the Annex). In this group, the extent to which men perceive their jobs as related to their field of studies is far less than that in the group holding academic degrees – 49% among Arabs and 55% among Jews. In contrast, Arab women, both those with academic degrees and those with non-academic certificates, have the most favourable perception of their job: about 80% (a higher percentage than Jewish women) report that their job is related to their field of studies.

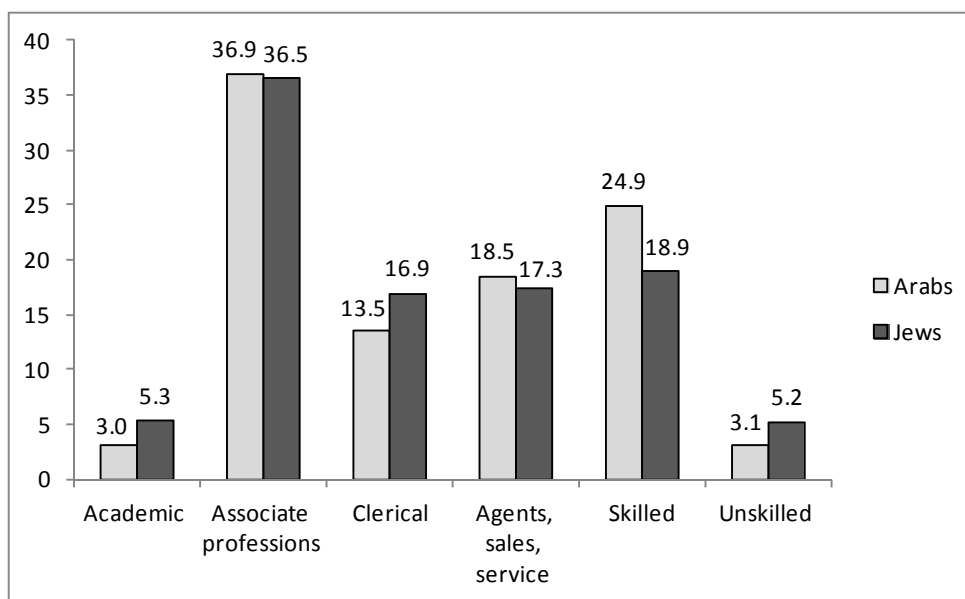
69. Arabs with 12 years of education, with or without a matriculation certificate, fare less well than their Jewish counterparts. They are more likely than Jews to work in unskilled jobs and less likely to work in associate professions. Furthermore, they are more concentrated in blue-collar jobs and less in clerical and sales jobs, but this may not reflect differences in wages and job quality.

**Figure 3.3: Occupational Distribution of Arabs and Jews with Academic degrees, Age 15-64 (excluding constant sample), 2007**

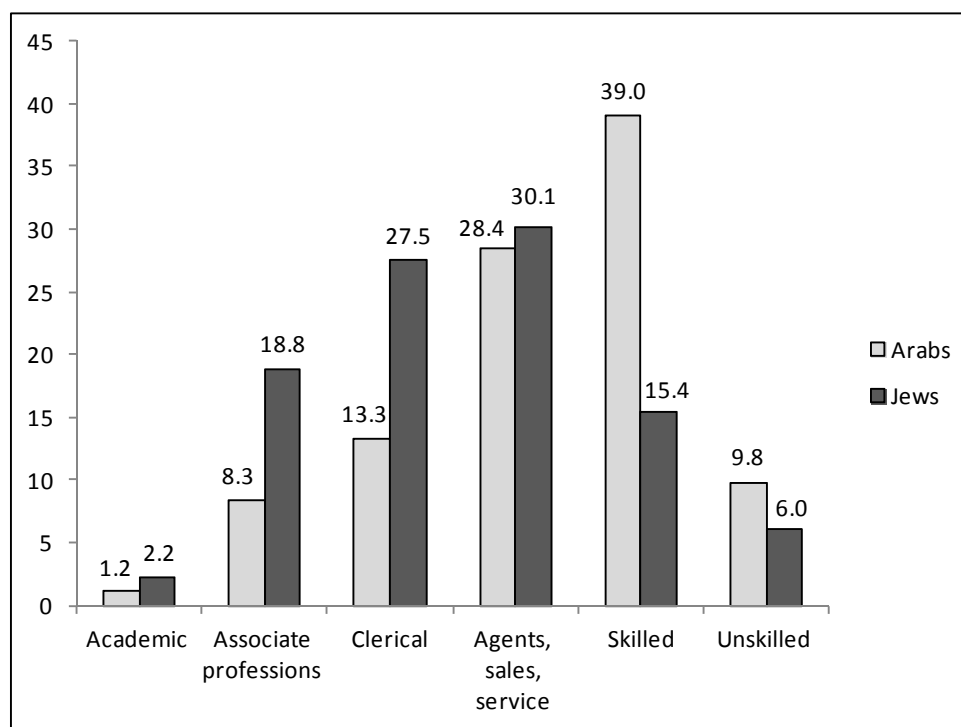


Source: Analysis of CBS Labour Force Survey 2007 by Myers-JDC-Brookdale Institute.

**Figure 3.4: Occupational Distribution of Arabs and Jews with Post-secondary Non-academic Certificate, Age 15-64 (excluding constant sample), 2007**



**Figure 3.5: Occupational distribution of Arabs and Jews with Matriculation Certificate, Age 15-64 (excluding constant sample), 2007**



Source: Analysis of CBS Labour Force Survey 2007 by Myers-JDC-Brookdale Institute.

### 3.4.2 Economic Branch

70. About one-third of employed Arabs are in the manufacturing and construction sectors, compared to a fifth of Jewish workers (Table A.8 in the Annex). Close to 30% are employed in the trade sector, compared to 25% of the Jews. Arabs work less in banking and business activities, health and social services and more in the education sector compared to Jewish workers. Only 3% are still employed in agriculture, a significant decline from the early 1990s.

71. While the differences in the main economic branches in which Jewish and Arab men are employed are not very large, there is a significant difference between Arab and Jewish women with post-secondary certificates: 73% of Arab women with academic certificates and 47% of those with post-secondary non-academic certificates work in the education sector. By contrast, only 25%-30% of Jewish women with the same education work in this sector. Jewish women also work in the banking and business sectors more than Arab women.

### 3.4.3 Earnings

72. In this section, we examine what the average Arab man and woman earns, covering both monthly income and wage per hour.

73. As could be expected from the educational and occupational differences, there is a significant difference both in monthly income and hourly wage between Arabs and Jews (Table 3.4). The average monthly income of an Arab worker is 5 400 NIS, compared to 7 900 NIS for a Jewish worker (68%); and the average hourly wage of an Arab worker is 31.5 NIS, compared to 45.2 NIS for a Jewish worker.

74. The wage gap applies to both men and women and is larger among men. The average monthly income of Arab men constitutes 57% of the income of Jewish men (5 700 NIS compared to 10 000 NIS), and the average hourly wage of Arab men constitutes 61% of the hourly wage of Jewish men (30.7 NIS compared to 50.4 NIS). The average monthly work income of Arab women constitutes 72% of the average for Jewish women (4 400 NIS compared to 6 100 NIS), and the average hourly wage of Arab women constitutes 84% of the hourly wage of Jewish women (34.0 NIS compared to 40.4 NIS). Arab women earn less per month than Arab men, although they earn more per hour. This reflects the fact that they work fewer hours. The gaps are smaller among women, reflecting the higher education levels of employed Arab women.

**Table 3.4: Average Monthly Gross Income from Work and Hourly Wage, Salaried Workers, Age 15-64 (excluding constant sample), 2007**

|                | Arabs                            |           |                   |         | Jews      | Total     |
|----------------|----------------------------------|-----------|-------------------|---------|-----------|-----------|
|                | Moslems,<br>Christians,<br>Druze | Bedouin*  | East<br>Jerusalem | Total   |           |           |
| <b>Total</b>   |                                  |           |                   |         |           |           |
| Employed       | 211 500                          | 13 918    | 38 100            | 263 500 | 2 020 200 | 2 283 700 |
| Percentage     | 9.3                              | 0.6       | 1.7               | 11.5    | 88.5      | 100       |
| Monthly income | 5 494                            | ((6,828)) | 4 407             | 5 407   | 7 944     | 7 651     |
| Wage per hour  | 32.24                            | ((39.20)) | 24.43             | 31.48   | 45.23     | 43.64     |
| <b>Men</b>     |                                  |           |                   |         |           |           |
| Employed       | 157 000                          | 10 800    | 31 400            | 199 100 | 972 200   | 1 171 300 |
| Percentage     | 13.4                             | 0.9       | 2.7               | 17      | 83        | 100       |
| Monthly income | 5 848                            | ((7,733)) | 4 568             | 5 748   | 9 981     | 9 262     |
| Wage per hour  | 31.22                            | ((39.84)) | 24.73             | 30.67   | 50.39     | 47.04     |
| <b>Women</b>   |                                  |           |                   |         |           |           |
| Employed       | 54 500                           | 3 200     | 6 800             | 64 400  | 1 048 000 | 1 112 400 |
| Percentage     | 4.9                              | 0.3       | 0.6               | 5.8     | 94.2      | 100       |
| Monthly income | 4 472                            | ((3,760)) | 3 659             | 4 351   | 6 053     | 5 955     |
| Wage per hour  | 35.16                            | ((37.02)) | 23.03             | 33.98   | 40.43     | 40.06     |

\*Data on Bedouin are not reliable due to small sample size. The sample in Income Survey is smaller than in LFS.

Source: CBS Income Survey, 2007.

75. The monthly income and hourly wage increase with education, for both men and women (see Table A.9 in the Annex). The increase is modest until the level of a post-secondary non-academic certificate, and then rises substantially with the transition to an academic certificate.

76. The wages of Arabs at all levels of education are lower than those of Jews. In relative terms, there is no significant difference in the wage gap between Arabs and Jews across levels of education: the hourly wage of Arab workers whose highest certificate is intermediate or less constitutes 84% of the wage of similar Jewish workers. The hourly wage of Arab workers with an academic certificate constitutes 86% of the wage of comparable Jewish workers. In absolute terms, the wage gap between Jews and Arabs is highest among persons with academic degrees (about 18 NIS for men and 8 NIS for women) and lowest among persons with intermediate-level education or less (about 10 NIS for men and 4 NIS for women). As for the comparison between the 15-64 age group and the 25-64 age group, there is very little difference in the size of the gap.

***Earnings by Occupation (Tables A.10-A.12 in the Annex)***

77. Both monthly income and hourly wage differ by the type of occupation, and these differences themselves vary between Arabs and Jews.

78. Among Arabs, the hourly wage of unskilled workers, skilled workers in manufacturing and construction and sales and service workers (in which 83% of Arab male workers and 52% of Arab female workers are employed) is similar - about 25 NIS for men and 22 NIS for women. The hourly wage in academic professions is two and a half times more - 65 NIS for men and 48 NIS for women. Among Jews, in comparison with Arabs, there are greater differences in wages based on type of occupation, which may indicate the return to occupation is greater among Jewish workers than among Arabs.

79. The wage gap between Arab and Jewish men is narrower at both ends of the occupational ladder: the hourly wage of Arab men in academic and associate professions, on the one hand, and unskilled workers, on the other hand, constitutes 80%-82% of the wage of comparable Jewish workers. The wage gap is wider among skilled workers and clerical, sales and service workers - 69%-71%.

80. The picture is slightly different among women. The wage gap between Arab and Jewish women is widest among skilled workers and academic professionals, with Arabs earning 70%-75% of the wage of comparable Jewish workers. The gap is narrowest among unskilled workers, with Arabs earning 93% of the wage of comparable Jewish workers.

81. In a series of analyses we examined the factors associated with the employment gap and the wage gap between Arabs and Jews, both for men and for women. After controlling for background characteristics and area of residence, we found that the probability of being employed is lower for Arabs than for Jews. We also found evidence of an unexplained wage gap when controlling for employment in economic sector and occupation.

***3.4.4 Job Satisfaction***

82. While Arab men are somewhat less satisfied with their job than their Jewish counterparts and about equally satisfied with their income from work, Arab women are somewhat more satisfied with their job and income from work than their Jewish counterparts. (See Table A13 in the Annex). Among those with academic certificates, Arab men are less satisfied than Jewish men but Arab women are slightly more satisfied than Jewish women.

83. **In conclusion**, it can be seen that Arab-Israeli men and women exhibit lower labour market outcomes. Labour force participation rates and employment rates are lower for Arabs, and particularly Arab women, and unemployment rates are higher. More Arabs are in part-time work because they cannot find a full-time job. Arabs are more likely to be in manual occupations, including as unskilled workers. However, for men with academic degrees there is no difference between Arabs and Jews in the rate of employment in academic occupations. The rate that report working in an occupation that is related to their field of studies is the same as that among Jewish men at the same education level. Arab women with academic degrees tend to work more in associate (rather than academic) professions compared to their Jewish peers, but they, too (even more than the Jewish women), consider their job to be related to their field of studies.

84. We will now consider the overall economic wellbeing of the Arab-Israeli population.

### 3.5 Economic Wellbeing

85. In this chapter, we present a number of indicators of economic wellbeing. In contrast to previous chapters, the focus is on the family unit rather than the individual. In Section 1, we address the number of wage earners. In Section 2, we address measures of poverty, inequality and selected measures of wealth. In Section 3, we examine a number of subjective indicators of economic wellbeing and hardship.

#### 3.5.1 Number of Wage Earners

86. In Table 3.5, we present data on the number of wage earners per family. In about 25% of Arab households there is no wage earner, in 50% there is a single wage earner, and in 25% there are two wage earners. There is a similar percentage with no wage earner among Jewish households (25%). However, the main difference is that there is a higher percentage of households with two wage earners than among Arabs (43.2% versus 25.2%).

**Table 3.5: Number of Wage Earners and Incidence of Poverty by Population Subgroup, 2007**

|                                   | Arabs                            |         |                   | Total | Jews | Total |
|-----------------------------------|----------------------------------|---------|-------------------|-------|------|-------|
|                                   | Moslems,<br>Christians,<br>Druze | Bedouin | East<br>Jerusalem |       |      |       |
| <b>Number of wage earners (%)</b> |                                  |         |                   |       |      |       |
| No wage earner                    | 23.1                             | 37      | 34.7              | 25.9  | 25.2 | 25.3  |
| 1 wage earner                     | 49.4                             | 39.8    | 49.2              | 48.9  | 31.6 | 33.9  |
| 2 wage earners                    | 27.3                             | 23.2    | 16.2              | 25.2  | 43.2 | 40.8  |
| <b>Incidence of poverty</b>       |                                  |         |                   |       |      |       |
| Among families                    | 46.3                             | 67.2    | 70.5              | 51.4  | 15.1 | 19.9  |
| Among individuals                 | 48.8                             | 65.1    | 69.8              | 54.1  | 16.3 | 23.7  |
| Among children                    | 56.9                             | 70      | 74.6              | 61.7  | 23.8 | 34    |

Source: Analysis of CBS Income Survey by Myers-JDC-Brookdale Institute

#### 3.5.2 Poverty, Inequality and Selected Measures of Wealth

##### *Poverty*

87. In Table 3.6 above, we present data on poverty according to the official definition of the NII (National Insurance Institute – the Social Security of Israel). It should be noted that the OECD and the NII in Israel use different equivalence scales for family size in measuring poverty. The OECD assigns a value of 1 to the household head, 0.5 to each additional adult member and 0.3 to each child. Israel's scaling assigns a value of 1.25 to the first person, 0.75 to the second person, 0.65 to the third person, 0.55 to the fourth and fifth persons and so forth declining weights. The OECD scale assumes much greater decline in needs for each additional member of the family. For example, the ratio between a couple and a couple with 3 children is 0.71 in the OECD and 0.53 in Israel. This difference contributes to the higher rates of poverty among Arabs because of their much greater average family size.



88. We present the extent of poverty in terms of families, persons and children based on after-tax transfer income (net income) and focus on the pattern by the number of wage earners. It is important to emphasize that the data include persons of all ages, including family units headed by an elderly person.<sup>3</sup>

89. Poverty rates within the Arab population are substantially higher than within the Jewish population – 51.4% versus 15.1% among families and 61.7% versus 23.8% among children.

90. The incidence of poverty correlates highly with the number of wage earners in the household. The incidence of poverty is lowest among households with two wage earners and highest among households with no wage earners, among Arab as well as among Jewish households and across all three measures. However, in each category, the incidence of poverty is substantially higher among Arabs. The gaps reflect differences in wages and may also reflect differences in hours of employment (see also Box 3).

**Box 3: Differences in labour market outcomes and poverty among Arab sub-groups**

Participation rates are higher among Moslem and Christian than among Druze and Bedouin men. Druze men serve in the army, often pursuing a military career. Those in the army are not in the civilian labour force, so that their participation rate is underestimated. There are substantial differences among Arab women by ethnic group: participation rates are highest among Christian women, lower among Moslem and Druze women and lowest among Bedouin women and women from East Jerusalem.

The patterns of employment are similar to the patterns of participation although some of the differences between sub-groups are more pronounced in employment than in participation, due to higher unemployment in one group. Unemployment is particularly high for the Moslems and the Bedouin. Christian men enjoy relatively high rates of employment, while the rates of Bedouin and East Jerusalem Arabs are relatively low. Among women, relative to participation, the disadvantage of the Bedouin grows and the advantage of the Christians increases.

Differences among sub-groups pertain also to the occupational distribution of those employed, reflecting, among other things, the differences in education. Christians, both male and female workers, are more likely to be employed in higher level occupations than other ethnic groups.

In 37% of Bedouin households and 34.7% of East Jerusalem households there is no wage earner, compared to 23.1% of the other ethnic groups. This obviously impacts upon economic wellbeing. Poverty incidence is some 15-20 percentage points higher among the Arab population in East Jerusalem and the Bedouin than among the other subgroups in all three measures: poverty among families, among individuals and among children. Ownership of dwelling, too, is lower among these two groups as is having use of a car.

91. The data emphasize the importance of better integration into the labour force for reducing poverty and the Arab-Jewish gap.

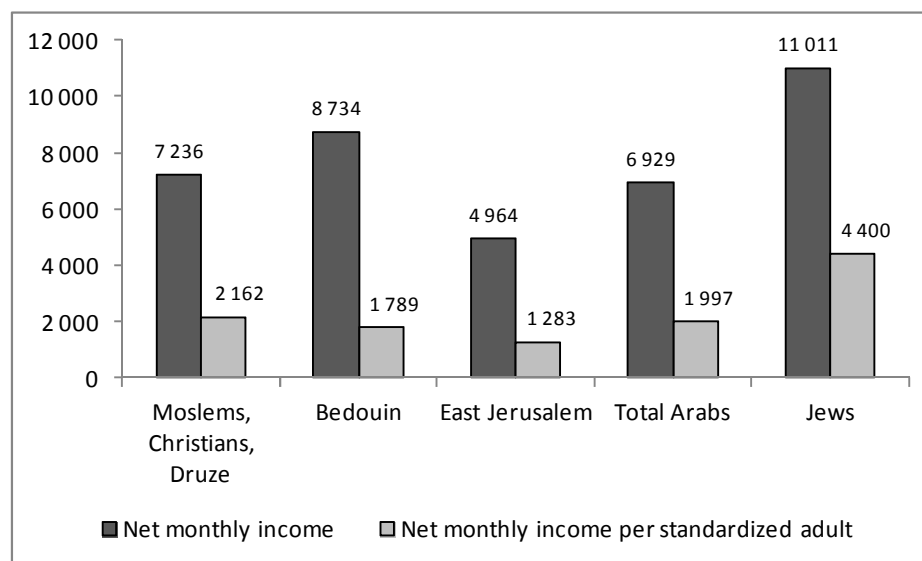
92. We now turn to broader measures of relative income status.

<sup>3</sup> The National Insurance Institute (NII) publishes an annual report on poverty, in which data are presented on the rates of poverty among Arabs in comparison with the general population. In general, however, there have been very few studies that have attempted to examine the nature and sources of Arab poverty in more depth. Gera and Cohen from the NII (2001) analyze the sources of poverty and inequality between Arabs and Jews. They indicate that both lower labour force participation and lower wages account for a significant percentage of the gaps in poverty rates. Controlling for demographic and employment-related indicators, the authors find that the odds of being poor are still higher among Arabs.

*Average Net Household Income and the Distribution by Deciles*

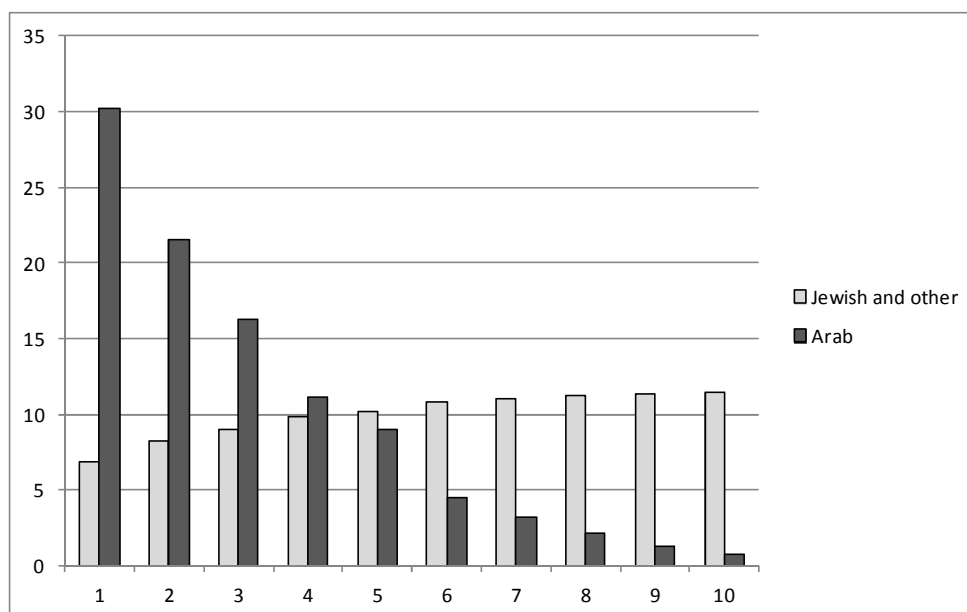
93. The net monthly income of Arab households is 63% of that of Jewish households, while the net monthly income per standardized adult is only 45% of that of Jewish households, due to the larger size of Arab families (Figure 3.6). Thus, while income gaps are already very large, differences in living standards are exacerbated even further by family size differences.

**Figure 3.6: Net Monthly Household Income and Net Monthly Household Income Per Standardized Adult, by Population Subgroup, 2007 (NIS)**



Source: Analysis of CBS Income Survey by Myers-JDC-Brookdale Institute.

94. Figure 3.7 shows how each population group is distributed by decile. Considering this from another angle, in terms of the representation of each population group in each decile, Arab households are over-represented in the lower net income deciles and under-represented in the higher deciles: while Arab households comprise 13.4% of the total number of households, they comprise over 40% of the households in the poorest decile, but only 1% in the richest decile.

**Figure 3.7: Distribution of Arabs and Jews by Income Decile, 2007**

Source: Analysis of CBS Income Survey by Myers-JDC-Brookdale Institute.

### 3.5.3 Subjective Indicators of Economic Wellbeing

95. Consistent with the objective data presented in the previous section, Arabs were less satisfied with their economic situation relative to Jews. In general, some 43% of Arabs are satisfied as opposed to 55% of Jews (see Table A.12 in the Annex). A substantially greater percentage of Arab individuals reported economic hardships: only 33.2% reported that they manage to meet household expenses, compared with 56.3% of Jews; 15%, compared to 7% of Jews reported that due to financial difficulties they did not seek medical treatment and 39.0%, compared to 21.9%, did not seek dental care. Note that the most frequently mentioned item was dental care, which is not included in health insurance in Israel.

96. Similarly, substantially greater percentages of Arabs than Jews report specific consequences of economic hardship in the last 12 months: 65% versus 29% report insufficient domestic heating or cooling; 35% versus 10% report that their phone or electricity was cut off; and 50% versus 15% report that they sometimes skip a meal because of financial difficulties.

97. Nevertheless, Arabs are more optimistic about their economic future.

98. The subjective data tend to confirm the objective gaps in economic status. The findings also bring out some of the specific consequences of having a low income. However, the magnitude of the gaps in the subjective measures is somewhat lower. This could reflect differences in the relative cost of living and the fact that even with lower incomes, the Arabs have significant access to home ownership, which could mediate somewhat the differences reflected in pure income variables. At the same time, it may also be that Arabs evaluate their situation using a lower scale of expectations.

99. Overall, then, it is clear that in terms of economic wellbeing, the Arab-Israeli population is at a net disadvantage compared to the Jewish population. The net monthly income of Arab households is 63% of that of Jewish households, with the gap for the standardized adult even greater. Poverty rates among the Arab population are substantially higher than among the Jewish population – 51.4% versus 15.1% among families, and 61.7% versus 23.8% among children. Arab households comprise over 40% of households in the lowest income decile, and 1% in the richest income decile.

#### 4. GOVERNMENT POLICIES AND SELECTED PROGRAMS TO PROMOTE EMPLOYMENT IN THE ARAB SECTOR

100. We have seen in Chapter 3 that there are disparities in the labour-market outcomes and economic wellbeing of the Arab-Israeli population, and that these are undoubtedly related to differences in socio-demographic characteristics, human capital, health and other factors. Policy makers in Israel have clearly adopted the goal of enhancing employment rates overall and employment of the more disadvantaged groups in particular with special reference to groups such as Arab women and ultra-Orthodox men and employment in the periphery. In the wake of the world economic crisis, efforts to promote employment have received additional impetus. Still, the overall investment in Israel labour force development is low by international comparisons and this factor impedes upon the efforts to integrate all of the disadvantaged groups in Israel. Thus it would seem that the more intensive and rapid implementation of positive activation policies are among the most important steps that can contribute to an improvement in the employment situation of the Arab population.

101. In this chapter, we consider important government policy initiatives, as well as some of the recent efforts to develop new intervention models to improve the situation of the Arab-Israeli population.

102. Different types of organizations collaborate in the endeavour to advance the employment of Arab citizens:

- Government ministries: Ministry of Industry, Trade and Employment, Education, Social Affairs, Housing, Agriculture, Tourism.
- TEVET: A partnership between the government and the JDC, established in 2005 and designed to serve as an incubator for the development of new and better employment programs and strategies for the full range of high-risk groups. It is also designed to promote inter-ministerial and inter-sectoral cooperation in the development of programs.
- Philanthropic funds from Israel and abroad (from international organizations, religious groups and Jewish communities).
- Civic society: the voluntary sector and the business community. The voluntary organizations are partly Arab and partly Jewish-Arab (*e.g.* Women against Violence in Nazareth, The Jewish-Arab Center for Economic Development, Ajeec (Bedouin), The Arab-Jewish Center for Equality, Empowerment and Cooperation, The Forum of Civic Accord). An important initiative of the business community is Kav Mashve – Employers' Coalition for Promoting Arab Equality in Employment and the National Community Centers Association.

103. We consider various initiatives of these organizations, which very often work in partnership within and across different sectors. Before we continue, it is important to note that there are also general and national initiatives focused on the more high-risk groups in Israel, which will have important implications for the Arab sector, such as Israel's Welfare to Work and Earned Income Tax Credit experiments as well as new initiatives to encourage employment in peripheral areas. These are not discussed here.

#### 4.1 National Policy Initiatives

104. There has been a growing understanding among policymakers in Israel that general policies and universalistic programs alone do not provide satisfactory responses to the needs of the Arab sector in general and to sub-populations such as women and Bedouin, in particular. For instance, vocational training courses are not always suitable for Arab women, because most of them are held in Hebrew, in central cities and in mixed classes of men and women. Arab women are often not proficient in Hebrew, are restricted in their ability to go out of their village due to cultural norms and transportation barriers and are not always willing to study together with men. New general policy initiatives include special provisions for the Arab population and often separate program components that are adapted to their unique social-cultural and geographic characteristics (see 4.1.2 below). There has been a new comprehensive policy initiative which focuses entirely on the Arab population (see 4.1.1 below).

105. The Government of Israel recently launched two major comprehensive initiatives:

1. A special office within the Prime Minister's Administration to promote the economic development of minority populations (established in February 2007).
2. A national strategic program for the development of the Negev (the south of Israel), which will serve the Bedouin population, both within the framework of projects designed for all residents of the area and through projects specifically aimed at them.

##### ***4.1.1 The Authority for Economic Development of the Arab, Druze and Circassian Sector in the Prime Minister's Office (Almog, 2008)***

106. The Authority, directed by Aiman Saif, is developing the following strategies to facilitate the actualization of the minority sector's economic potential:

107. *Establishment of a private investment fund:* This fund will invest exclusively in minority enterprise and it is structured to operate for a period of 7-10 years, during which the government will allocate 80 million NIS, with the fund required to raise matching funds, at least another 80 million NIS.

108. *Program to promote the employment of Arab women:* A three-year program, currently in the planning stages, will address the barriers that prevent Arab women from entering the work force. The program will involve employment guidance centers, subsidized training for employment-related skills and collaboration with voluntary organizations that engage in job placement. In the 2009-2010 budget, 250 million NIS have been allocated for vocational training and retraining, and an additional 300 million NIS have been allocated for various child care arrangements.

109. *Wage subsidies:* Companies that pay the minimum wage in minority communities on the periphery are eligible for a government subsidy of up to 20% of the average wage cost of all additional employees hired, for a period of five years and up to a maximum of 60 000 NIS per employee. For companies that pay more than minimum wage, the maximum amount of additional government support is 120 000 NIS per employee. According to the Office, since the introduction of the program in 2005, an estimated 1 700 jobs have been created.

110. *Government positions reserved for Arab persons in the civil service:* According to government resolutions regarding the preferential hiring of minorities for government positions, by the year 2012 at least 10% of state employees will be Arabs and at least 30% of all new positions will be reserved for members of minority populations.

111. *Nationally designated priority areas:* On 9 July 2006, the government decided to designate all minority localities as National Priority Area A, which enables residents of the communities to receive benefits associated with laws that encourage capital investment. The purpose of the designation is to promote the development of industrial and employment zones in minority localities and attract investors and factories to these zones.

112. *Research and development (R&D) centers in the North:* International companies that set up R&D centers in the north of the country will be eligible for government support, on condition that at least 20% of their employees are Arab university graduates. In the 2009-2010 budget, 900 million NIS were allocated to R&D specifically for the Arab sector.

113. *Additional measures:* Encouraging outsourcing by Arab-owned companies, such as programming and customer service call centers; assisting Arab-owned businesses in their bids for government tenders; assisting local authorities in Arab communities with economic development; expanding credit and promoting export.

#### ***4.1.2 Strategies to Promote Employment in the Framework of a National Strategic Program for the Development of the Negev Region***

114. In 2005 the Government of Israel decided on a national strategic program for the development of the Negev region, with a total budget of 17 billion NIS for a period of 10 years (government resolution 747). The program is comprehensive and relates to transportation, education, industry, trade and employment, tourism, science, internal security and settlement. A special office was set up in the Ministry of Industry, Trade and Employment, whose main responsibility is to initiate new projects that will attract investment, job development and the promotion of small business.

115. The expectation is that the Bedouin population will benefit from the general projects, *e.g.* an industrial zone in the vicinity of their communities. In addition, special projects are aimed at the Bedouin, with a total budget of 55 million NIS. These include four components: 1) an employment track (mainly wage subsidies and transportation for the employment of Bedouin workers); 2) vocational training (expanding existing programs and developing new ones, including special programs for women); 3) a low-rate Loan Fund for small businesses in the Bedouin sector; and 4) the establishment of local and regional employment centers.

116. The National Strategic Program for the Development of the Negev also allocates 44 million NIS for improving the roads in the areas inhabited by the Bedouin. While implementation of the overall plan for the south has experienced significant delays, the special projects for the Bedouin are already underway.

117. In addition, another important development has been a new facet of the government effort to address the issue of services to the population in what are called “unrecognized localities”, which is being accompanied by a significant effort to develop the basic municipal infrastructure, along with a broad program for the expansion of social services for Bedouin in the south ([www.moital.gov.il/Negev](http://www.moital.gov.il/Negev)).

#### **4.2 Selected Programs for the Promotion of Employment among Various Sub-groups**

118. The programs reflect a broad range of emphases: entrepreneurship, vocational training, supplementary basic education, job readiness, job placement and follow-up, community development models and organizational capacity-building. The following three boxes describe some of these important initiatives, based on the target population. We first consider the Bedouin population and then programs designed to serve the general Arab population. What is common to all of these initiatives is that they focus on overcoming barriers that have, until now, prevented access to employment-related services, and they are culturally adapted. Moreover, they involve the significant empowerment of Arab professionals in

leadership positions in all programs. At the same time, most of the programs are not at a stage at which it is possible to present concrete evaluation findings, although many of them are currently being evaluated. Most of the programs are for three years, and the budget data provided is the total budget for the whole period of the program (see Boxes 4, 5 and 6).

**Box 4: Selected programs for the Bedouin Population in the South**

**Maavarim (Transitions)**

This central initiative began in 2007 and is modeled after a communal program developed by TEVET in the Jewish rural sector. It currently operates an employment center in two Bedouin villages (Khura and Segev Shalom), and addresses individual needs by providing a basket of employment services, from job-readiness workshops to continuing education, vocational training and job placement. The entire staff of the program is Bedouin, and they utilize traditional Bedouin formal and informal institutions to motivate people to work and help them in the process of integrating into employment. The total budget of the program is 3 790 000 NIS. The plan is to set up a regional center and expand the program gradually to seven additional Bedouin localities.

**Employment Program for Bedouin Youth in Pre-academic Courses and Students in Colleges in the Negev and at Ben-Gurion University**

The program, which began in 2008, is geared towards helping Bedouin students integrate into employment during their study period, counseling pre-academic students with regard to choosing a subject from a labour market-oriented perspective and working with employers on attitude change and willingness to hire Bedouin students and graduates. The total budget of the program is 3 120 000 NIS. An earlier program developed in Bedouin high schools that created a pre-health profession track in cooperation with Ben-Gurion University has been very successful in bringing large numbers of Bedouin men and women to pursue degrees in this area.

**Business Entrepreneurship**

We refer to two related initiatives that are employing similar principles and lessons learned from some of the pioneering efforts.

**Initiative 1:** Promoting small businesses and self-employment

This program is run by Ajeec, a Bedouin organization that was a pioneer in developing innovative self-employment opportunities for women in the Bedouin community and in changing cultural attitudes towards their employment. Building on their work, a new and broader initiative to promote small businesses and self-employment, in and outside the home, among the Bedouin in the south was launched in 2007. This provides various types of training and support for potential entrepreneurs.

**Initiative 2:** For Bedouin women in Ksaife

This program, started in January 2008, is an incubator-type program focused on the marketing of traditional Bedouin handicraft (embroidery and weaving), where the participants are low-educated Bedouin women. It draws upon the lessons gleaned from previous experience

- The organizational model has been adapted to suit the characteristics of Bedouin women, who tend to have little education, do not speak Hebrew, are unable to leave their village and do not have the background to effectively cope with competitive market conditions.
- The program focuses on turning some of the barriers that have hindered traditional Bedouin women into advantages, at the same time identifying unique niches in the market. It is building on the current demand in the world of fashion in Israel, as well as in Europe, for traditional handicraft combined with modern design in the production of clothing and accessories.

### **Box 5: Programs for the General Arab Population**

The programs described below illustrate the range of strategies described above.

#### **Sharikat Chayat ("Partner for Life" in Arabic)**

This program, which has a total budget of 2,915,000 NIS, was originally developed for Ethiopian women and was then adapted for Arab women. With a "Work First" orientation, it places an emphasis on three components: (1) Preparation for work; (2) Assistance in finding work; and (3) Individual and group supervision by the program coordinator and follow-up after job placement. For the Arab women, Hebrew and computer literacy courses are being added.

#### **Women Empowerment Program (WEP)**

WEP is a vocational high-tech training program developed by the international communication company Cisco and implemented in collaboration with TEVET. Starting in March 2008, it was implemented in two Arab localities and targets women age 18-32 with 11-12 years of schooling who do not currently participate in the labour market (e.g. studying in a separate framework for women only). As training takes place in the morning, mothers can participate as well (while their children are at school). The program is attractive because it trains for high-tech occupations that pay relatively high wages. This also helps to weaken any objections – on the part of husbands, fathers or other men in the family – to the women's participation in the program.

#### **Employment-promoting Community**

This program is an urban version of the Maavarim program described above. A TEVET initiative that was first implemented in a number of Jewish communities, this has recently been introduced into one Arab locality (Tamra). It is based on the assumption that the local community has many different resources, which, if pooled, could help solve the employment problems of the residents and thereby strengthen the community as a whole. The program creates a forum for the various local organizations and local employers so as to identify needs and draw up work plans to promote employment and also offers support for the unemployed.

### **Box 6: Other programs**

#### **Kav Mashve Initiative -Employers' Coalition for Promoting Arab Equality in Employment**

This organization was established in response to concern about various forms of discrimination in the labour market that limit the opportunities for educated Arabs. It works with employers and with Arab academics and professionals in order to overcome discrimination and help Arabs find employment commensurate with their academic education by educating employers and mobilizing the employer community. A second assumption is that more active efforts have to be made to match candidates and employers and help employers hire qualified Arab candidates. This can be done by using an online database of Arab professionals for job-matching, organizing additional training, providing mentoring to Arab students and professionals and organizing multi-cultural workshops.

#### **Capacity-Building in the Voluntary Sector Initiative**

A major foundation in Israel, which functions anonymously, has recently launched an important Arab women's employment initiative that has involved a dialogue with key players within the Arab community. It has identified the need to develop voluntary organizations within the Arab community that can be effective providers and innovators of employment services. It has launched a capacity-building initiative among voluntary organizations within the Arab sector.

### **4.3 Labour market Discrimination and Legal Efforts to Address It**

119. We briefly consider some of the efforts to address labour market discrimination in general through the legal system as well as some specific efforts in the public sector. The motivation behind the effort is not only to increase employment opportunities among the Arab population but also to facilitate fuller participation and involvement of this population in policy development and implementation.



#### **4.3.1 Legislation**

120. There are two laws to prevent discrimination and promote fair representation in the workplace.

121. “The Equal Opportunities in Employment Act” of 1988 prohibited employment discrimination practices throughout the labour market. In 1995 this law was amended to explicitly forbid workplace-related discriminatory practices based on national origin, nationality, and religion.

122. Article 15A of the “Civil Service Law” of 1959 obliges government offices to provide suitable representation for Arab citizens within the civil service, at all ranks and professions within each ministry and internal unit. Furthermore, in 2000 the government introduced two important amendments, requiring that adequate representation be given to the Arab population in all sectors of the Civil Service, and that boards of directors of government corporations give adequate representation to the Arab population.

#### **4.3.2 Recent Efforts to Implement the Legislation in the Civil Service**

123. In 1992, the representation of Arabs in the public sector was 2.1%, a level that increased annually by 0.5% up to the year 2000, when the figure stood at 5.2%. These changes were probably due to a program initiated by the Rabin administration (1992-96) to integrate Druze and Arabs into the public sector (Rabin-Margalioth, 2005; Or Commission, 2003).

124. Since 2000, the government has set specific goals on the percentage of Arab citizens employed by the Civil Service. However, there was only moderate progress in the first half of the decade (2000-2006). By 2002, 6.1% of all public sector employees were Arab. It should also be remembered that this was a difficult period that included the second Intifada, a severe economic crisis and efforts to downsize the public sector. In 2007, a new target of 10% was set by the government to be achieved by 2012 (Haidar, A. (ed.) 2008). In 2008 the overall percentage of Arabs in the public sector rose slightly to 6.67% (State of Israel, Civil Service Commission, July 2009, Annual Report 2008.)

125. To accelerate the progress towards meeting their goal, the government adopted new measures in early 2009, which consisted of a broad range of steps including: designating 800 positions within the public sector for the Arab population; offering financial aid to Arab employees, defining clearer mechanism and procedures for implementation, ensuring regular follow-up, increasing government transparency, and others (Israel, Ministry of Justice, 2009).

#### **4.3.3 Recent Efforts to Implement the Legislation in Government Corporations**

126. In 2003, there were 5.9% Arabs on Boards of Directors of government corporations, a level that rose in 2008 to 10% (Dagan-Buzaglo, 2008).

## **5. POLICIES AND FACTORS AFFECTING THE AVAILABILITY AND ACCESSIBILITY OF EDUCATION, WELFARE AND HEALTH**

127. In this chapter, we address the accessibility of educational, social and health services and the extent of gaps in service provision. We particularly emphasize the policies and factors that affect access to services. The adequate and timely provision of services plays an important role in developing and maintaining the ability of individuals and families to function. We first briefly discuss the information available on service provision and then discuss the policies and factors.

### **5.1 The Extent of Gaps in Service Provision**

128. There are numerous accounts of the existence of gaps in services provision between the Arab and Jewish population.<sup>4</sup> In some cases, this is due to the high level of need and in some cases to the lesser extent of service provision.

129. The gaps in the extent of unmet needs vary by type of service and reflect disparities in terms of both the quantity and quality of services. The gaps that receive particular focus are in education, social services and municipal economic development. In other areas, the gaps are smaller or not at all apparent. These include the utilization of social security benefits and health services.

130. There has been broad and growing recognition of the gaps at the political level, and every recent government has stated its commitment to reduce them. These efforts have involved the much broader inclusion of representatives of the Arab community in the mechanisms responsible for regional development in the Northern and Southern peripheries where most of the Arab population is concentrated. Moreover, advocacy groups in the Arab sector that make effective use of the Supreme Court to promote the reduction of disparities have been gaining in strength.

### **5.2 Factors Affecting Access to Services**

131. In this section, we analyze the factors that affect access to services within the Arab population and the differences with the overall Israeli population. We define accessibility as the degree to which the services are adequate in their extent, in the level of service per recipient, in their quality and in their effectiveness.

#### ***5.2.1 Factors Affecting Quality and Effectiveness***

132. As noted, the challenge of providing adequate and equal services involves not only quantity but also quality and effectiveness.

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<sup>4</sup> Important sources have been the Ore and Dovrat commissions, the Knesset Information Research Center, State Comptroller's Office and the annual national government budget. There are several significant advocacy organizations, such as Sikkuy, which publishes an annual equality index, Mossawa, which monitors the budget, and the National Council for the Child, which publishes an annual yearbook. Finally, research organizations such as the Myers-JDC-Brookdale Institute and the Adva Center have conducted numerous studies on various aspects. In addition, the CBS regularly publishes separate data for the Arab and Jewish population in its various publications relating to social and economic issues, such as the ongoing Social Survey Reports.

### *1. Cultural Appropriateness*

133. A key factor influencing the quality and effectiveness of services for minority groups is the degree of cultural appropriateness. There are a number of components that need to be addressed, including language, cultural values and attitudes and behavioural norms. If not addressed, they can negatively impact the quality of services and the willingness of the target population to utilize the services. In the case of the Arab population, there needs to be attention to the differences among the various sub-groups, as well as the differences between the most traditional and the less traditional segments of the community.

134. This requires significant investment in the cultural adaptation of national initiatives or of new models of service delivery developed initially for the Jewish population. A recent study of national health promotion programs found that in most cases, the programs were being implemented in the Arab sector, but there was insufficient attention to cultural appropriateness (Rosen et al. 2008). The study provides a set of guidelines to help health organizations to address cultural appropriateness at both the organizational and program level.

135. Equally important to expanding cultural appropriateness is the promotion of Arab-based programmatic initiatives by encouraging the forces for social entrepreneurship within the Arab community.

### *2. The Municipal and Service Infrastructure*

136. Another set of issues relates to the mobilization of qualified manpower, municipal management capacities and adequate physical facilities. These factors can be significant obstacles to the provision of high-quality, effective services in Arab communities. There are significant shortages, for example of professional manpower, in a number of key social service fields.

### *3. Partnership with the Arab Community*

137. Enhancing the partnership in decision-making processes with respect to national and regional efforts to expand services is particularly important for the success of efforts to ensure appropriate service provision. In recent years, there have been a number of efforts to enhance this partnership.

#### ***5.2.2 The National Social Policy Framework for the Allocation of Resources***

138. The degree to which service needs are addressed and the nature of the gaps between the Arab and Jewish populations are determined in broad terms by two factors. In this section, we discuss the nature of overall social policy and its implementation, which determines the degree to which social needs are addressed. In the next section we discuss policies and factors that affect the relative availability of services to the Arab and Jewish population.

139. In general, there are significant unmet needs in many social areas, which are prevalent among all social groups in Israel. This situation has been exacerbated by cutbacks in recent years in social welfare spending. Changes in the scope of social welfare policies affect all population groups, but clearly the weaker the population group, the larger the potential effect of social policy changes. For this reason, the Arab population is often disproportionately impacted by social welfare policy expansion and retrenchment. For example, the major cutbacks in child allowances in the mid-1990s had a particularly large impact on the rate of poverty among the Arab population, because they have much larger families. On the other hand, recent policies to expand community services for children at risk at the expense of out-of-home care have significantly benefited the Arab community, which is culturally averse to the utilization of out-of-home services.

140. The extent of unmet needs is also influenced by the role and development of the voluntary sector as a source of initiative, provision and philanthropic finance. This sector is becoming a more and more important force in Israel.

### ***5.2.3 Policies and Factors that Affect the Relative Availability of Resources***

141. In this section we address the question of the flow of financial resources to address service needs and some of the factors affecting resource availability to the Jewish and Arab sectors.

#### *Allocation of National Resources*

142. National resources for financing services are made available through three major channels: one is the direct provision of services by governmental agencies or the financing of not-for-profit and for-profit service delivery agents; the second is through allocations to the municipalities; and the third, in the health field, is through the allocation of resources to the HMOs that implement national health insurance.

143. The degree of equality is also influenced by the nature of government funding; in particular the allocation of resources to the Arab population differs significantly between services provided as an entitlement on the basis of clearly defined criteria and services that are subject to a budget constraint and that are allocated on a more discretionary basis. Furthermore, the allocation of resources is more equal when the services are fully funded at the national level than when the national allocation is conditional on the provision of matching local funds.

144. While there has been some positive experience in the field of health care with the enactment of National Health Insurance in 1995, which created incentives for significant improvements in the services offered to the Arab population, there has been continuous criticism of and controversy about the formula used to allocate resources to the local education system.

#### ***1. The Role of the Municipality***

145. Differences in local resources are a very significant source of inequality in Israel. There is a general problem of gaps between the country's weaker and stronger socio-economic communities, which disadvantages the Arab communities.

146. Funds are made available to the municipal level through national equalization grants as well as through ongoing formula base funding of designated grants for specific areas of need, such as social welfare, and through the allocation of discretionary funds for specific services or special projects. The adequacy of the equalization grants has declined in recent years, and there has been criticism of the degree of equity of the allocation formula with respect to the Arab community (Office of the State Comptroller and Ombudsman, 2008).

147. The designated funding is often linked to some form of local matching, either for operating expenses or for capital expenses associated with the various services. A prominent example is the funding for social welfare needs, which is provided by the Ministry of Social Affairs based on a needs formula and conditional on 25% matching funds by the local authority. As a result, some of the municipalities are not able to fully realize the national allocation, although the full extent of the problem has not been documented. There is an ongoing debate on whether and how to reform the allocation system. For example, in the new national program for children and youth at risk, the matching requirement was foregone after a serious debate.

148. The revenue raised through municipal property taxes and various fees is an important source of municipal finance. It provides the funds to match the designated grants by the government. The stronger

communities also add significant additional resources beyond the matching grant to enhance the social and educational services.

149. There are a number of factors that affect the ability of the municipality to raise resources. One is the economic status of the community and the size of the tax base, *i.e.*, property values and the extent and size of commercial and industrial activity (which pay higher rates). The Arab communities have a significantly smaller economic base, which limits the revenue available to them and their ability to match government funding and to attract other funding sources. Another factor is the lack of willingness in significant segments of the Arab community to pay municipal taxes.

150. In the previous section we considered the importance of enhancing municipalities' capacities and leadership. This factor also plays a critical role in their ability to raise revenue from within the community and from the national and voluntary sectors.

151. Lastly, the ability of municipalities to translate financial resource into actual units of service is dependent on their size and geographic location. Many of the Arab communities are small, a fact that seriously impedes their ability to provide services as well as to mobilize the appropriate professional leadership. Promoting regional cooperation in service provision between neighboring Arab and Jewish communities is broadly recognized as a major step towards enhancing the capacity to provide more equal services (Korazim et al., 2002).

## ***2. The voluntary and philanthropic sector***

152. The voluntary and philanthropic sector has been growing in importance as a source of finance in recent years. This sector includes both national organizations that operate in various parts of the country and locally-based organizations. Overseas sources of philanthropic funding are also important in the Israeli context, because of the very active role of the Jewish communities abroad. There is also considerable activity on the part of various Christian and some Islamic sources as well as funding from bodies such as the European Union. In recent years there have been major changes in the involvement of Jewish communities abroad in promoting the development of local Arab communities, including support for advocacy efforts (Levi 2009). While the voluntary sector has been growing in the Arab sector, it is still much less developed than in Jewish communities. The differential strength of the voluntary sector is thus another source of disparity between the Arab and Jewish communities.

## **5.3 Conclusion of the Report**

153. Arab-Israelis have lower labour force participation and employment rates compared to Jews, which has a negative impact on their economic wellbeing. The gaps are not very large (significant) for men - 65.6% (Arabs) compared with 70.8% (Jews) in participation, and 59.3% compared with 66.3% in employment, but they are very large for women - 22% compared with 68.2% in participation and 18.6% compared with 63.1% in employment.

154. The Arab-Israeli population faces many unique challenges in successfully integrating into the labour market and realizing its full potential. The barriers are manifold. The report documents the large gaps in human capital (education, computer literacy, Hebrew proficiency) and the residential concentration in the periphery where employment opportunities are more limited. It reviews the literature that addresses other major factors such as the lack of infrastructure necessary for economic development in their areas of residence (*e.g.*, industrial parks, regular public transportation); discrimination in access to public resources on the one hand and in the practices of employers on the other and traditional cultural restrictions on women. Two additional factors that are particularly affecting the trends over time are: the changes in the labour market as a result of the radical shift to a high-tech oriented economy and the phasing out of

significant sectors of traditional industry, and the significant increase in the number of foreign workers in Israel, who in sectors such as agriculture and construction directly compete with less educated Arab workers.

155. The findings point to the need to increase the employment of sub-groups with low employment rates, such as women without post-secondary education; and to help those with post secondary education find jobs in their field of studies or in other fields that will enable them to realize their potential.

156. There is a broad consensus in Israel that previous efforts have been inadequate and there is a need to expand them. Thus, the Government of Israel has recently implemented a variety of initiatives and strategies to improve labour market outcomes of Arab-Israelis. Some of these are general national initiatives targeted at disadvantaged groups but most of them address the particular needs of the Arab-Israeli population and specific sub-groups within it. One focus is on enhancing human capital, including vocational training and retraining for demanded occupations, and teaching supplementary job skills such as Hebrew and computer literacy as well as soft skills, particularly for women.

157. Another focus is on enhancing availability of job opportunities through economic development in areas where there are concentrations of Arab residents by means of enhancing the infrastructure in terms of transportation and the economic base within Arab communities, financial assistance (e.g. investment funds) and preferential hiring for governmental positions. In addition, there are efforts with respect to affirmative action relating to enforcing anti-discrimination laws as well as changing the stereotypes of employers and helping to compensate for the Arabs' lack of social networks that contribute to employment in the Jewish sector. Finally, there is an emphasis on the cultural adaptation of existing or new models of employment assistance and on efforts to strengthen the capacities of local Arab NGOs as vehicles for implementing these programs.

158. Further progress in enhancing employment of Arab-Israelis will depend on the expansion and effective implementation of these initiatives.

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## ANNEX

Table A.1: Education, Age 15+, 2007

|   | Arabs   |            |       |         |                |        | Jews   | Total  |
|---|---------|------------|-------|---------|----------------|--------|--------|--------|
|   | Moslems | Christians | Druze | Bedouin | East Jerusalem | Total  |        |        |
| Total                                       |         |            |       |         |                |        |        |        |
| Sample (n)                                  | 8 595   | 1 768      | 1 266 | 4 132   | 1 996          | 17 757 | 82 015 | 99 772 |
| Population (N) - thousands                  | 483.8   | 84         | 68.7  | 73.1    | 151.2          | 861    | 4 279  | 5140   |
| Years of education - Total                  |         |            |       |         |                |        |        |        |
| 0-8   | 27.7    | 16.8       | 22.6  | 40.2    | 29             | 28     | 9      | 11.7   |
| 9-11  | 24.3    | 19.8       | 23.5  | 22.3    | 25.3           | 24     | 15     | 16.2   |
| 12  | 30.5    | 32.4       | 33.1  | 24.9    | 25             | 30     | 29     | 29.4   |
| 13+   | 17.5    | 30.9       | 20.9  | 12.6    | 20.6           | 19     | 47     | 42.7   |
| Average                                     | 10.2    | 11.7       | 10.5  | 8.2     | 10.2           | 10     | 13     | 12.5   |
| Highest certificate - Total                 |         |            |       |         |                |        |        |        |
| Didn't study or didn't get any certificate  | 11.5    | 5.6        | 11    | 28.7    | 10.7           | 12     | 4      | 5.3    |
| Primary or intermediate                     | 42.8    | 32.5       | 36.9  | 36.6    | 46.3           | 41     | 18     | 22.2   |
| Secondary school but not with matriculation | 14.1    | 13.5       | 13.9  | 14.2    | 8.9            | 13     | 18     | 16.8   |
| Matriculation                               | 19.7    | 24.6       | 24.2  | 13.3    | 19.5           | 20     | 23     | 22.2   |
| Post-secondary but not academic             | 4.7     | 8.5        | 5.5   | 4.3     | 4.6            | 5      | 14     | 12.3   |
| BA  | 5.9     | 11.7       | 7     | 2.1     | 8              | 7      | 14     | 12.9   |
| MA or PhD                                   | 1.4     | 3.6        | 1.3   | 0.9     | 1.9            | 2      | 10     | 8.2    |
| Years of education - Men                    |         |            |       |         |                |        |        |        |
| 0-8   | 25.1    | 17.7       | 14.6  | 27.4    | 27.6           | 24     | 8      | 10.4   |
| 9-11  | 27.5    | 21.5       | 27.1  | 25.2    | 26.4           | 27     | 16     | 17.9   |
| 12  | 31.4    | 31.6       | 34.9  | 31.9    | 25.6           | 31     | 30     | 30     |
| 13+   | 16      | 29.2       | 23.3  | 15.5    | 20.4           | 19     | 47     | 41.7   |
| Average                                     | 10.5    | 11.8       | 11.2  | 9.7     | 10.4           | 11     | 13     | 12.7   |
| Highest certificate - Men                   |         |            |       |         |                |        |        |        |
| Didn't study or didn't get any certificate  | 7.8     | 3.5        | 7.5   | 18.8    | 9.5            | 9      | 3      | 4.3    |
| Primary or intermediate                     | 47      | 36.5       | 35.5  | 38.1    | 46.7           | 44     | 20     | 24.5   |
| Secondary school but not with matriculation | 16.7    | 15.8       | 16.7  | 20.5    | 9.9            | 16     | 20     | 19.3   |
| Matriculation                               | 17.1    | 22.8       | 23.7  | 13.1    | 18.7           | 18     | 22     | 21.1   |
| Post-secondary but not academic             | 4       | 7.1        | 7     | 4.5     | 4.8            | 5      | 12     | 11     |
| BA  | 5.2     | 9.7        | 8     | 3.3     | 8.4            | 6      | 13     | 11.6   |
| Total                                       |         |            |       |         |                |        |        | Total  |
| MA or PhD                                   | 2.3     | 4.7        | 1.7   | 1.7     | 2              | 2      | 9      | 8.2    |
| Years of education - Women                  |         |            |       |         |                |        |        |        |
| 0-8   | 30.3    | 15.9       | 31.2  | 53.1    | 30.5           | 31     | 9      | 12.8   |
| 9-11  | 21.1    | 18.1       | 19.4  | 19.4    | 24.3           | 21     | 13     | 14.6   |
| 12  | 29.6    | 33.3       | 31.1  | 17.8    | 24.4           | 28     | 29     | 28.9   |
| 13+   | 19      | 32.8       | 18.2  | 9.7     | 20.8           | 20     | 48     | 43.6   |
| Average                                     | 9.9     | 11.7       | 9.8   | 6.8     | 10             | 10     | 13     | 12.4   |
| Highest certificate - Women                 |         |            |       |         |                |        |        |        |
| Didn't study or didn't get any certificate  | 15.2    | 7.8        | 14.9  | 39.2    | 11.8           | 16     | 4      | 6.2    |
| Primary or intermediate                     | 38.5    | 28.4       | 38.5  | 34.9    | 45.9           | 39     | 17     | 20.1   |
| Secondary school but not with matriculation | 11.4    | 11.1       | 10.9  | 7.5     | 7.9            | 10     | 15     | 14.3   |
| Matriculation                               | 22.4    | 26.4       | 24.9  | 13.5    | 20.4           | 22     | 24     | 23.3   |
| Post-secondary but not academic             | 5.4     | 10         | 4     | 4.1     | 4.4            | 5      | 15     | 13.6   |
| BA  | 6.7     | 13.8       | 6     | 0.9     | 7.7            | 7      | 16     | 14.2   |
| MA or PhD                                   | 0.5     | 2.5        | 0.8   | 0       | 1.9            | 1      | 10     | 8.3    |

Source: Analysis of Labor Force Survey 2007 by Myers-JDC Brookdale Institute.

**Table A.2: Disability by Years of Schooling and Gender, Age 20-64, 2006**

|                      | <b>0-8</b> | <b>9-11</b> | <b>13+</b> | <b>Total</b> |
|----------------------|------------|-------------|------------|--------------|
| <b>Arabs (Total)</b> | 174 000    | 275 700     | 153 500    | 603 300      |
| Not disabled         | 55.3       | 84.2        | 93.2       | 78.2         |
| Disabled             | 43         | 16          | 7          | 22           |
| Moderately disabled  | 12         | 8           | 5          | 8            |
| Highly disabled      | 33         | 8           | 2          | 14           |
| <b>Men</b>           |            |             |            |              |
| Not disabled         | 53         | 83          | 91         | 78           |
| Disabled             | 47         | 17          | 9          | 22           |
| Moderately disabled  | 17         | 9           | 6          | 10           |
| Highly disabled      | 30         | 8           | 3          | 12           |
| <b>Women</b>         |            |             |            |              |
| Not disabled         | 57         | 85          | 96         | 78           |
| Disabled             | 43         | 15          | 4          | 22           |
| Moderately disabled  | 8          | 7           | 3          | 7            |
| Highly disabled      | 34         | 8           | 1          | 15           |
| <b>Jews (Total)</b>  | 128 000    | 1 117 600   | 1 888 600  | 3 134 200    |
| Not disabled         | 51         | 80          | 87         | 83           |
| Disabled             | 49         | 20          | 13         | 17           |
| Moderately disabled  | 23         | 13          | 10         | 12           |
| Highly disabled      | 27         | 7           | 3          | 5            |
| <b>Men</b>           |            |             |            |              |
| Not disabled         | 54         | 81          | 89         | 85           |
| Disabled             | 46         | 19          | 11         | 15           |
| Moderately disabled  | 21         | 13          | 8          | 10           |
| Highly disabled      | 25         | 6           | 3          | 5            |
| <b>Women</b>         |            |             |            |              |
| Not disabled         | 47         | 79          | 86         | 82           |
| Disabled             | 53         | 21          | 15         | 18           |
| Moderately disabled  | 24         | 13          | 11         | 13           |
| Highly disabled      | 29         | 8           | 3          | 6            |

Source: Analysis of CBS Social Survey by Myers-JDC-Brookdale Institute.

**Table A.3: Infrastructure as Reported by Arab-Israelis, 2004**

|  | Moslems | Christians | Druze  | Bedouin           | Total<br>Arabs |
|--|---------|------------|--------|-------------------|----------------|
| <b>Overall Total (20+)</b>                 |         |            |        |                   |                |
| Sample (n)                                 | 1 844   | 338        | 245    | 822               | 3 250          |
| Population (N)                             | 129 105 | 23 005     | 18 907 | 36 931            | 207 947        |
| Percentages                                | 62.1    | 11.1       | 9.1    | 17.8              | 100            |
| <b>Water supply</b>                        |         |            |        |                   |                |
| Water company                              | 99.9    | 99.3       | 100    | 84.8              | 97.2           |
| Special                                    | 0.1     | 0.7        |        | 15                | 2.8            |
| None                                       |         |            |        | 0.2               | 0              |
| <b>Electric supply</b>                     |         |            |        |                   |                |
| Electric company                           | 100     | 99         | 100    | 68                | 94             |
| Generator                                  |         | -1         | -1     | 31                | 6              |
| None                                       |         |            |        | 1                 | 0              |
| <b>Sewage services</b>                     |         |            |        |                   |                |
| Sewage company                             | 88      | 99         | 88     | 54                | 84             |
| Special                                    | 11      | -1         | 11     | 42                | 16             |
| None                                       | 0       |            | -1     | 4                 | 1              |
| <b>Garbage disposal responsibility</b>     |         |            |        |                   |                |
| Local municipality                         | 100     | 99         | 100    | 68                | 94             |
| Contractor                                 | 0       | 0          |        | 2                 | 1              |
| Other                                      | 0       | 0          |        | 30.1 <sup>1</sup> | 6              |
| <b>Phone line</b>                          | 75      | 90         | 88     | 21                | 68             |
| <b>Computer</b>                            | 50      | 57         | 57     | 24                | 47             |
| <b>Internet</b>                            | 24      | 46         | 25     | 5                 | 23             |
| <b>Distance from public transportation</b> |         |            |        |                   |                |
| Less than 1 km                             | 67      | 90         | 55     | 42                | 64             |
| 1-5 km                                     | 26      | 9          | 40     | 43                | 29             |
| More than 5 km                             | 7       | 0          | 5      | 16                | 8              |
| <b>Distance from primary school</b>        |         |            |        |                   |                |
| Less than 1 km                             | 74      | 80         | 73     | 49                | 70             |
| 1-5 km                                     | 22      | 20         | 27     | 37                | 25             |
| More than 5 km                             | 4       | -1         | 0      | 14                | 5              |
| <b>Distance from private clinic</b>        |         |            |        |                   |                |
| Less than 1 km                             | 63      | 68         | 69     | 23                | 57             |
| 1-5 km                                     | 33      | 31         | 27     | 49                | 35             |
| More than 5 km                             | 4       | 1          | -4     | 29                | 8              |
| <b>Distance from health plan clinic</b>    |         |            |        |                   |                |
| Less than 1 km                             | 62      | 63         | 68     | 22                | 55             |
| 1-5 km                                     | 34      | 36         | 32     | 55                | 38             |
| More than 5 km                             | 4       | 1          |        | 24                | 7              |
| <b>Distance from hospital</b>              |         |            |        |                   |                |
| Less than 1 km                             | 3       | 11         | -1     | 0                 | 3              |
| 1-5 km                                     | 17      | 49         | -3     | 1                 | 17             |
| More than 5 km                             | 80      | 40         | 96     | 99                | 80             |
| <b>Distance from store/shopping center</b> |         |            |        |                   |                |
| Less than 1 km                             | 91      | 91         | 87     | 49                | 83             |
| 1-5 km                                     | 7       | 9          | 13     | 21                | 10             |
| More than 5 km                             | 3       |            | -1     | 30                | 7              |

<sup>1</sup> It is reported that waste is burned.

Source: Galilee Association Survey, 2004.



**Table A.4: Participation, Employment and Unemployment Rates, Age 25-64, by Population Type and Gender, 2007, (excluding constant sample)**

|                      | Arabs   |            |        |          | East      |         | Jews      | Total     |
|----------------------|---------|------------|--------|----------|-----------|---------|-----------|-----------|
|                      | Moslems | Christians | Druze  | Bedouins | Jerusalem | Total   |           |           |
| <b>Overall Total</b> |         |            |        |          |           |         |           |           |
| Thousands            | 310 300 | 54 200     | 44 000 | 31 300   | 94 500    | 534 300 | 2 705 200 | 3 239 600 |
| Percentages (row)    | 9.6     | 1.7        | 1.4    | 1        | 2.9       | 16.5    | 83.5      | 100       |
| Participation        | 52      | 66.2       | 52.4   | 43.8     | 45.8      | 51.9    | 79.8      | 75.2      |
| Employment           | 46.9    | 61.6       | 49.2   | 34.7     | 40.5      | 46.7    | 75.3      | 70.6      |
| Rate of Unemployment | 9.9     | 7          | 6.1    | (20.7)   | 11.7      | 10      | 5.6       | 6.1       |
| <b>Men</b>           |         |            |        |          |           |         |           |           |
| Thousands            | 156 300 | 27 700     | 22 500 | 15 200   | 48 300    | 270 100 | 1 316 500 | 1 586 700 |
| Participation        | 78.1    | 82.1       | 75.2   | 70.5     | 75.3      | 77.3    | 83.3      | 82.3      |
| Employment           | 71.3    | 77.9       | 71.7   | 56.2     | 65.5      | 70.1    | 79.1      | 77.6      |
| Rate of Unemployment | 8.7     | 5.2        | -4.7   | 20.3     | 13        | 9.3     | 5.1       | 5.8       |
| <b>Women</b>         |         |            |        |          |           |         |           |           |
| Thousands            | 154 000 | 26 400     | 21 500 | 16 100   | 46 200    | 264 200 | 1 388 600 | 1 652 900 |
| Participation        | 25.6    | 49.5       | 28.6   | 18.5     | 15        | 26      | 76.4      | 68.4      |
| Employment           | 22.1    | 44.4       | 25.8   | 14.3     | 14.3      | 22.8    | 71.8      | 63.9      |
| Rate of Unemployment | 13.7    | 10.3       | -9.9   | -22.3    | -4.8      | 12.2    | 6.1       | 6.5       |

Source: Analysis of CBS Labour Force Surveys by Myers-JDC-Brookdale Institute

**Table A.5: Occupation by Highest Certificate, Age 15-64 (excluding constant sample), 2007**

|   | Total     | Did not study<br>or did not get<br>any certificate | Primary or<br>intermediate<br>certificate | Secondary<br>school – but<br>not<br>matriculation | Matriculation | Post-<br>secondary<br>certificate<br>but not<br>academic | BA, MA<br>or PhD |
|---|-----------|--|---|---|---------------|--|------------------|
| <b>Arabs</b>  |           |  |   |   |               |  |                  |
| Employed  | 306 100   | 9 300  | 96 100                                    | 54 300  | 64 700        | 27 800   | 53 700           |
| Percentage  | 100       | 3  | 31.4                                      | 17.7  | 21.1          | 9.1  | 17.5             |
| Academic<br>professionals   | 7.4       | --   | ((0.1))                                   | ((0.2))   | ((1.2))       | ((3.0))  | 39               |
| Associate<br>professionals,<br>technicians,<br>managers                         | 13.9      | ((1.3))  | 2.2                                       | 5.2   | 8.3           | 36.9   | 40.4             |
| Clerical workers  | 7.3       | ((0.5))  | 2.1                                       | 5.1   | 13.3          | 13.5   | 9.8              |
| Agents, sales,<br>service workers   | 16.5      | ((8.5))  | 14.1                                      | 18.3  | 28.4          | 18.5   | 5.3              |
| Agricultural,<br>manufacturing,<br>construction and<br>other skilled<br>workers | 41.9      | 49.9   | 61.4                                      | 55  | 39            | 24.9   | 4.8              |
| Unskilled workers   | 12.9      | 39.7   | 20.2                                      | 16.3  | 9.8           | ((3.1))  | ((0.6))          |
| <b>Jews</b>   |           |  |   |   |               |  |                  |
| Employed  | 2 244 600 | 14 100   | 189 900                                   | 399 100   | 510 300       | 381 800  | 731 100          |
| Percentage  | 100       | 0.6  | 8.5                                       | 17.8  | 22.7          | 17   | 32.6             |
| Academic<br>professionals   | 15        | --   | -0.9                                      | 1.2   | 2.2           | 5.3  | 40.5             |
| Associate<br>professionals,<br>technicians,<br>managers                         | 23.9      | ((2.1))  | 6.9                                       | 12.1  | 18.8          | 36.5   | 32.1             |
| Clerical workers  | 17.5      | ((4.3))  | 10.4                                      | 20.9  | 27.5          | 16.9   | 10.9             |
| Agents, sales,<br>service workers   | 20.9      | 14.9   | 28.6                                      | 29.3  | 30.1          | 17.3   | 9.8              |
| Agricultural,<br>manufacturing,<br>construction and<br>other skilled<br>workers | 16.2      | 26.5   | 33.1                                      | 27  | 15.4          | 18.9   | 4.9              |
| Unskilled workers   | 6.6       | 52.2   | 20.2                                      | 9.5   | 6             | 5.2  | 1.8              |

Source: Analysis of CBS Labour Force Surveys by Myers-JDC-Brookdale Institute.

**Table A.6: Occupation by Highest Certificate, Men, Age 15-64 (excluding constant sample)**

|   | Total     | Did not study or did not get any certificate | Primary or intermediate certificate | Secondary school – but not Matriculation | Matriculation | Post secondary certificate but not academic | B.A, M.A or Ph.D |
|---|-----------|--|-------------------------------------|--|---------------|---|------------------|
| <b>Arabs</b>  |           |  |                                     |  |               |   |                  |
| Employed  | 234 100   | 7 300  | 87 400                              | 47 000                                   | 47 100        | 15 700                                      | 29 400           |
| Percentage  | 100       | 3.1  | 37.3                                | 20.1                                     | 20.1          | 6.7   | 12.6             |
| Academic professionals  | 6.1       | --   | ((0.1))                             | ((0.3))                                  | ((0.4))       | ((2.5))                                     | 45.5             |
| Associate professionals, technicians, managers                      | 8.3       | ((1.7))                                      | 1.9                                 | 4.1                                      | 6.7           | 26.6  | 28               |
| Clerical workers  | 4.1       | ((0.7))                                      | 1.9                                 | 2.7                                      | 6.7           | ((5.6))                                     | 8.6              |
| Agents, sales, service workers                                      | 14.7      | ((6.2))                                      | 11.6                                | 16.3                                     | 23.4          | 17.1  | 8.3              |
| Agricultural, manufacturing, construction and other skilled workers | 53.4      | 60.6   | 66                                  | 62.3                                     | 51.3          | 43.9  | 8.5              |
| Unskilled workers   | 13.5      | 30.9   | 18.4                                | 14.3                                     | 11.4          | ((4.3))                                     | ((1.0))          |
| <b>Jews</b>   |           |  |                                     |  |               |   |                  |
| Employed  | 1 122 700 | 6 900  | 120 300                             | 235 000                                  | 237 600       | 179 100                                     | 329 600          |
| Percentage  | 100       | 0.6  | 10.7                                | 20.9                                     | 21.2          | 16  | 29.4             |
| Academic professionals  | 15.1      | --   | 1.2                                 | 1.7                                      | 2.6           | 5.3   | 44.4             |
| Associate professionals, technicians, managers                      | 23.8      | ((3.6))                                      | 8.2                                 | 14.6                                     | 23.3          | 34.9  | 30.5             |
| Clerical workers  | 8.7       | ((8.0))                                      | 7.4                                 | 10.3                                     | 11.9          | 8.4   | 5.8              |
| Agents, sales, service workers                                      | 17.8      | ((8.9))                                      | 18.2                                | 23.3                                     | 27.8          | 13.4  | 9.2              |
| Agricultural, manufacturing, construction and other skilled workers | 28.2      | 45.1   | 48.5                                | 41.9                                     | 28            | 33.4  | 8.1              |
| Unskilled workers   | 6.4       | 34.4   | 16.5                                | 8.3                                      | 6.3           | 4.6   | 2                |

Source: Analysis of CBS Labour Force Surveys by Myers-JDC-Brookdale Institute.

Table A.7: Occupation by Highest Certificate, Women, Age 15-64 (excluding constant sample)

|   | Total     | Did not study or did not get any certificate | Primary or intermediate certificate | Secondary school – but not Matriculation | Matriculation | Post secondary certificate but not academic | B.A, M.A or Ph.D |
|---|-----------|--|-------------------------------------|--|---------------|---|------------------|
| <b>Arabs</b>  |           |  |                                     |  |               |   |                  |
| Employed  | 72 100    | 2 000  | 8 700                               | 7 400                                    | 17 600        | 12 100                                      | 24 200           |
| Percentage  | 100       | 2.8  | 12.1                                | 10.3                                     | 24.4          | 16.8  | 33.6             |
| Academic professionals  | 11.8      | --   | ((0.0))                             | ((0.0))                                  | ((3.3))       | ((3.7))                                     | 31               |
| Associate professionals, technicians, managers                      | 32.1      | ((0.0))                                      | ((4.7))                             | ((12.0))                                 | 12.5          | 50.2  | 55.6             |
| Clerical workers  | 17.7      | ((0.0))                                      | ((3.6))                             | -19.8                                    | 30.8          | 23.7  | 11.3             |
| Agents, sales, service workers                                      | 22.6      | ((17.3))                                     | 39                                  | 31                                       | 41.8          | 20.3  | ((1.8))          |
| Agricultural, manufacturing, construction and other skilled workers | 4.6       | ((10.1))                                     | -14.7                               | ((8.5))                                  | -6.2          | ((0.5))                                     | ((0.2))          |
| Unskilled workers   | 11.2      | 72.6   | 37.9                                | 28.6                                     | ((5.5))       | ((1.5))                                     | ((0.2))          |
| <b>Jews</b>   |           |  |                                     |  |               |   |                  |
| Employed  | 1 132 200 | 7 100  | 69 600                              | 164 000                                  | 272 700       | 202 800                                     | 401 500          |
| Percentage  | 100       | 0.6  | 6.1                                 | 14.5                                     | 24.1          | 17.9  | 35.5             |
| Academic professionals  | 14.9      | --   | ((0.3))                             | ((0.6))                                  | 1.8           | 5.3   | 37.3             |
| Associate professionals, technicians, managers                      | 24        | ((0.6))                                      | 4.6                                 | 8.6                                      | 14.8          | 37.8  | 33.4             |
| Clerical workers  | 26.2      | ((0.7))                                      | 15.5                                | 36                                       | 41            | 24.4  | 15               |
| Agents, sales, service workers                                      | 24        | -20.7  | 46.5                                | 37.9                                     | 32.1          | 20.8  | 10.4             |
| Agricultural, manufacturing, construction and other skilled workers | 4.2       | ((8.6))                                      | 6.6                                 | 5.5                                      | 4.4           | 6   | 2.3              |
| Unskilled workers   | 6.7       | 69.4   | 26.4                                | 11.3                                     | 5.7           | 5.7   | 1.7              |

Source: Analysis of CBS Labour Force Surveys by Myers-JDC-Brookdale Institute.

**Table A.8: Economic Branch, Age 15-64 (excluding constant sample), 2007**

|   | Arabs   |            |          |          |           |       | Jews | Total |
|---|---------|------------|----------|----------|-----------|-------|------|-------|
|   | Moslems | Christians | Druze    | Bedouin  | East      |       |      |       |
|   |         |            |          |          | Jerusalem | Total |      |       |
| Agriculture   | 3.5     | ((0.6))    | ((3.9))  | -6.9     | ((1.0))   | 3     | 1.4  | 1.5   |
| Manufacturing, construction   | 38.4    | 20.7       | 32.1     | 34.4     | 26.2      | 33.6  | 19.8 | 21.5  |
| Electricity, water supply, public administration  | 1.9     | -3.8       | 8.7      | ((2.1))  | -2.4      | 2.8   | 5.6  | 5.2   |
| Wholesale, retail trade, accommodation services, restaurants, transport, storage, communication | 26.3    | 30         | 24.6     | 24.8     | 39.9      | 28.6  | 23.9 | 24.5  |
| Banking, insurance, real-estate, renting and business activities                                | 6.3     | 12.2       | -7.2     | ((3.4))  | 6.5       | 7     | 19.2 | 17.7  |
| Education   | 13.6    | 18.2       | 13.5     | 23.3     | 10.9      | 14.2  | 12.9 | 13.1  |
| Health service, welfare, social work, community, social and other services                      | 9.7     | 13.5       | 9.6      | ((5.1))  | 10.8      | 10.1  | 15.2 | 14.6  |
| <b>Men</b>  |         |            |          |          |           |       |      |       |
| Agriculture   | 4       | ((1.0))    | ((4.5))  | ((7.2))  | ((1.0))   | 3.4   | 2.2  | 2.4   |
| Manufacturing, construction   | 47.6    | 29.7       | 40.2     | 42       | 31.3      | 42.1  | 28.9 | 31.2  |
| Electricity, water supply, public administration  | 1.8     | ((3.4))    | 11.2     | ((1.7))  | ((1.8))   | 2.7   | 6.4  | 5.8   |
| Wholesale, retail trade, accommodation services, restaurants, transport, storage, communication | 29.1    | 36.9       | 24.1     | 30.1     | 46.3      | 32.5  | 27.5 | 28.4  |
| Banking, insurance, real estate, renting and business activities                                | 5.9     | 10.9       | 6.5      | ((2.4))  | 6.4       | 6.4   | 20.1 | 17.7  |
| Education   | 5.4     | -6.5       | ((4.3))  | -14.9    | -3.7      | 5.6   | 5.6  | 5.6   |
| Health service, welfare, social work, community, social and other services                      | 6.3     | 11         | -9.1     | ((1.8))  | 7.9       | 7.1   | 9    | 8.7   |
| <b>Women</b>  |         |            |          |          |           |       |      |       |
| Agriculture   | ((1.8)) | ((0.0))    | ((2.2))  | ((5.8))  | ((1.3))   | -1.6  | 0.5  | 0.6   |
| Manufacturing, construction   | 7.6     | ((3.5))    | ((10.2)) | ((0.4))  | ((0.8))   | 6     | 10.8 | 10.5  |
| Electricity, water supply, public administration  | -2.5    | ((4.6))    | ((2.0))  | ((3.6))  | ((5.3))   | 3.2   | 4.7  | 4.6   |
| Wholesale, retail trade, accommodation services, restaurants, transport, storage, communication | 16.7    | 16.6       | -25.7    | ((1.5))  | ((7.8))   | 16    | 20.3 | 20.1  |
| Banking, insurance, real estate, renting and business activities                                | 7.6     | -14.7      | ((9.1))  | ((7.9))  | ((6.6))   | 9     | 18.3 | 17.7  |
| Education   | 41.1    | 40.8       | 38.4     | -60.9    | 46.8      | 42.2  | 20.3 | 21.6  |
| Health service, welfare, social work, community, social and other services                      | 21      | 18.1       | ((11.0)) | ((19.9)) | -24.9     | 19.9  | 21.4 | 21.3  |

Source: Analysis of CBS Labour Force Surveys by Myers-JDC-Brookdale Institute.

**Table A.9: Average Monthly Gross Income and Hourly Wage, by Highest Educational Certificate, Salaried Workers, Age 15-64 (excluding constant sample), 2007**

|                | Total     | Did not Study;<br>Primary or<br>Intermediate<br>Certificate | Secondary<br>School – but<br>not<br>Matriculation | Matriculation | Post-<br>Secondary<br>Certificate but<br>not Academic | B.A, M.A or<br>Ph.D |
|----------------|-----------|---|---|---------------|---|---------------------|
| <b>Men</b>     |           |   |   |               |   |                     |
| <b>Total</b>   |           |   |   |               |   |                     |
| Monthly income | 9 279     | 5 788   | 7 132   | 6 991         | 9 468   | 14 652              |
| Wage per hour  | 47.1      | 31.1  | 36.8  | 37.9          | 46.4  | 72                  |
| <b>Jews</b>    |           |   |   |               |   |                     |
| Employed       | 968 900   | 109 800   | 196 900   | 209 800       | 164 400   | 291 400             |
| Percentage     | 100       | 11.3  | 20.3  | 21.7          | 17  | 30.1                |
| Monthly income | 10 001    | 6 342   | 7 482   | 7 338         | 9 682   | 15 113              |
| Wage per hour  | 50.5      | 35.5  | 38.6  | 39.7          | 47.2  | 73.4                |
| <b>Arabs</b>   |           |   |   |               |   |                     |
| Employed       | 198 300   | 86 900  | 35 700  | 40 200        | 10 400  | 25 900              |
| Percentage     | 100       | 43.8  | 18  | 20.3          | 5.2   | 13.1                |
| Monthly income | 5 754     | 5 087   | 5 202   | 5 175         | 6 094   | 9 470               |
| Wage per hour  | 30.7      | 25.7  | 26.8  | 28.2          | 33.3  | 55.4                |
| <b>Women</b>   |           |   |   |               |   |                     |
| <b>Total</b>   |           |   |   |               |   |                     |
| Monthly income | 5 970     | 3 406   | 4 366   | 4 598         | 5 526   | 8 411               |
| Wage per hour  | 40.2      | 26.6  | 30.3  | 31.8          | 38.1  | 54.2                |
| <b>Jews</b>    |           |   |   |               |   |                     |
| Employed       | 1 042 400 | 81 000  | 152 800   | 259 200       | 194 200   | 360 800             |
| Percentage     | 100       | 7.8   | 14.7  | 24.9          | 18.6  | 34.6                |
| Monthly income | 6 069     | 3 479   | 4 413   | 4 655         | 5 608   | 8 570               |
| Wage per hour  | 40.5      | 27.1  | 30.6  | 32            | 38.4  | 54.7                |
| <b>Arabs</b>   |           |   |   |               |   |                     |
| Employed       | 64 100    | 10 800  | 6 800   | 11 300        | 12 300  | 23 200              |
| Percentage     | 100       | 16.8  | 10.7  | 17.6          | 19.2  | 36.1                |
| Monthly income | 4 358     | 2 864   | 3 338   | 3 281         | 4 227   | 5 931               |
| Wage per hour  | 34        | 22.7  | 23.4  | 26.5          | 31.8  | 47.1                |

Source: CBS Income Survey, 2007.

**Table A.10: Average Monthly Gross Income from Work and Hourly Wage by Occupation, Salaried Workers, Age 15-64, Total, 2007**

|                | <b>Total</b> | <b>Academic professionals</b> | <b>Associate professionals, technicians, managers</b> | <b>Clerical workers</b> | <b>Agents, sales, service workers</b> | <b>Agricultural, manufacturing, construction and other skills workers</b> | <b>Unskilled workers</b> |
|----------------|--------------|-------------------------------|---|-------------------------|---------------------------------------|---|--------------------------|
| <b>Total</b>   |              |                               |   |                         |                                       |   |                          |
| Employed       | 2 225 600    | 288 900                       | 486 600   | 418 900                 | 432 000                               | 410 800   | 188 500                  |
| Percentage     | 100          | 13                            | 21.9  | 18.8                    | 19.4                                  | 18.5  | 8.5                      |
| Monthly income | 7 582        | 12 618                        | 10 099  | 6 517                   | 5 044                                 | 6 569   | 3 764                    |
| Wage per hour  | 43.5         | 71.2                          | 57.8  | 38.7                    | 30.9                                  | 33  | 26.5                     |
| <b>Jews</b>    |              |                               |   |                         |                                       |   |                          |
| Employed       | 1 965 800    | 270 300                       | 446 500   | 400 600                 | 399 800                               | 298 800   | 149 800                  |
| Percentage     | 100          | 13.7                          | 22.7  | 20.4                    | 20.3                                  | 15.2  | 7.6                      |
| Monthly income | 7 876        | 12 890                        | 10 425  | 6 586                   | 5 113                                 | 7 057   | 3 688                    |
| Wage per hour  | 45.1         | 72.1                          | 58.7  | 39                      | 31.5                                  | 35.7  | 27.2                     |
| <b>Arabs</b>   |              |                               |   |                         |                                       |   |                          |
| Employed       | 259 800      | 18 600                        | 40 000  | 18 300                  | 32 200                                | 112 000   | 38 700                   |
| Percentage     | 100          | 7.1                           | 15.4  | 7                       | 12.4                                  | 43.1  | 14.9                     |
| Monthly income | 5 362        | 8 654                         | 6 460   | 5 020                   | 4 197                                 | 5 266   | 4 058                    |
| Wage per hour  | 31.3         | 58.4                          | 47.2  | 30.1                    | 23.8                                  | 26.1  | 24                       |

Source: CBS Income Survey, 2007

**Table A.11: Average Monthly Gross Income from Work and Hourly Wage by Occupation, Salaried Workers, Men, Age 15-64, 2007**

|                | <b>Total</b> | <b>Academic professionals</b> | <b>Associate professionals, technicians, managers</b> | <b>Clerical workers</b> | <b>Agents, sales, service workers</b> | <b>Agricultural, manufacturing, construction and other skills workers</b> | <b>Unskilled workers</b> |
|----------------|--------------|-------------------------------|---|-------------------------|---------------------------------------|---|--------------------------|
| <b>Total</b>   |              |                               |   |                         |                                       |   |                          |
| Employed       | 1 127 200    | 142 700                       | 233 200   | 104 800                 | 179 300                               | 363 900   | 103 300                  |
| Percentage     | 100          | 12.7                          | 20.7  | 9.3                     | 15.9                                  | 32.3  | 9.2                      |
| Monthly income | 9 180        | 15 740                        | 13 242  | 8 433                   | 6 715                                 | 6 800   | 4 371                    |
| Wage per hour  | 46.8         | 79.8                          | 65.3  | 43.7                    | 35.4                                  | 33.9  | 28.2                     |
| <b>Jews</b>    |              |                               |   |                         |                                       |   |                          |
| Employed       | 931 700      | 131 200                       | 217 500   | 97 700                  | 159 600                               | 254 100   | 71 500                   |
| Percentage     | 100          | 14.1                          | 23.3  | 10.5                    | 17.1                                  | 27.3  | 7.7                      |
| Monthly income | 9 911        | 16 212                        | 13 588  | 8 597                   | 6 913                                 | 7 451   | 4 394                    |
| Wage per hour  | 50.3         | 81.1                          | 66.1  | 44.6                    | 36.6                                  | 37.2  | 30                       |
| <b>Arabs</b>   |              |                               |   |                         |                                       |   |                          |
| Employed       | 195 600      | 11 500                        | 15 700  | 7 100                   | 19 700                                | 109 900   | 31 800                   |
| Percentage     | 100          | 5.9                           | 8   | 3.6                     | 10.1                                  | 56.2  | 16.2                     |
| Monthly income | 5 698        | 10 340                        | 8 438   | 6 187                   | 5 110                                 | 5 296   | 4 320                    |
| Wage per hour  | 30.5         | 64.9                          | 53.8  | 31.8                    | 25.1                                  | 26.2  | 24.3                     |

Source: CBS Income Survey, 2007.



**Table A.12: Average Monthly Gross Income from Work and Hourly Wage by Occupation, Salaried Workers, Women, Age 15-64, 2007**

|                | <b>Total</b> | <b>Academic professionals</b> | <b>Associate professionals, technicians, managers</b> | <b>Clerical workers</b> | <b>Agents, sales, service workers</b> | <b>Agricultural, manufacturing, construction and other skills workers</b> | <b>Unskilled workers</b> |
|----------------|--------------|-------------------------------|---|-------------------------|---------------------------------------|---|--------------------------|
| <b>Total</b>   |              |                               |   |                         |                                       |   |                          |
| Employed       | 1 098 400    | 146 200                       | 253 400   | 314 100                 | 252 700                               | 46 800  | 85 200                   |
| Percentage     | 100          | 13.3                          | 23.1  | 28.6                    | 23                                    | 4.3   | 7.8                      |
| Monthly income | 5 943        | 9 572                         | 7 206   | 5 878                   | 3 859                                 | 4 769   | 3 028                    |
| Wage per hour  | 40.1         | 62.8                          | 50.9  | 37                      | 27.8                                  | 26.7  | 24.5                     |
| <b>Jews</b>    |              |                               |   |                         |                                       |   |                          |
| Employed       | 1 034 200    | 139 100                       | 229 000   | 302 900                 | 240 200                               | 44 700  | 78 300                   |
| Percentage     | 100          | 13.5                          | 22.1  | 29.3                    | 23.2                                  | 4.3   | 7.6                      |
| Monthly income | 6 043        | 9 758                         | 7 421   | 5 937                   | 3 916                                 | 4 819   | 3 044                    |
| Wage per hour  | 40.5         | 63.6                          | 51.7  | 37.3                    | 28.1                                  | 27  | 24.6                     |
| <b>Arabs</b>   |              |                               |   |                         |                                       |   |                          |
| Employed       | 64 200       | 7 100                         | 24 400  | 11 200                  | 12 600                                | 2 100   | 6 900                    |
| Percentage     | 100          | 11.1                          | 37.9  | 17.4                    | 19.6                                  | 3.3   | 10.8                     |
| Monthly income | 4 339        | 5 936                         | 5 189   | 4 273                   | 2 768                                 | 3 703   | 2 857                    |
| Wage per hour  | 33.9         | 47.9                          | 42.9  | 29                      | 21.8                                  | 18.9  | 22.7                     |

Source: CBS Income Survey, 2007.

Table A.13: Indicators of Job Satisfaction, Age 20-64, 2007

|  | Arabs   | Jews      |
|--|---------|-----------|
| <b>Men</b>   |         |           |
| Population   | 235 351 | 1 208 489 |
| Percentage   | 16.3    | 83.7      |
| <b>Overall Job Satisfaction</b>  |         |           |
| Very satisfied   | 19.3    | 35.4      |
| Satisfied  | 57.6    | 48.7      |
| Not so satisfied   | 17.4    | 11.5      |
| Not satisfied at all   | 5.7     | 4.2       |
| <b>Satisfaction with income from work</b>  |         |           |
| Very satisfied/ satisfied  | 57.3    | 59.9      |
| Not so satisfied/ not satisfied at all   | 42.5    | 39.4      |
| <b>Job related to field of studies (for those with post secondary education)</b> |         |           |
| Holding academic degrees   | 75.9    | 78.3      |
| Holding non-academic certificates  | 48.9    | 54.7      |
| <b>Women</b>   |         |           |
| Population   | 69 915  | 1 120 558 |
| Percentage   | 5.9     | 94.1      |
| <b>Overall Job Satisfaction</b>  |         |           |
| Very satisfied   | 34.3    | 36.7      |
| Satisfied  | 57.2    | 49.8      |
| Not so satisfied   | -5.6    | 10.8      |
| Not satisfied at all   | -2.9    | 2.6       |
| <b>Satisfaction with income from work</b>  |         |           |
| Very satisfied/ satisfied  | 59.8    | 48.6      |
| Not so satisfied/ not satisfied at all   | 39.2    | 51.4      |
| <b>Job related to field of studies (for those with post secondary education)</b> |         |           |
| Holding academic degrees   | 82.8    | 73.9      |
| Holding non-academic certificates  | 79.7    | 59        |

Source: CBS Social Survey 2007.

**Table A.14: Subjective Indicators of Economic Wellbeing and Economic Hardship, by Population Subgroup, 2007**

| Arabs  |         |            |         |          |                   |       |          |          |
|--|---------|------------|---------|----------|-------------------|-------|----------|----------|
|  | Moslems | Christians | Druze   | Bedouin  | East<br>Jerusalem | Total | Jews     | Total    |
| <b>Total (20+)</b>   |         |            |         |          |                   |       |          |          |
| Sample (n)   | 630     | 138        | 142     | 55       | 183               | 1 148 | 6 243    | 7 391    |
| Population (N)   | 377.5   | 77.7       | 80.4    | 42.2     | 135.7             | 719.4 | 3 778.50 | 4 491.90 |
| Percentages  | 8.4     | 1.7        | 1.8     | 0.9      | 3                 | 15.9  | 84.1     | 100      |
| <b>Satisfaction with economic situation</b>  |         |            |         |          |                   |       |          |          |
| Satisfied/very satisfied   | 40.7    | 48.3       | 44.1    | 39.9     | 39.9              | 42.8  | 55       | 53.2     |
| Not satisfied/not satisfied at all   | 58.9    | 51.6       | 45.9    | 60.1     | 60.1              | 57    | 44.3     | 46.4     |
| <b>Forecast of economic situation in next few years</b>                                |         |            |         |          |                   |       |          |          |
| Will be better   | 60.4    | 48.8       | 47      | 41.2     | 32.5              | 51.2  | 44       | 45.2     |
| Will be the same   | 23      | 39.2       | 35.4    | 45.1     | 28.9              | 28.6  | 33       | 32.3     |
| Will be worse  | 9.2     | ((6.8))    | ((7.2)) | ((9.9))  | 33.1              | 13.3  | 11.3     | 11.6     |
| Unknown  | 7.4     | ((5.1))    | 10.4    | ((3.8))  | 5.5               | 6.9   | 11.7     | 10.9     |
| <b>Last time considered yourself poor</b>  |         |            |         |          |                   |       |          |          |
| During the last year   | 25      | 23.5       | ((9.0)) | 46.8     | 27.8              | 24.8  | 10.7     | 13       |
| One to five years ago  | 26.4    | 18.1       | 13.4    | 29.5     | 23.9              | 23.7  | 7.1      | 9.8      |
| More than five years ago   | 27.3    | 28.6       | 42.7    | ((11.4)) | 17.6              | 26.4  | 22.6     | 23.2     |
| Never  | 21.1    | 29.9       | 34.9    | ((12.3)) | 28.6              | 24.5  | 59.2     | 53.7     |
| <b>Ability to meet household expenses</b>  |         |            |         |          |                   |       |          |          |
| Yes  | 30.8    | 44.7       | 42.9    | 36.1     | 27.1              | 33.2  | 56.3     | 52.6     |
| No   | 68.6    | 54.6       | 57.2    | 64       | 72.9              | 66.3  | 42.1     | 46       |
| Did not, due to difficulties   |         |            |         |          |                   |       |          |          |
| Seek medical treatment   | 13.6    | 10.3       | 17.8    | 32.7     | 14.5              | 15    | 7.4      | 8.6      |
| Seek dental care   | 41.1    | 30         | 29.8    | 36.5     | 44.6              | 39    | 21.9     | 24.6     |
| Buy prescription drugs   | 27.5    | 17.5       | 22.9    | 38.8     | 26.2              | 26.3  | 7.7      | 10.7     |
| Get additional health insurance  | 36.6    | 18.4       | 27.1    | 42       | 50.3              | 34.9  | 8.6      | 12.8     |
| Insufficient domestic heating/cooling in last 12 months, due to financial difficulties | 68.9    | 50         | 48.8    | 74.5     | 68.3              | 64.8  | 29.3     | 34.9     |
| Phone or electricity cut off in last 12 months, due to financial difficulties          | 34.3    | 20.6       | 26.6    | 48.9     | 44.9              | 34.8  | 9.5      | 13.5     |
| Refrain from eating in last 12 months due to financial difficulties                    | 56.2    | 33.8       | 32      | 65.2     | 47.6              | 50    | 15.2     | 20.7     |
| <b>Economic situation as compared to 5 years ago</b>                                   |         |            |         |          |                   |       |          |          |
| Improved   | 32.8    | 35.7       | 42.9    | ((19.2)) | 23.1              | 31.7  | 40       | 38.8     |
| No change  | 42.8    | 46.7       | 35.6    | 40.1     | 36.8              | 41.4  | 35.2     | 36.1     |
| Became worse   | 23.9    | 17.7       | 21.5    | 40.6     | 39.8              | 26.9  | 23.3     | 23.8     |

Source: Analysis of CBS Social Survey by Myers-JDC-Brookdale Institute.

Figure A.1: Employment Rates by Gender, Age 15-64, 1990-2007

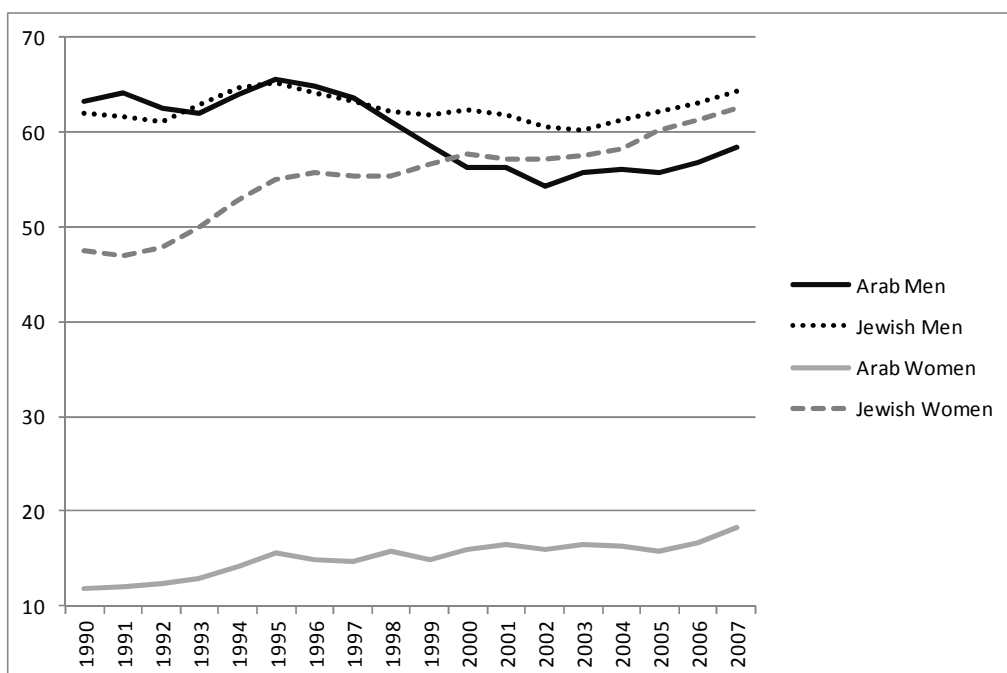


Figure A.2: Labour Force Participation Rates by Age, Men Age 15-64, 1990-2007

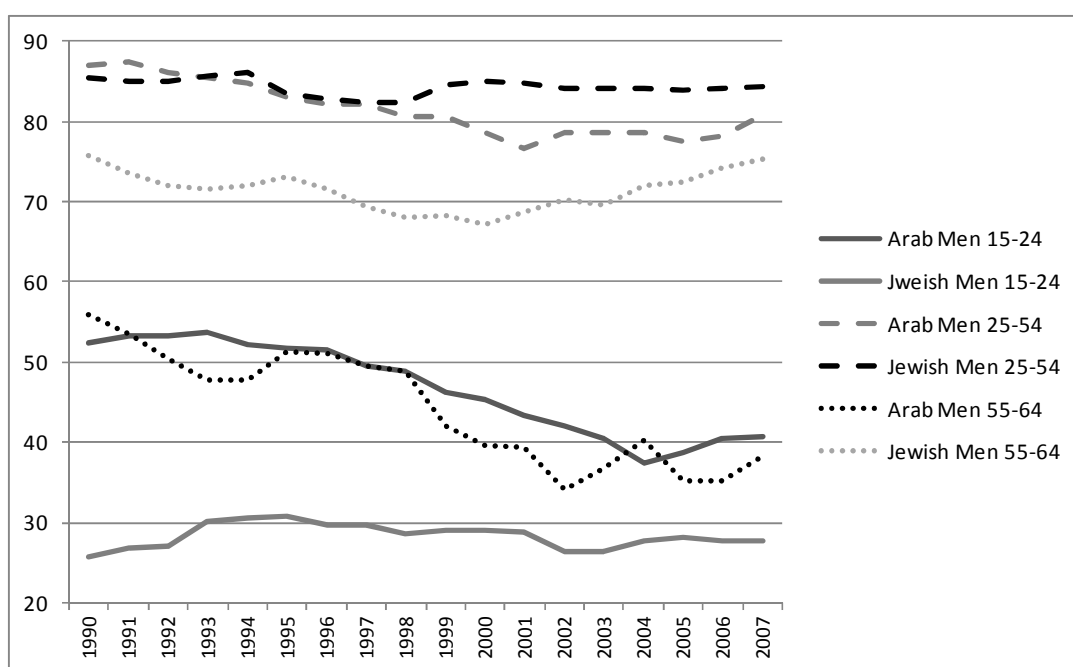


Figure A.3: Labour Force Participation by Age, Women Age 15-64, 1990-2007

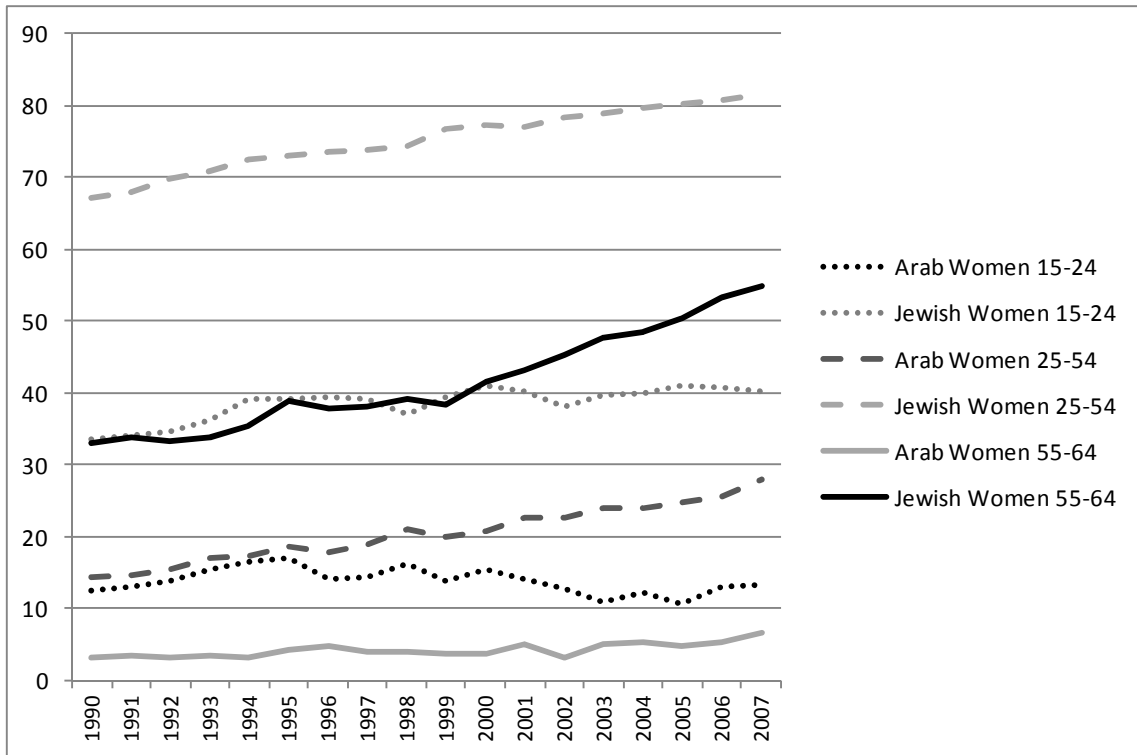


Figure A.4: Labour Force Participation by Years of Education, Men Age 15-64, 1990-2007

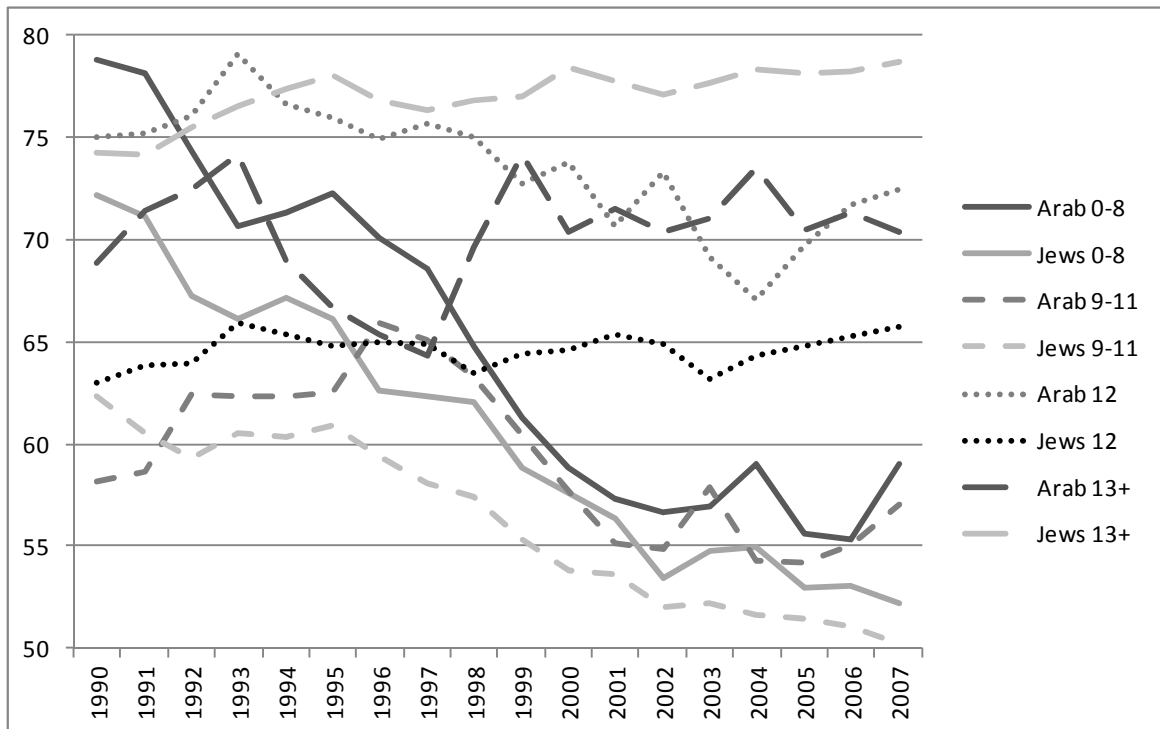
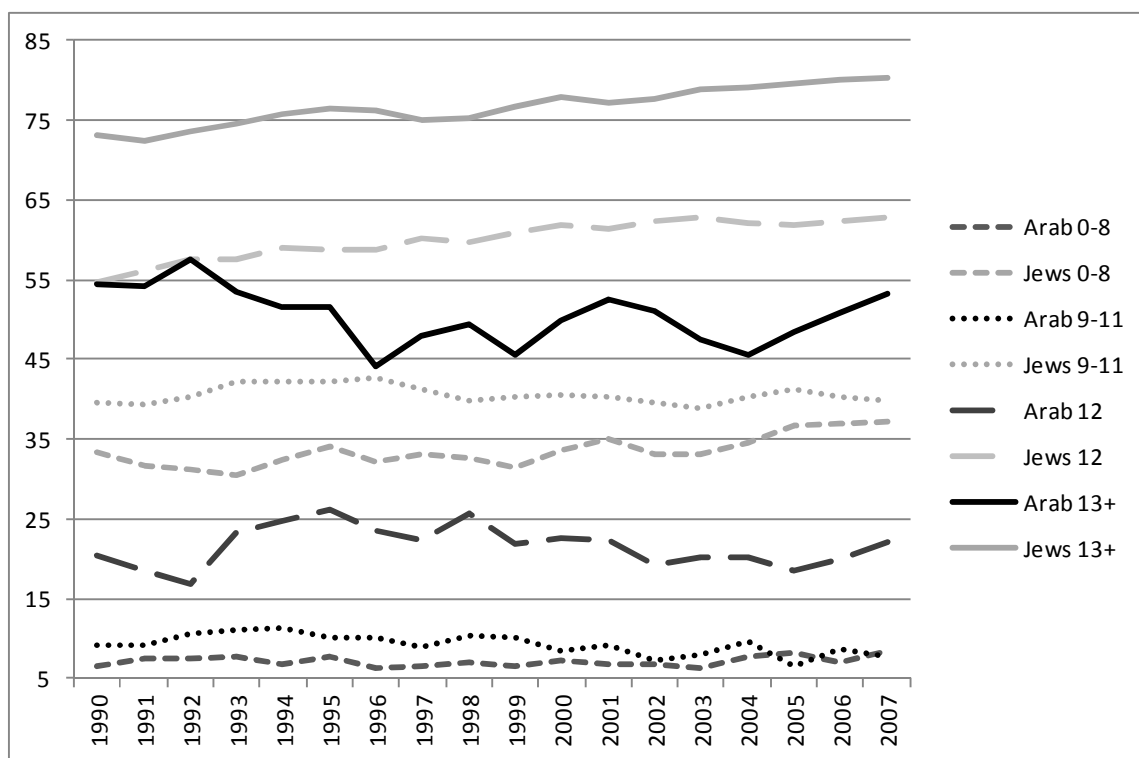


Figure A.5: Labour Force Participation by Years of Education, Women Age 15-64, 1990-2007



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