



Arab Citizen Employment in Israel Critical Concern and Great Potential¹

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Executive Summary

Over the past decade, there has been a significant increase in Israeli government efforts to close socio-economic gaps between Jews and Arabs² in Israel. Enhancing the rate and quality of Arab employment is viewed today as key to closing these gaps and strengthening Israel's economy as a whole. While Arab citizens are an integral part of Israel's labor market, numerous historical processes have led to socio-economic gaps and distinct employment characteristics between Arabs and Jews that present unique challenges as well as opportunities for the national economy.

Increased government attention to these issues arose in part out of responses to major developments including the events of October 2000³ and the subsequent recommendations of the Orr Commission,⁴ governmental analyses of demographic trends, social movements and

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² In this paper we are referring to "Arabs" or "Arab society" in which we include Muslim (including Bedouins) and Christian Arabs, Druze and Circassian citizens of Israel. These terms are for the sake of convenience only.

³ The October 2000 events were a series of protests in Arab villages in northern Israel in October 2000 that turned violent, escalating into rioting by Arab citizens, which led to counter-rioting by Israeli Jews and clashes with the Israel Police, ending in the deaths of 13 Arab demonstrators. The Orr Commission was established to investigate the police response to the rioting.

⁴ The Orr Commission addressed three major areas: (i) it criticized the Israeli police for being unprepared and using excessive force to disperse the protesting and rioting citizens and a number of policemen were reprimanded and two were released from duty; (ii) recommendations were made regarding a number of politicians and leaders – both Jewish and Arab; (iii) the Commission found that Arab citizens suffer discrimination in Israel and criticized the

ongoing work by civil society organizations in Israel. In 2010 the issue gained international attention as part of Israel's accession process to the OECD (Organization for Economic Cooperation and Development) which identified employment and education for disadvantaged Israelis (mainly Arab and ultra-Orthodox) as two primary areas in need of improvement. The Trajtenberg Committee following social justice protests of 2011 also made specific recommendations to increase Arab employment as well as to develop housing in Arab communities and enhance Arab access to higher education.

In recent years the Israeli government established a number of new professional bodies to implement economic development programs in Arab society that represent a total investment of approximately NIS 4.5 billion for the coming 4-5 years. These include a special department under the Prime Minister's Office to promote the status of the Druze and Circassian Communities established in 2005; the establishment, in 2006, of TEVET⁵ – a collaborative between JDC-Israel and the Israeli government aimed specifically at developing new employment models for uninvolved or “weakened” communities (Arab society is a major focus); the Authority for Economic Development of the Arab, Druze and Circassian Sectors (hereinafter “the Authority for Economic Development”) established under the Prime Minister's Office in 2007; a special department to enhance employment within Arab society established in the Ministry of Economy (at the time called “Ministry of Industry, Trade and Labor”) in 2010⁶ and recently a special “Headquarters” for the development of the Negev Bedouin population established under the Prime Minister's Office in 2012.

Arab citizens make up 20.6% of all Israeli citizens or approximately 1.6 million people. Despite ongoing progress, significant gaps between Israel's Arab and Jewish citizens still exist in almost all socio-economic measures. Arab poverty rates, a telling indicator, are more than three times the poverty rates among the Jewish majority. According to the Authority for Economic Development, 51% of all Arab families and over 62% of all Arab children live in poverty, compared with 15% and 23.8% of Jewish citizens, respectively. Some 90% of Arab communities in Israel are rated on the three lowest socio-economic rankings by Israel's Central Bureau of Statistics (out of a total of ten possible rankings).

In addition to low standards of living and difficult conditions on the individual and community level, high rates of poverty mean losses to the country in terms of the high cost of welfare services, lost productivity, lost tax revenue, and low consumer activity. Israeli government estimates indicate that Arab citizens, despite constituting more than 20% of the population, contribute only 8% to Israel's GDP at losses of more than NIS 30 billion each year. The Israeli government and major economic bodies such as the Bank of Israel and the National Economic Council identify types and rates of employment as the number one factor explaining the high poverty rates within the Arab community.

government for failing to give fair and equal attention to their needs and that frustration with discrimination led to the outpouring of frustration in October 2000. The commission's report was highly controversial on all sides.

⁵ Hebrew initials for *Tnuva BeTa'asuka* (“Momentum in Employment”)

⁶ Initially this department also addressed employment of Orthodox Jews, but was divided into two departments in 2012.

Current Arab men and women's employment participation rates are 69% and 26%, respectively (compared to 74% and 73% among Jewish men and women).⁷ In addition to the noticeable gap in women's employment, income and salary statistics show that Arab men, while having similar rates of participation as Jewish men, earn an average of 25%-50% less than Jewish men. Given demographic trends, the Israeli Bureau of Statistics warns that if current employment rates persist, there will be a significant drop in overall employment and in the Israeli standard of living—exacerbating socioeconomic disparities, their associated societal costs, and jeopardizing Israel's long-term economic stability.

The issue of Arab employment is thus an area of both critical concern and great potential. Increasing overall labor participation and effectively integrating Arab citizens into Israel's advanced job market stands to strengthen the economy, help close economic gaps, and stem costs associated with high rates of poverty and low economic activity in Arab communities—creating a more equal society and strengthening Israel's social fabric.

The Israeli government has set ambitious goals for 2020, aiming to increase employment rates for Arab men between 20-24 years of age to 65% (from the current 54.2%); Arab men between 25-65 years to 78% (from the current 70.7%); Arab women between 20-24 up to 42% (from the current 22.6%); and Arab women between 25-65 years of age to 41% (from the current 26.6%).⁸

While sheer increase in numbers is part of the equation (300,000 additional jobs need to be created over the next 8 years to meet these goals⁹), equally important is the quality and type of employment. Arab citizens today are overrepresented in low-skilled, physical, part-time, and low-wage labor and significantly underrepresented in most advanced industries and professions (with a few notable exceptions such as medicine), in the academia, and in the public sector. Thus enhancing the rate and type of Arab employment participation requires investments in both the "supply" and "demand" sides of the equation – or increasing the capacities, qualifications, skills, mobility and availability of the Arab workforce on the one hand, while enhancing employment opportunities by creating jobs, bringing jobs to Arab localities, and making Israel's employment market more receptive of and accessible to Arab citizens on the other. Employment preparation for Arab citizens, creating better employment infrastructure in the periphery (such as enhancing public transportation and day-care options for working mothers); diversity-awareness among employers, and ensuring job creation for Arab professionals throughout the country are some of the major areas that government and civil society efforts (often in partnership) are working to develop for significant change to be achieved and sustained.

⁷ Figures from the Authority for Economic Development presentation, May 2013. There are two main ways employment is measured – one is the percentage of people actually employed at any given time, and the other is the percentage of people who are either employed OR are actively seeking employment. This second method, referred to as "employment rate," is used by the Israeli government and therefore in this paper.

⁸ Figures from the Director of Employment Regulations, at the Ministry of Economy.

⁹ Of which around 125,000 are expected to be created as part of the natural growth of the Israeli economy, and around 175,000 more would have to be created with the assistance of special governmental tools and policies.

The programs and investments mapped within the [complete briefing paper](#) represent unprecedented awareness, investment and coordination around Arab employment, and a number of flagship efforts already report notable successes among the populations reached. That said, early analyses do suggest that with the scale of change required and the pace at which systemic change takes place, current efforts may not be sufficient to achieve the 2020 employment targets [referenced above](#). Many civil society programs developed on the ground are set to be adopted and scaled by the government, while others are exploring areas not yet addressed by any organization. Raising awareness of these and the government's efforts, supporting organizations in developing new models, and partnering with the government and civil society organizations in bringing successful programs to scale are a number of the concluding ideas for follow up included in the full paper.

Given the complexity of the issue, the full briefing paper aims to make the vast amount of related data, program information, legislation and policies available and accessible to a North American audience. Beyond the brief introduction provided by this summary, the paper provides a detailed overview of the issue, covers current employment realities, major challenges, opportunities and areas of progress, and elaborates on ideas for further advancement.¹⁰

¹⁰ It is important to note that the sphere of employment and of Arab employment in Israel is vast and complex and this paper does not purport to cover or analyze the entire field nor map all the numerous initiatives that currently exist.