

Challenges and opportunities for different sectors in the wake of the crisis



THE HAREDI INSTITUTE
FOR PUBLIC AFFAIRS

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Partner discussion

How is the coronavirus crisis affecting the job market?

Challenges and opportunities

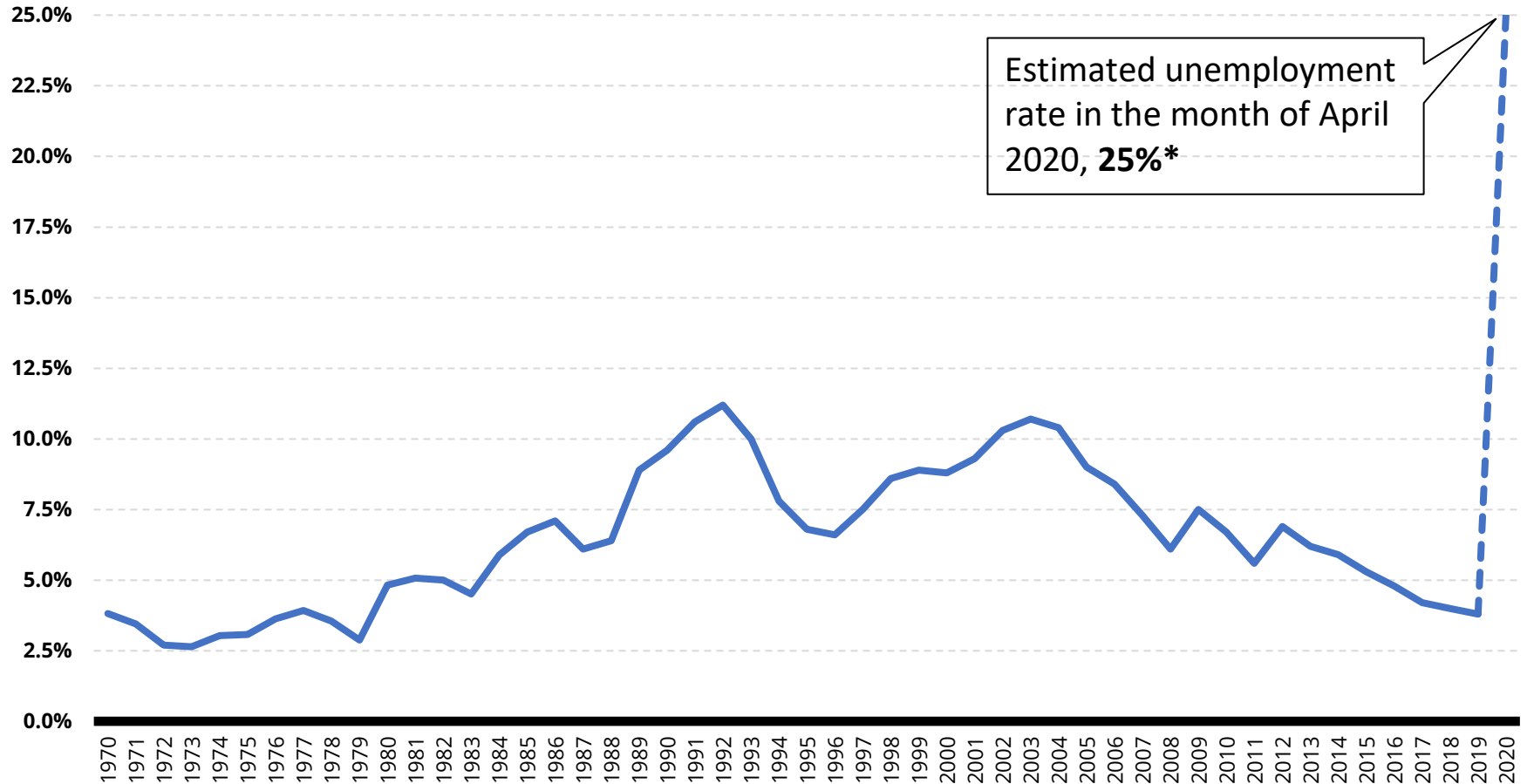
- **Crises create both challenges and opportunities**
- To assess the economic-situation of Israel's Haredi and Arabs societies in the wake of Corona, it will be helpful to examine previous crises affecting the Israeli economy, namely the crisis of the early 2000s, dot.com bust, intifada, etc.

Challenges

The Big Picture

The current unemployment rate in Israel is unprecedented

Unemployment rate over time between 1970-2019, ages 25-64



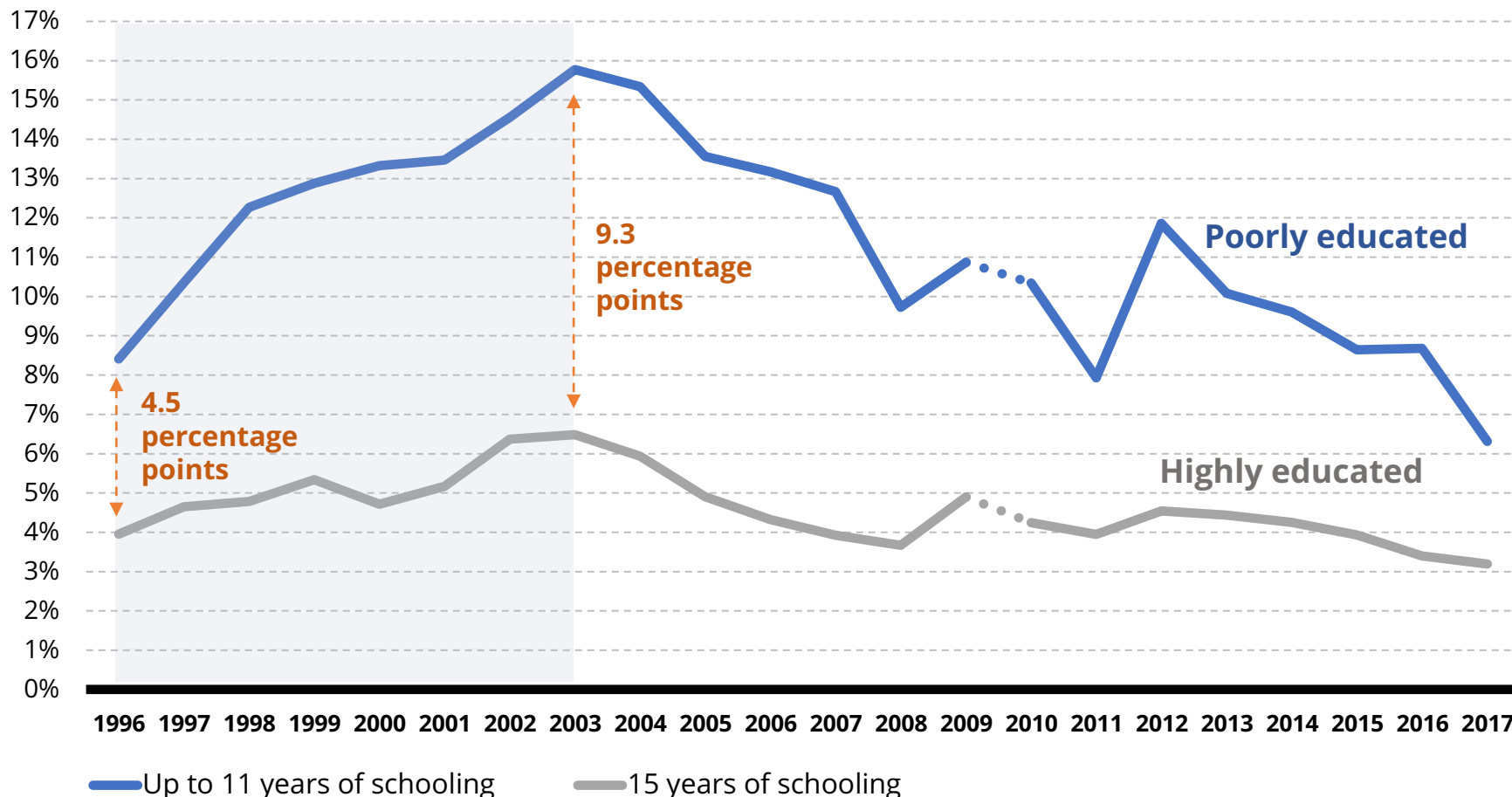
Source: Data processed from the Labor Force Surveys of the Central Bureau of Statistics. *An estimate of the Israeli Employment Service based on the number of new applicants for unemployment benefits (including workers who went on unpaid leave)

Unemployment rate: During a crisis

All populations suffer during a recession or crisis, but less skilled populations suffer more

Some 50% of the poorly educated aged 25-64 are from the **Arab population**. Education in the **Haredi population** isn't always correspond to the job market

Unemployment rate by years of schooling

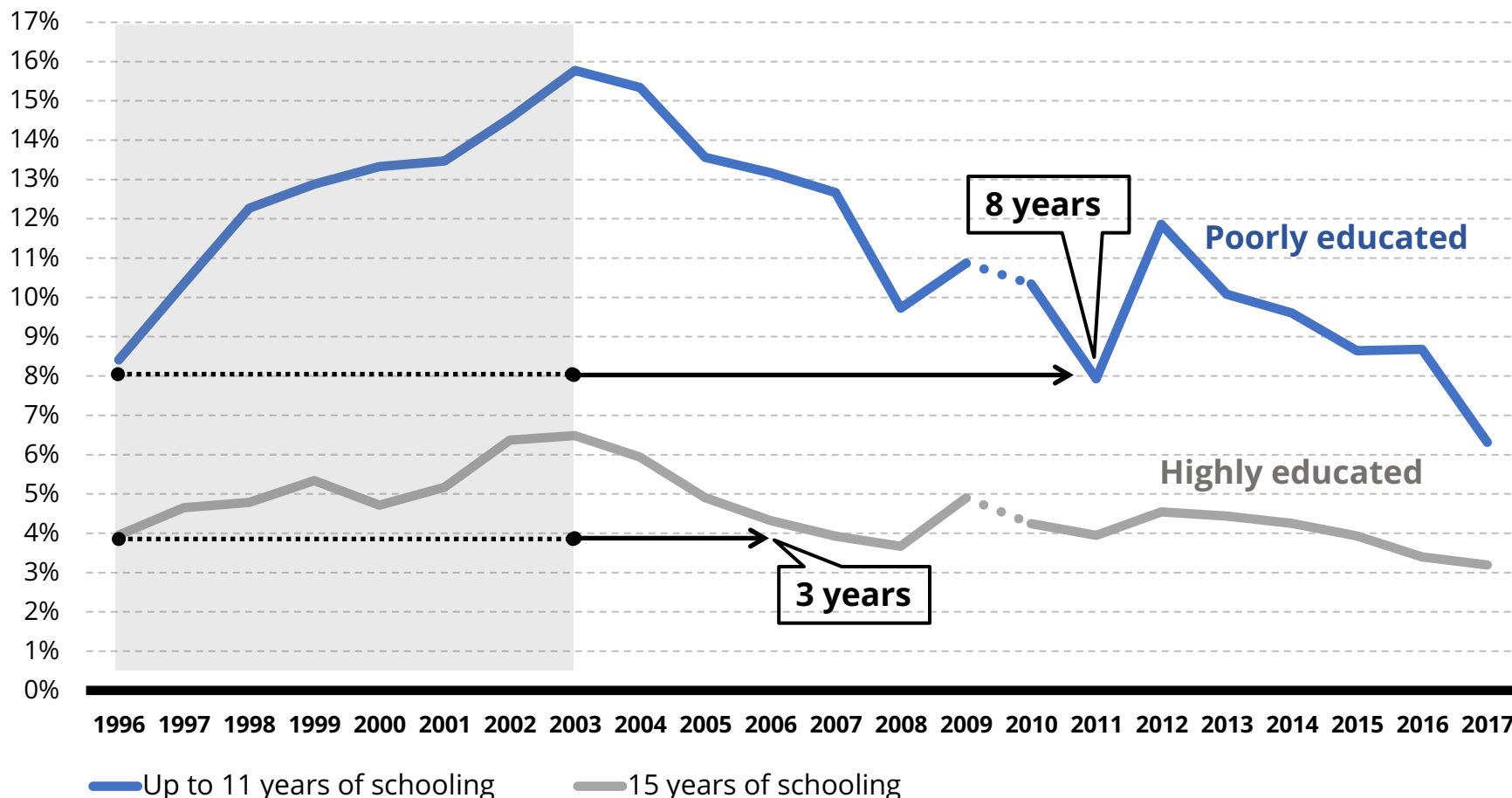


Source: Data processed from the Labor Force Surveys of the Central Bureau of Statistics, 1996-2017. There is a gap in figures between 2011-2012

Unemployment rate: Recovery to pre-recession state

The rate of recovery from a crisis is slower among poorly educated populations

Unemployment rate by years of schooling, 1996-2017

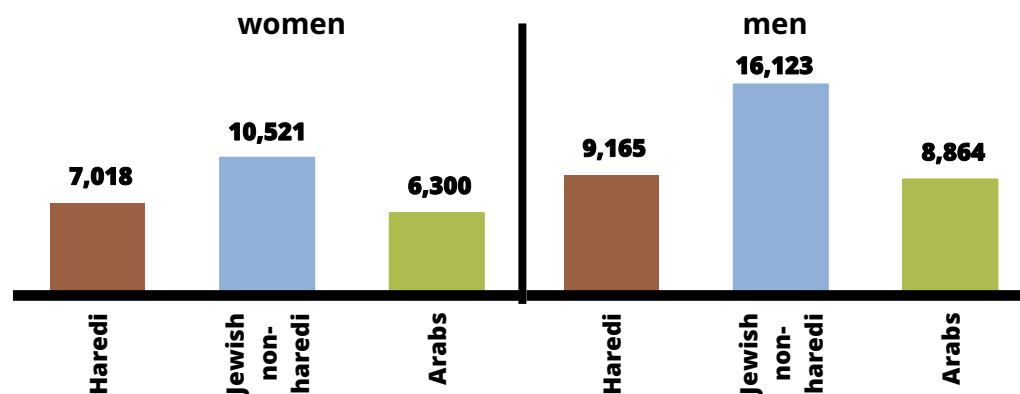


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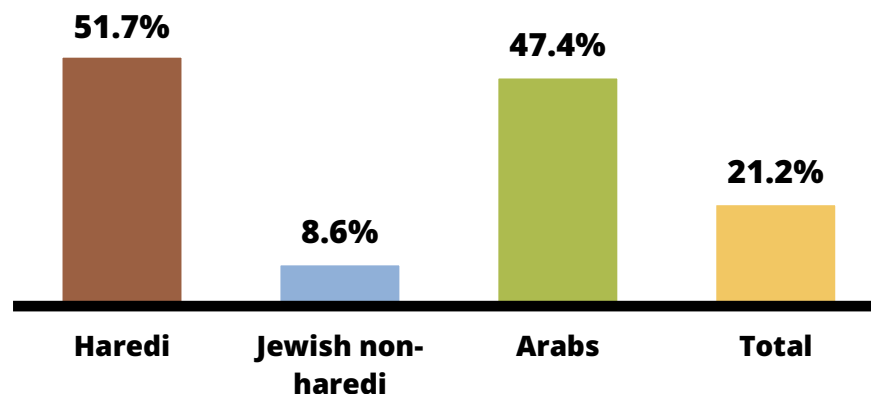
Situation report On the eve of the corona crisis

The economy was in a good position at the start of the crisis, but the Haredi and Arab sectors were vulnerable

Gross paid income of employees per month, 2018, NIS



Under poverty threshold, 2018



Employment – Arab and Haredi sectors

- **Low employment rate** compared to the Jewish non-Haredi sector
- A high rate of **part-time employment**
- Employment disproportionately concentrated in **specific branches** of the economy (many of which were hurt by the crisis at least in the short term)
- **A high rate of jobs on the outliers** of the job market – freelancers, small independent businesses, temporary, unskilled jobs

Source: Data processed from the Household Expenditure Survey of the Central Bureau of Statistics, 2018

Economic difficulties during the crisis

Arabs and Haredim

Increased Economic difficulties, and competition for every work position on the job market

Economic difficulties – Arabs and Haredim

- Limited savings
- Access to credit among poorer populations, particularly the Arabs, is low
- The need to cover the budget deficit could lead to **cuts to transfer payments**
- One of the financial cornerstones of the Haredi sector is support from abroad as well as the local community
 - The crisis is not unique to Israel – It's possible that **donations from diaspora Jewry will be reduced** – Communal organizations (which will be unable to pay salaries), yeshivot, and families will suffer
 - The financial situation in Israel could have implications for charity within the community

Economic difficulties during the crisis

Arabs and Haredim

Increased Economic difficulties, and competition for every work position on the job market

- A large percentage of Haredim are employed in education within the community, and part of **their salaries are dependent on parental tuition**
- The high poverty rate in the Haredi sector is partly a matter of choice, but given its income level the sector is extremely vulnerable, and even a moderate recession could lead to severe financial difficulties

Possible outcome – Greater motivation to join the workforce, but newcomers to the job market without an appropriate skill set will find it difficult to secure employment (less jobs available and more competitors, some of whom will be highly skilled workers laid off because of the crisis)

Government employment policy

Post-corona, the government's ability to allocate resources to diverse populations could be reduced

Pre-crisis – Job Market Policy

- An emphasis on diverse populations
- Over the years a shift in emphasis from encouraging employment to improving quality of employment

Coronavirus crisis

- The crisis affects all sectors of the population (though there are differences between sectors, both during the crisis and during recovery)

Government employment policy

Post-corona, the government's ability to allocate resources to diverse populations could be reduced

Post-crisis – In the wake of the corona: the situation and the long-term implications for policy

- A large budget deficit alongside a change of priorities (increased budgets to certain fields such as health). **Limited resources might be available for tools to encourage employment and improving the quality of employment**
- All populations have been affected by the crisis. **Broad measures must be taken to aid all sectors of the population** (there will likely be less focus on diverse populations than before)
- Unemployment rate is high. Measures must be taken with **an emphasis on encouraging employment** (instead of focus on quality of employment), to return the economy on track and prevent hysteresis

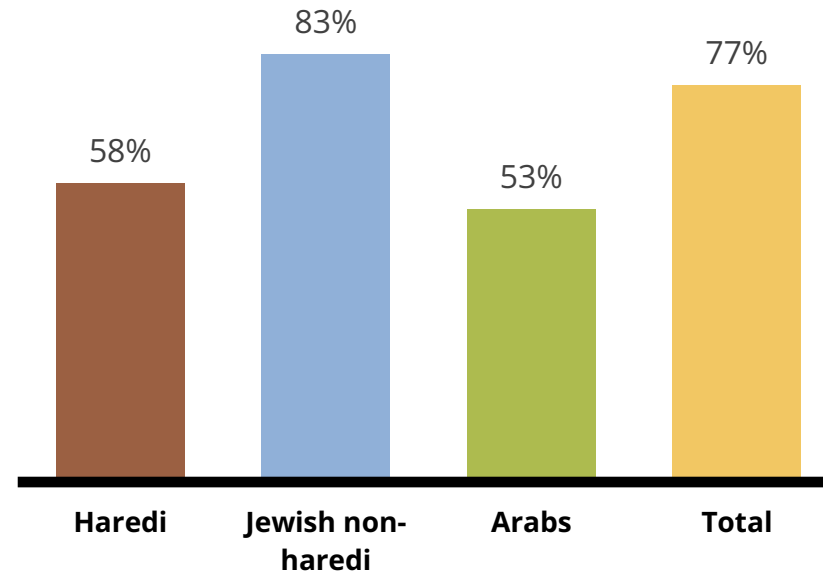
The job market After the crisis

The job market will adjust to post-corona realities

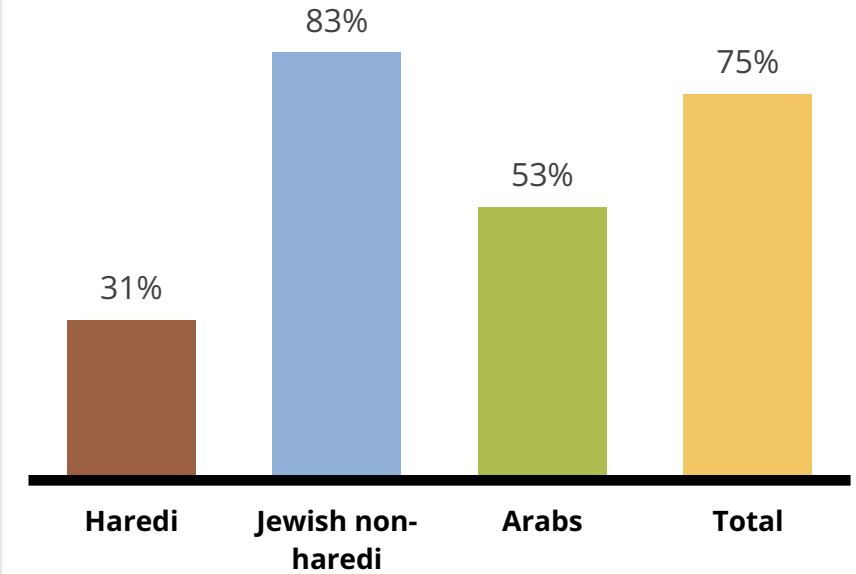
Changes in the job market that could intensify as a result of [fear of] further waves of infection

- **Work-from-home might become the trend**

Percentage of households owning a computer



Percentage of people with internet access at home



Source: Data processed from the Household Expenditure Survey of the Central Bureau of Statistics, 2018

- **Change in makeup of economic branches and professions** – not all economic branches professions will be affected to the same extent

Opportunities

In every bad situation, there's a bit of good

Opportunities in the wake of the crisis Reforms

**Crisis create
challenges, but
they also create
opportunities for
necessary reforms**

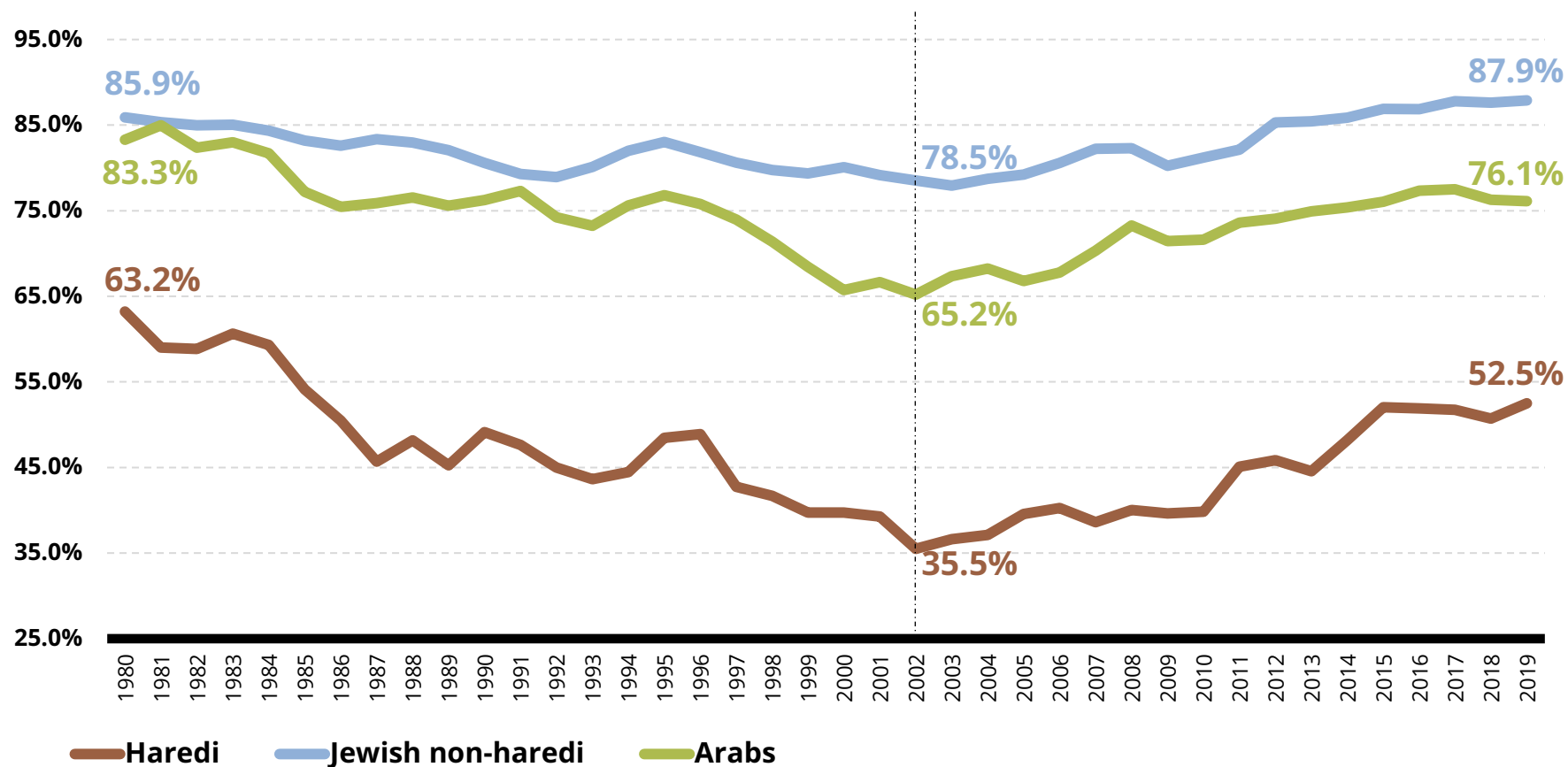
Opportunities for a reforms

- Every crisis presents a good opportunity for government to reevaluate its policies, and see what is working.
- Crisis lend public legitimacy to significant reforms, as we have seen in the past

Employment Men

A crisis creates opportunities from the economic perspective: the turnaround in employment among men after the crisis at the start of the millennium

Employment rate of men aged 25–64, 1980–2019

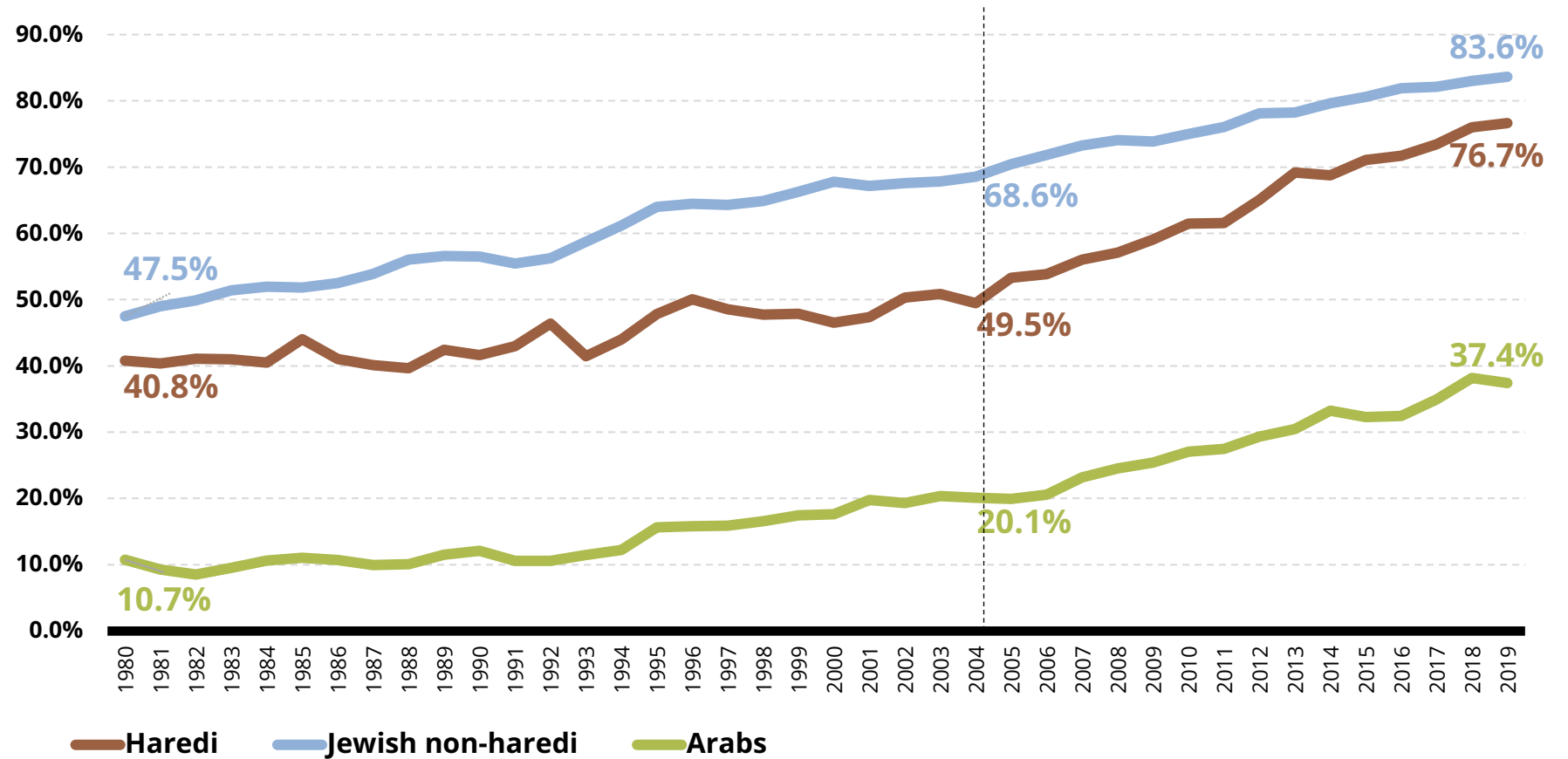


Source: Kasir (Kaliner) Nitsa and Dmitri Romanov, 2018. "Quality of Life Among Israel's Population Groups: Comparative study", The Haredi Institute for Public Affairs, Data processed from the Labor Force Surveys of the Central Bureau of Statistics, 1980-2019. There's a gap in figures between 2011-2012

Employment Women

An uptick in the integration of women as a result of the crisis at the start of the millennium

Employment rate of women aged 25–64, 1980–2019



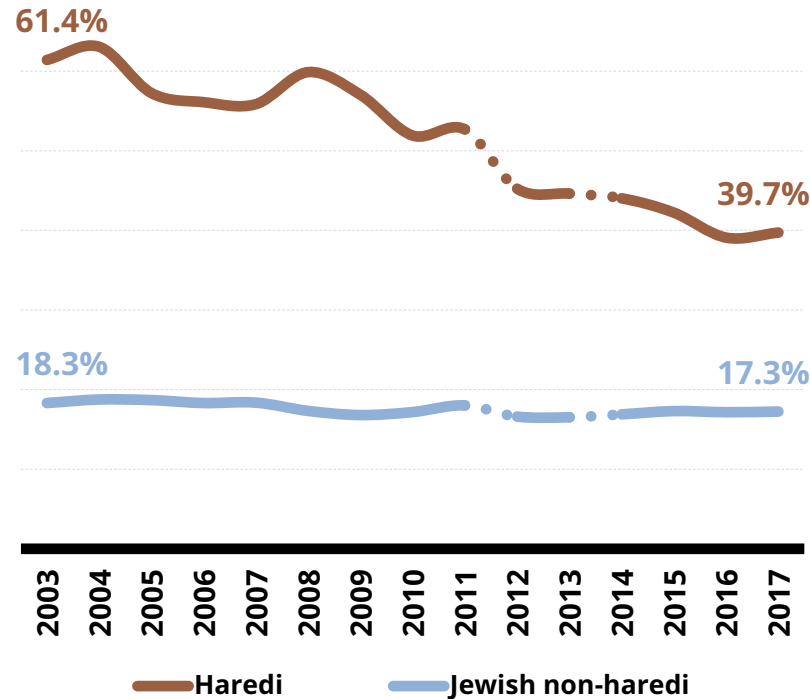
Source: Kasir (Kaliner) Nitsa and Dmitri Romanov, 2018. "[Quality of Life Among Israel's Population Groups: Comparative study](#)", The Haredi Institute for Public Affairs, Data processed from the Labor Force Surveys of the Central Bureau of Statistics, 1980-2019. There's a gap in figures between 2011-2012

Employment Women

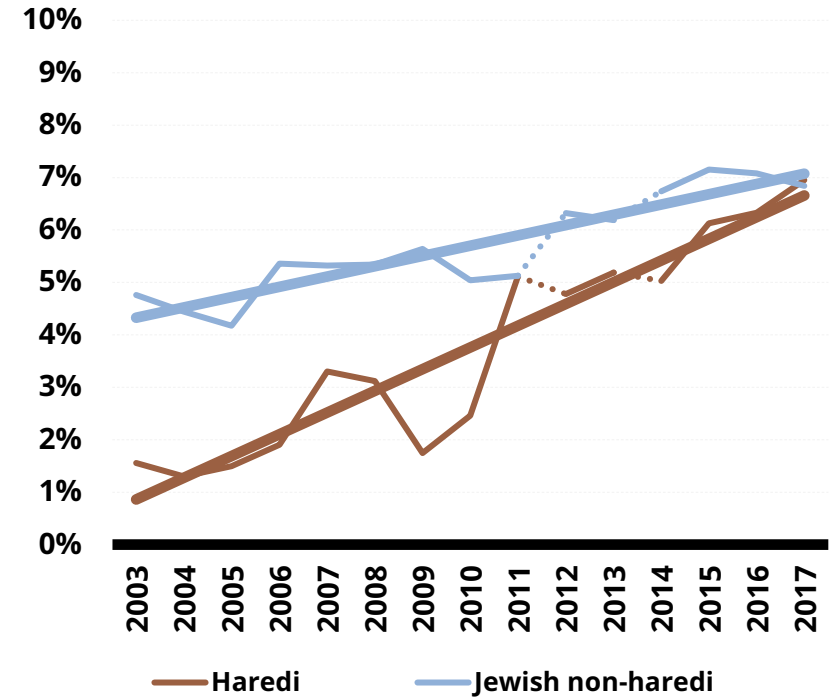
The need to make a living led to changes in the professions studied for, as well as in the branch of the economy and occupation ultimately chosen

There may be increasing **openness to enter new professions** as a result of the crisis, **especially among the Haredi population**

In education



In hi-tech occupations

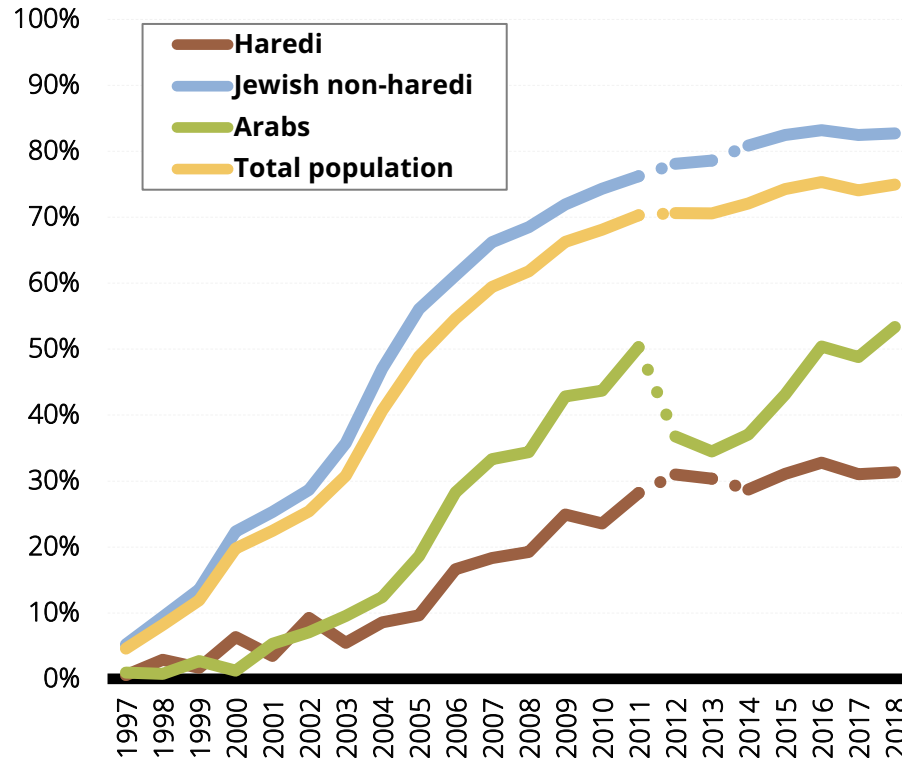


Source: Data processed from the Labor Force Surveys of the Central Bureau of Statistics, 2003-2017. Until 2014 Haredim were identified by the last educational institution studied at. Starting then the definition is based on self-identification. There's a gap in figures between 2011-2012, stemming from a difference in the way economic sectors were classified in those years

Internet Connection

The current situation is an opportunity to increase digitization in the Haredi population, in accordance with its lifestyle

The percentage of individuals with internet connection at home



Source: Data processed from the Household Expenditure Surveys of the Central Bureau of Statistics, 1997-2018. Until 2014 haredi was identified by the last educational institution studied at. From then the definition is based on self-identification

Increased use of internet by Haredim in the wake of the crisis

- A significant increase in the demand for internet installations
- 78% report using internet more than they did in the past
- Many report that they will continue resorting to technology even when the crisis is over

Source: Bezek report on digital use in the haredi population. A study sampling 400 men and women ages 20-55 from the haredi population.

Opportunities in the wake of the crisis

Willingness to change on the part of workers (and employers)

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- **Greater willingness to make use of digitization. New opportunities:**
 - **Acquisition of basic skills** necessary for success in the job market
 - **A potential for training from home** (could also have a positive influence on other issues such as separation between men and women, which wouldn't be necessary in online courses)
 - **Increased possibilities for working from home** – allowing people to work at long distances from their homes (opportunities for both workers and employers)
 - **A motivation to increase human capital** through high level training courses – with the aim of reducing the vulnerabilities exposed by the crisis and more relevant to the future job market
 - **Professionalization of** business (freelancers, independent business owners), better preparation for extreme situations
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Final observation

Other populations whose vulnerability to the crisis is relatively high

Other vulnerable populations

The young and old

- The old, including those after retirement age who continued working until now
 - Problem: The necessity of extending the retirement age
 - The 2030 Employment Committee even established a goal for employment rates after retirement age
- Young people who have yet to enter the job market and will now find it difficult to find a job because of the large number of experienced job seekers

Of course, the Periphery, etc.

Summary notes

- **Although there are many challenges facing the Haredi and Arabs populations in the post corona era, there are new opportunities to be encouraged**
- **Identifying the opportunities in this crisis can help point us to a better future for the Haredi and Arabs economies, and indeed for Israel as a whole**

Thank you for your attention

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