

# 'Laying the Grounds' for Creating a Breakthrough in the Employment of the HAREDIM in Israel

- Executive Summary & Selected Key Slides -



July 22<sup>nd</sup>, 2018

**SHALDOR**  
From Insight to Impact



# The Fundamental Challenge

To create **'the next breakthrough'** in **'high added-value' employment** of the HAREDIM Population in the **Israeli economy...**

...by better leveraging **existing knowledge & best practices** among **all relevant stakeholders\***...

...generating an **integrative & broad enough perspective**, enabling to identify **"Focal Point" efforts**

\* Employers, Employees, Foundations, Government, NGO's

# Deriving the Factual Basis: A Combination of Primary and Secondary Research



Secondary Research

Primary Research

# The Engagements Outline & Deliverables

## Vocational Training for the “Current Workforce”

25.4.18 – Steering Team  
7.5.18 – Steering Committee

B1. Surfacing the Business Sector  
& HAREDIM Population  
Perspectives

'Major Barriers' to Overcome  
& Root Causes to Deal With

A. Analyzing  
'Supply and Demand'  
in the Israeli Economy

5.3.18 –  
Steering Team  
8.3.18 –  
Steering Committee

9.7.18 –  
Steering Team  
18.7.18 –  
Steering Committee

D. Assessing Effectiveness  
of 'Currently Involved'  
and Aligning Efforts  
Accordingly

The 'Supply-Demand' Gap

Emerging 'Courses of Action'

## Academic-level Studies for the “Next Generation”

31.5.18 – Steering Team  
6.6.18 – Steering Committee

B2. Surfacing the Perspectives  
of 'Haredim in the Education  
System' and the 'Education  
System for Haredim'

'Major Barriers' to Overcome  
& Root Causes to Deal With

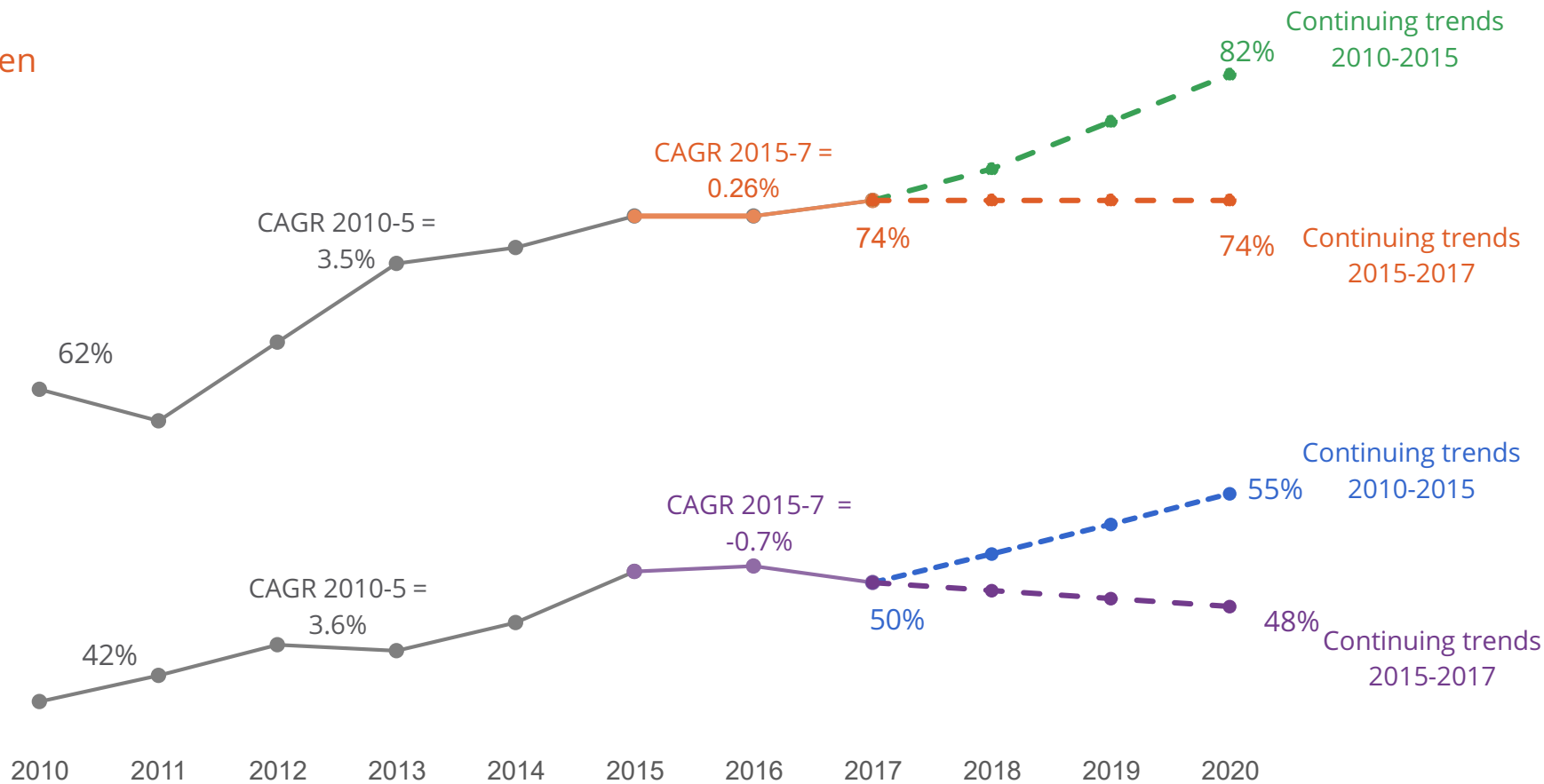
# Phase A Summary – Supply & Demand **Major Gaps** (1/2)

- Vis-à-vis last 3 years trends, **a major 'turn-around' in Haredi employment** is required, among both men and women
- While **'cultural enclave'** is the main reason for Haredi low rates of labor market participation...
- **...Low human capital** (from labor market perspective) **is the main variable** explaining the 'labor characteristics' of **Haredi people currently unemployed / interested in working more**
- **This gap in human capital** is reflected in **job 'quality' and 'compensation'**, which have significant effect on **Haredi motivation to work...**
- **...Particularly given the background of the polarized Israeli labor market, in which 'just working' is not enough** to avoid poverty

# Slowdown in the Employment Rate Among Both Men and Women in Recent Years

Haredi labor participation, (2010-2020E)

Women



Source: CBS, MoF, Shaldor analysis

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# A Substantial 'Alternative Cost' of Not-Working (~5,200₪/month), Strongly Ties 'Quality of Employment' to 'Rate of Employment'

Income not from salary, Haredi families by number of employees  
family of 8, (₪ a month)



**The issues of 'quality' and 'quantity' are intertwined;  
Employment rate can't significantly increase without solving the 'quality issue'**

# Phase A Summary – Supply & Demand Emerging Directions (2/2)

- When aiming for 'high added value' positions, the human capital gaps entail a **need to 'generate supply'** of workers adequately trained for these positions
- While the '**Academic Channel**' does '**generate**' such supply, it seems it **cannot be utilized much further** than it already had been...
- ...As **the gaps** which need to be closed by the 'average Haredi' **are deep**, and the **time to do so is short**
- Thus, achieving a sustainable breakthrough in Haredi employment requires '**supply generation efforts**' in two channels simultaneously:
  1. In the short-mid term - adapting '**professional training**' to industries' '**demand areas**', realizing the full potential of Haredim in the working ages (25-64\*), who are mostly **interested in 'livelihood' rather than 'careers'**
  2. In the longer term - working on '**human capital improvements**' among younger Haredim (<25), based on '**tapping**' '**least resistance**' pathways from within and alongside the existing system, allowing a "**second wave**" of Haredim to utilize the "**Academic Channel**" or its equivalents



# 'Professional Education', Enabling to 'Meet' the Average (9,700 NIS) and Median (7,000 NIS) Wage Levels...

## Average Income By Occupation ,selected industries

Avg. Income (Gross, monthly, NIS)	Occupation	Health & Welfare	Finance & Insurance	Retail & Wholesale
14,212	<b>Academic-Level</b> +16 (Academic Degree)	<ul style="list-style-type: none"> <li>• Doctors</li> <li>• Social workers</li> <li>• Pharmacists</li> <li>• Opticians</li> <li>• Nurses</li> </ul>	<ul style="list-style-type: none"> <li>• Fund managers</li> <li>• Analysts and economists</li> <li>• Actuaries</li> <li>• Bankers</li> <li>• Financial advisors</li> </ul>	<ul style="list-style-type: none"> <li>• Management</li> <li>• Importers</li> <li>• Exporters</li> </ul>
		Avg. Salary: ₪ 18,000	Avg. Salary: ₪ 22,000	Avg. Salary: ₪ 18,000
9,426	<b>Professional workers</b> 13-15 (Professional post-secondary)	<ul style="list-style-type: none"> <li>• Practical engineers</li> <li>• Medical equipment technician</li> <li>• Oral Medicine Technician</li> <li>• Medical secretaries</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance Agents</li> <li>• Claims adjuster</li> <li>• Pension and insurance marketers</li> </ul>	<ul style="list-style-type: none"> <li>• Professional mechanics (electricians, glaziers, tinsmiths, etc.)</li> <li>• Wholesale traders</li> </ul>
		Avg. Salary: ₪ 9,000	Avg. Salary: ₪ 12,000	Avg. Salary: ₪ 11,000
6,095	<b>Non-professional workers</b> 9-12 (up to high-school diploma)	<ul style="list-style-type: none"> <li>• Officials and secretaries</li> <li>• Nursing workers in hospitals</li> <li>• Nursing workers in houses</li> </ul>	<ul style="list-style-type: none"> <li>• Tellers &amp; Money collectors</li> <li>• Accounting clerks</li> <li>• Sales (mainly by phone / d2d)</li> <li>• Clerks and secretaries</li> </ul>	<ul style="list-style-type: none"> <li>• Retail traders</li> <li>• Salesmen (d2d, phone, peddlers, etc.)</li> <li>• Clerks and secretaries</li> <li>• Messengers and stewards</li> </ul>
		Avg. Salary: ₪ 5,500	Avg. Salary: ₪ 5,800	Avg. Salary: ₪ 5,300

'High Layers' require adequate training

# ...Is Hardly Utilized by the Haredi Workforce

"Typical occupations" of the Haredi population, by occupation, in selected industries

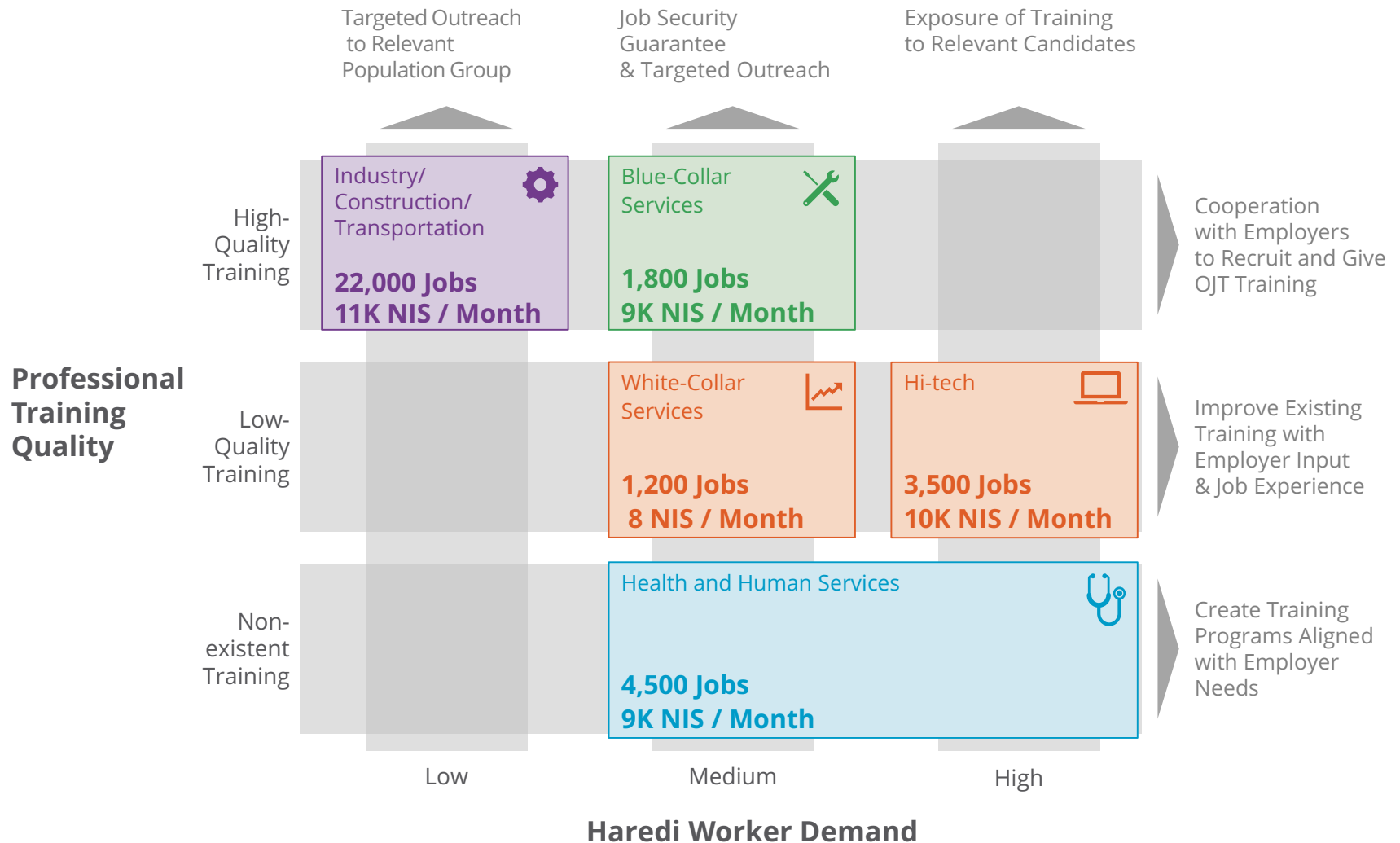
Avg. Income (Gross, monthly, NIS)	Occupation	Health & Welfare	Finance & Insurance	Retail & Wholesale
14,212	Academic-Level +16 (Academic Degree)			
9,426	Professional workers 13-15 (Professional post-secondary)	Avg. Salary: ₪ 18,000 <ul style="list-style-type: none"> <li>Medical secretaries</li> <li>Assistants</li> </ul>	Avg. Salary: ₪ 22,000 <ul style="list-style-type: none"> <li>Pension and insurance marketers, mostly inside the Haredi sector</li> </ul>	Avg. Salary: ₪ 18,000
6,095	Non-professional workers 9-12 (up to high-school diploma)	Avg. Salary: ₪ 9,000 <ul style="list-style-type: none"> <li>Nursing workers in hospitals</li> <li>Nursing workers in homes</li> <li>Clerks &amp; secretaries</li> <li>Sanitary &amp; cleaning workers</li> </ul> Avg. Salary: ₪ 5,500	Avg. Salary: ₪ 12,000 <ul style="list-style-type: none"> <li>Tellers &amp; Money collectors</li> <li>Accounting clerks</li> <li>Sales (mainly by phone / d2d)</li> <li>Clerks &amp; secretaries</li> </ul> Avg. Salary: ₪ 5,800	Avg. Salary: ₪ 11,000 <ul style="list-style-type: none"> <li>Retail traders</li> <li>Salesmen (d2d, phone, peddlers, etc.)</li> <li>Clerks &amp; secretaries</li> <li>Messengers and stewards</li> </ul> Avg. Salary: ₪ 5,300

# Phase B1 Summary –

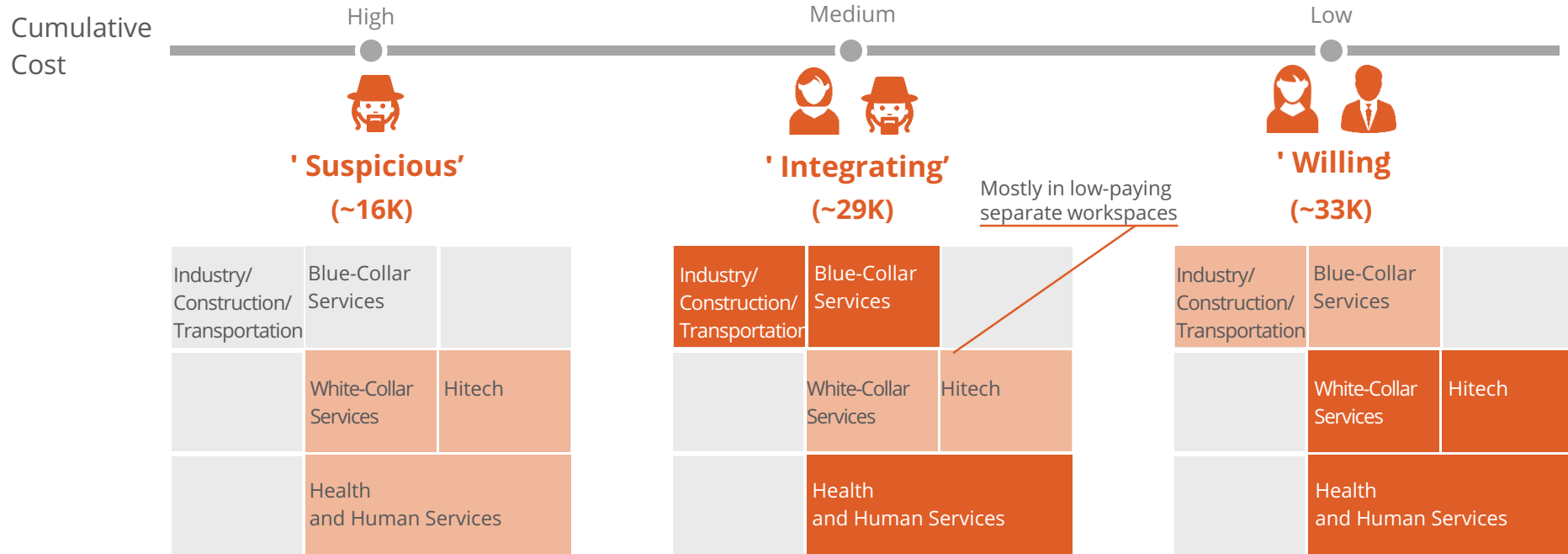
## ‘Current Workforce’ Major Barriers (1/2)

- The key for improvement in quality and quantity of jobs for the ‘Current Workforce’ lies in ‘vocational training’ channels...
- ...Given employers’ need for ‘skilled workers’, and the current exhaustion of the ‘academic channel’ as a possible ‘gap closing’ vehicle
- The ‘Vocational Training’ channel has the potential to ‘match’ ~80K potential Haredi workers with +30K ‘professional level’ vacant positions that currently exist in the Israeli labor market...
- ...By ‘translating’ the ‘potential supply’ to ‘actual supply’ using vocational training
- The main barriers preventing this from happening on large scales are related to:
  - Lack of adequate quality training, given employers’ various needs
  - Low willingness of candidates to take part in some of the existing available training programs
- In order for the vocational training programs to be effective on larger scales, the various types of Employees & Employers need to be addressed

# Four Challenges to Overcome in Vocational Training



# The Professional Training 'Arenas' have Different Relevance vis-à-vis 3 Distinct 'Alternative-Cost-Related' 'Target Groups'



- Compensation required to exceed **relatively-high 'alternative cost'**
- Position 'image' can't be **too low**, considering social cost involved
- **Identity barriers** should be dealt with adequately

- High-relevance for **Poorly 'branded'** but **well-paying** position with **growth** trajectory
- Medium-high degree of **openness to blue-collar** positions
- Question marks regarding **'very open' environments**, requiring adequate solutions

- Relatively **low social and identity costs...**
- ...Alongside **'real' compensation expectations**
- Relevant positions can be in **all environments...**
- ...and **'job horizon'** is key, rather than high opening salary

# Phase B1 Summary – 'Current Workforce' Root Causes (2/2)

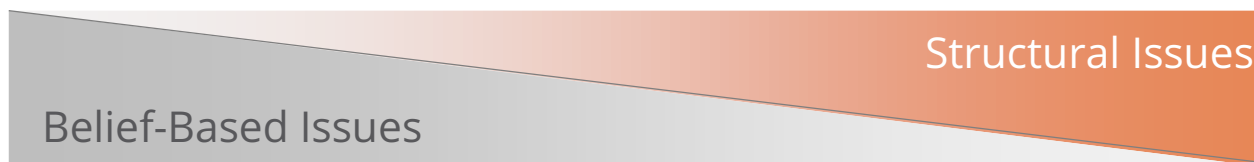
A sustainable improvement in the current workforce participation in the labor market requires addressing also 2 'under the surface' 'Root Causes', which make 'matching' supply and demand difficult even when both exist:

1. The business case misunderstanding/underestimation on both sides...  
...as employers are sometimes unaware to the option of hiring Haredim, and Haredim do not always fully understand the benefits of being employed
2. A fear of identity loss self-fulfilling cycle of misconceptions on both sides...  
...as employers and employees tend to 'overplay' the cultural differences on the one hand, and lack knowledge and tools to tackle them on the other

These moves are necessary 'infrastructure' in order for 'supply generation' moves to be able to achieve their goals

# Companies Face Both Belief-Based and Structural-Based Issues when Considering Employing Haredim

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## Employer Key Characteristic

Unaware of Haredim



Aware but Afraid



Open yet Misguided



Committed but Mismatched



Successful (but can do more?)



## Who are These Employers?

Employers who don't see Haredim as an option...  
...as they (still) don't face human capital shortages

Employers with homogenous workers...  
... who are not acquainted with Haredi society

Employers who are open to trying...  
...but don't know how to reach out to them

Employers who are open to trying...  
...but unsuccessful in finding qualified candidates

Employers who are actively seeking Haredi workers  
...and accepting of their needs

## What are the Issues?

Unawareness of the business case for hiring Haredim

Feeling of cultural threat by Haredim...  
...who they fear will alter the company's identity and norms

Difficulties to find qualified Haredim who want to work for the company

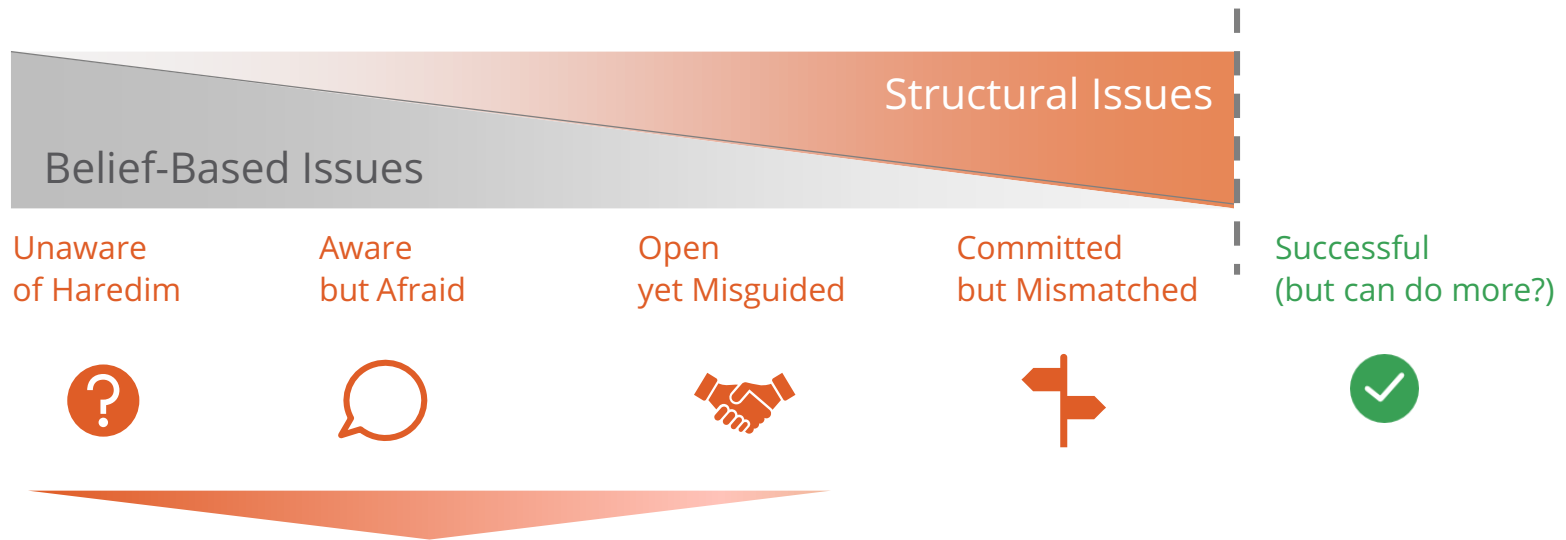
Haredi candidates' level of professional training does not meet employer standards and requirements

Mentoring and promoting Haredi workers to senior and managerial positions

## Examples of Employers



# As Belief-Based Issues are 'Generated' by Both Employers & Employees, they should be 'Tackled' from Both 'Sides'



## \$ 'Business Case' Misunderstanding

- **Employers** have a **uniform view** of the (actually very heterogenous) Haredi society ...**preventing them from targeting** and realizing the full potential of hiring Haredim
- **Employees** lack accurate **understanding of the labor market**...  
...creating **false assumptions** and **unmet expectations** about working

## 🧑 'Fear of Identity Loss

- **Employers** have **preconceived notions about required adjustments** for Haredim...
- ...Perpetuated by **demands/requirements** of strict **Employees** ...  
...Leading to a **vicious-cycle of unwarranted fear** of change

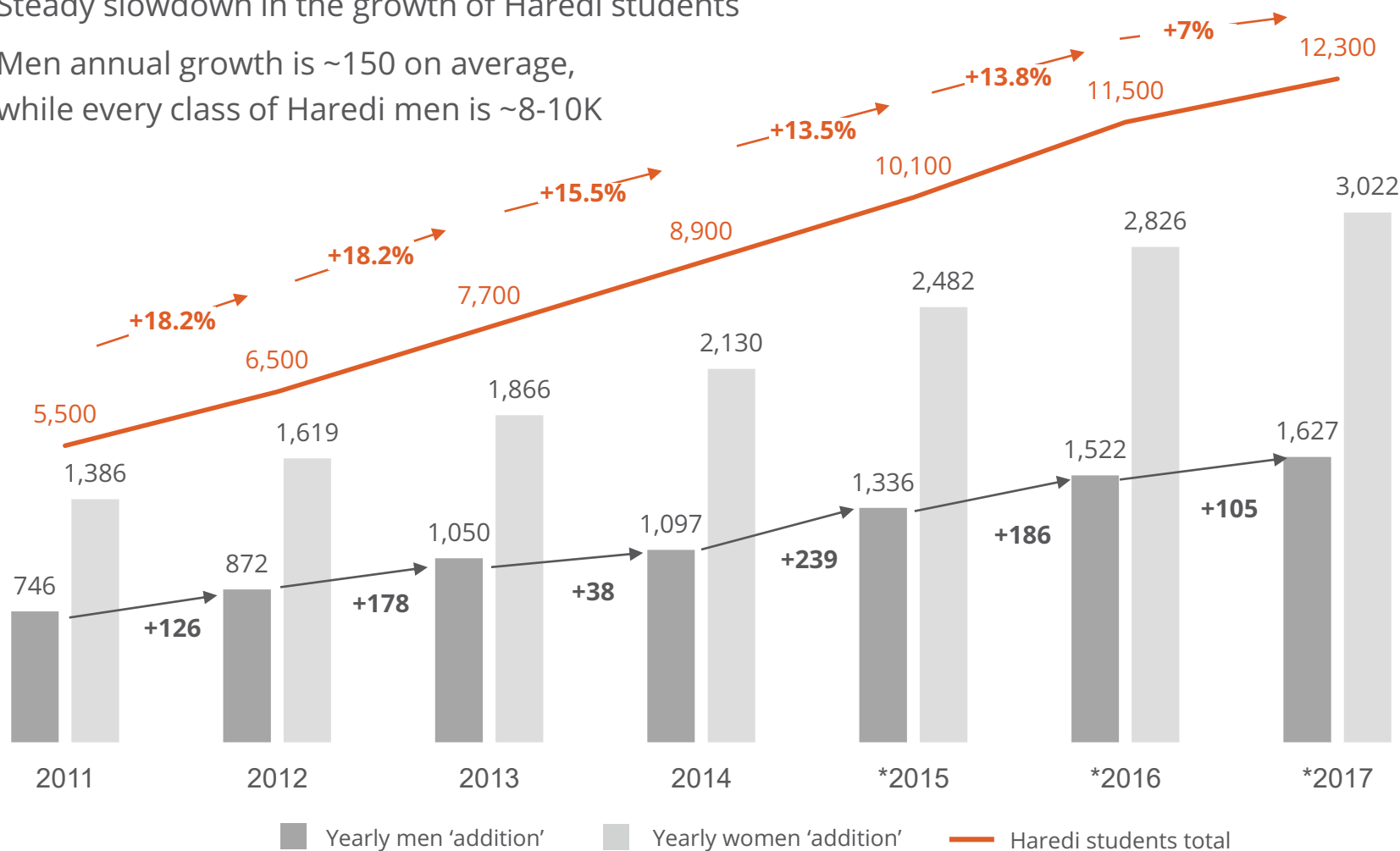


# Phase B2 Summary – Next Generation Root Causes (1/2)

- While the 'Academic Channel' successfully 'generates supply' and allows for Haredi integration in 'high added value' jobs...
- ...It cannot do so on a larger scale, given the 'Root Causes' of deep & wide gaps in basic Mathematics, English and soft learning skills
- These are the result of Haredi education system structure, which neglects these topics among men, and teach them at inadequate levels for women...
- ...Stemming both from current system 'standards', and lack of 'enablers' like Math & English qualified teachers, or high-level standard exams
- These gaps are affecting academic studies directly, by causing the high level of Haredi dropout from academic studies...
- ...And indirectly, through avoidance of high-level institutes & scientific disciplines studies, both correlated with high added-value-jobs in Israel's labor market

# There are Some Indications that the 'Academic Channel' Might be Nearing Its 'Exhaustion Point'...

- Steady slowdown in the growth of Haredi students
- Men annual growth is ~150 on average, while every class of Haredi men is ~8-10K



\* number of additional students for 2015-7 is extrapolated based on total number of students

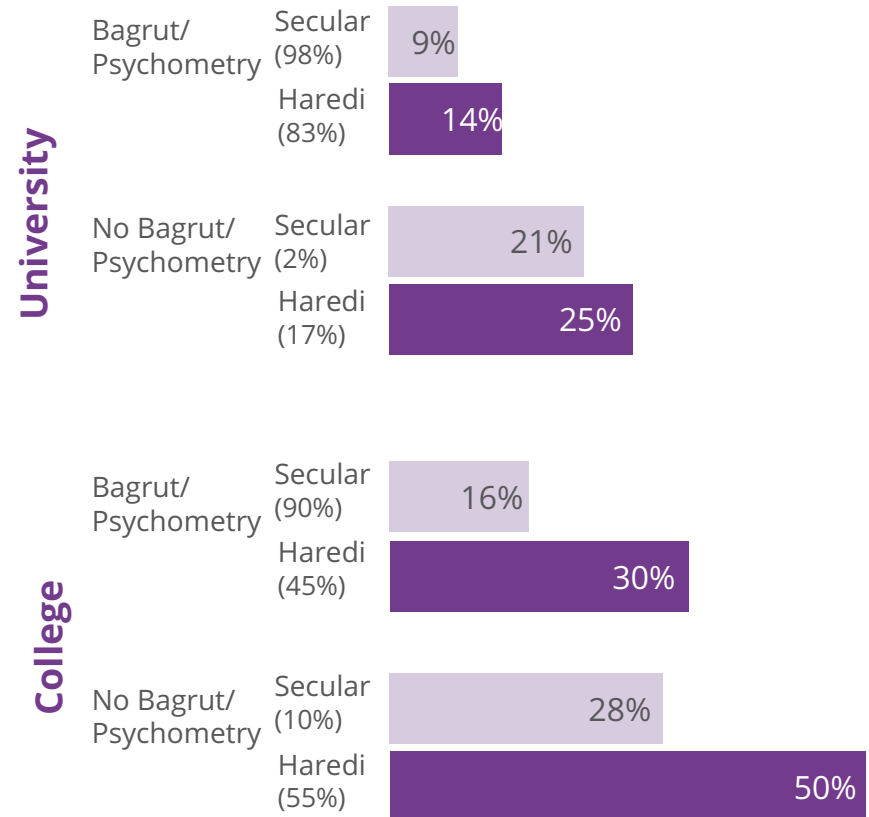
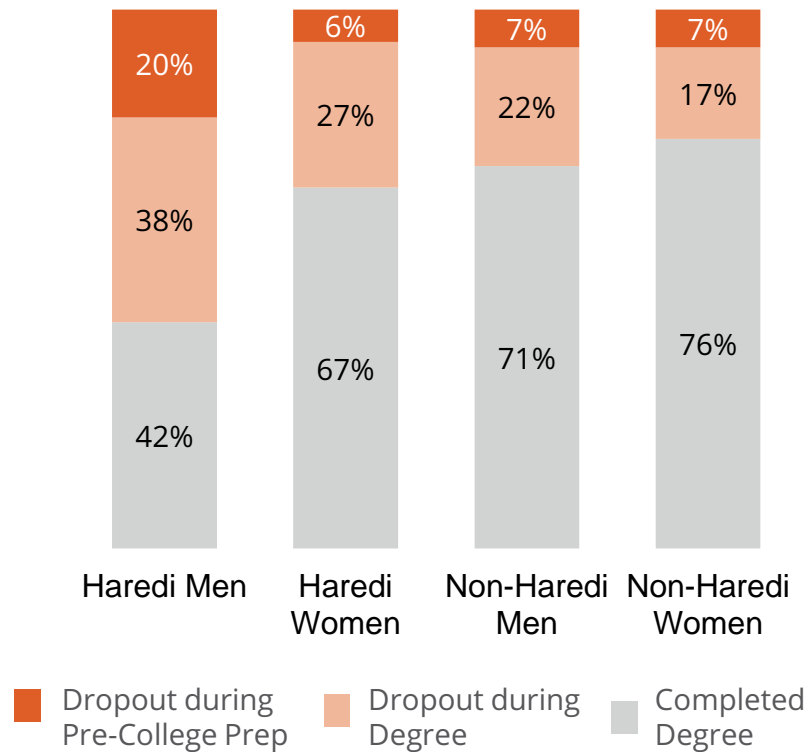
Source: Taub, "The Challenge of Integrating Haredim into Academic Studies", 2016; "מל"ג-ות"ת לאוכלוסייה החרדית לשנים תשע"ב-תשע"ו", Shaldor analysis

# Haredi Students Dropout Rates Tend to be Extremely High In Every Academic 'Setting'

Dropout rates are especially high among men, but also among women...

...And Occurs in Every Institute, Under Any Kind of Entering Threshold

Dropout rate from Pre-College Prep and Academia (2005-2014)

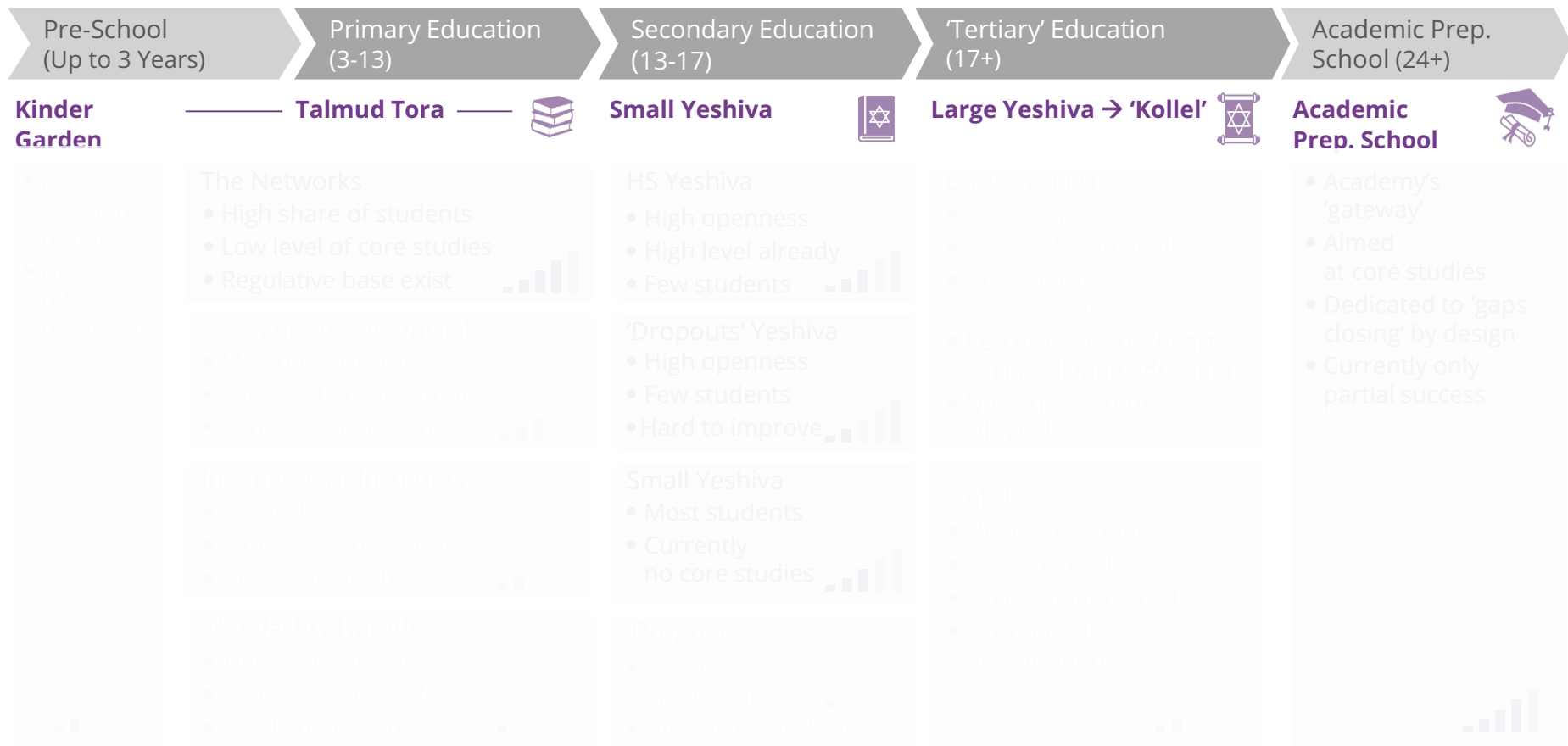


# Phase B2 Summary – Next Generation Promising Areas to Tackle (2/2)

Considering both the ‘Haredim in the Education System’ and the ‘Education System for Haredim’, we can point out the most promising areas to tackle

1. In Men primary education, focus on English teaching within The Networks - the ideal English teaching age within institutes with ‘dedicated’ space and regulation
2. In Men secondary education, focus on arriving to ‘critical mass’ of Math teaching by working simultaneously in the different institutions; since Small Yeshivas do not include core studies, ‘external’ models will have to be used
3. Later efforts in Academy Prep. Schools, are also possible despite the less ideal age, given the dedicated setting, potentially allowing for fast and efficient gap closing efforts
4. For Women, the problem lies in the system’s overall level and standards, thus improvement can be achieved by focused efforts on excellence and scientific orientation, mostly among the ‘highest level’ parts of the system
5. Since the Seminars serve as a ‘natural’ bridge to academic-level qualification and tech. disciplines, this is also a major area to focus on

# In Summary - 3 Major Areas in Men's Education in which Solution is Required & 'Critical Mass' is Achievable

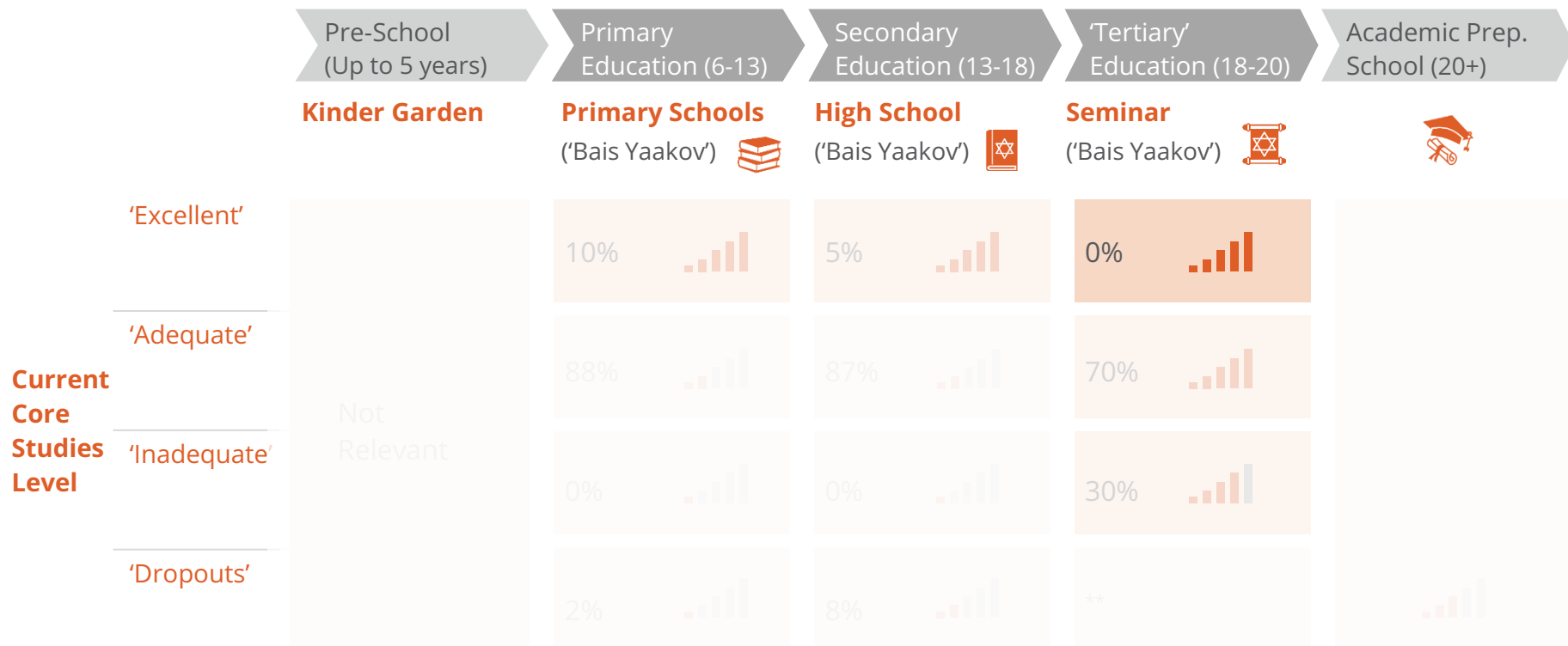


As **The Networks** represent a large part of Haredi students in primary schools, and already have some kind of regulated core studies, this is a major area to work in

In secondary education, no specific area is large & reachable enough to generate 'critical mass'; thus, a **combination of efforts in all types of institutions** will be required

Alongside these two, the **Academic preparatory schools** represent the best chance for 'late stage' solution

# In Summary - Both Focused Effort on Seminars and 'Lateral' Focus on Excellence have High Potential



As **Seminars** serve as a ‘natural’ bridge to academic-level qualification and tech. disciplines, investing in them could increase the overall level of the system’s graduates;

Increasing exposure to **scientific studies** and encouraging strive for excellence among the ‘highest layer’ could also create an overall improvement in level and standards

Source: Knesset research center, Ministry of Education, Berl Katznelson educational center, interviews, Shaldor research

\*Adequate – 3 units level (out of 5 units); ‘Dropouts’ – not learning in any institution

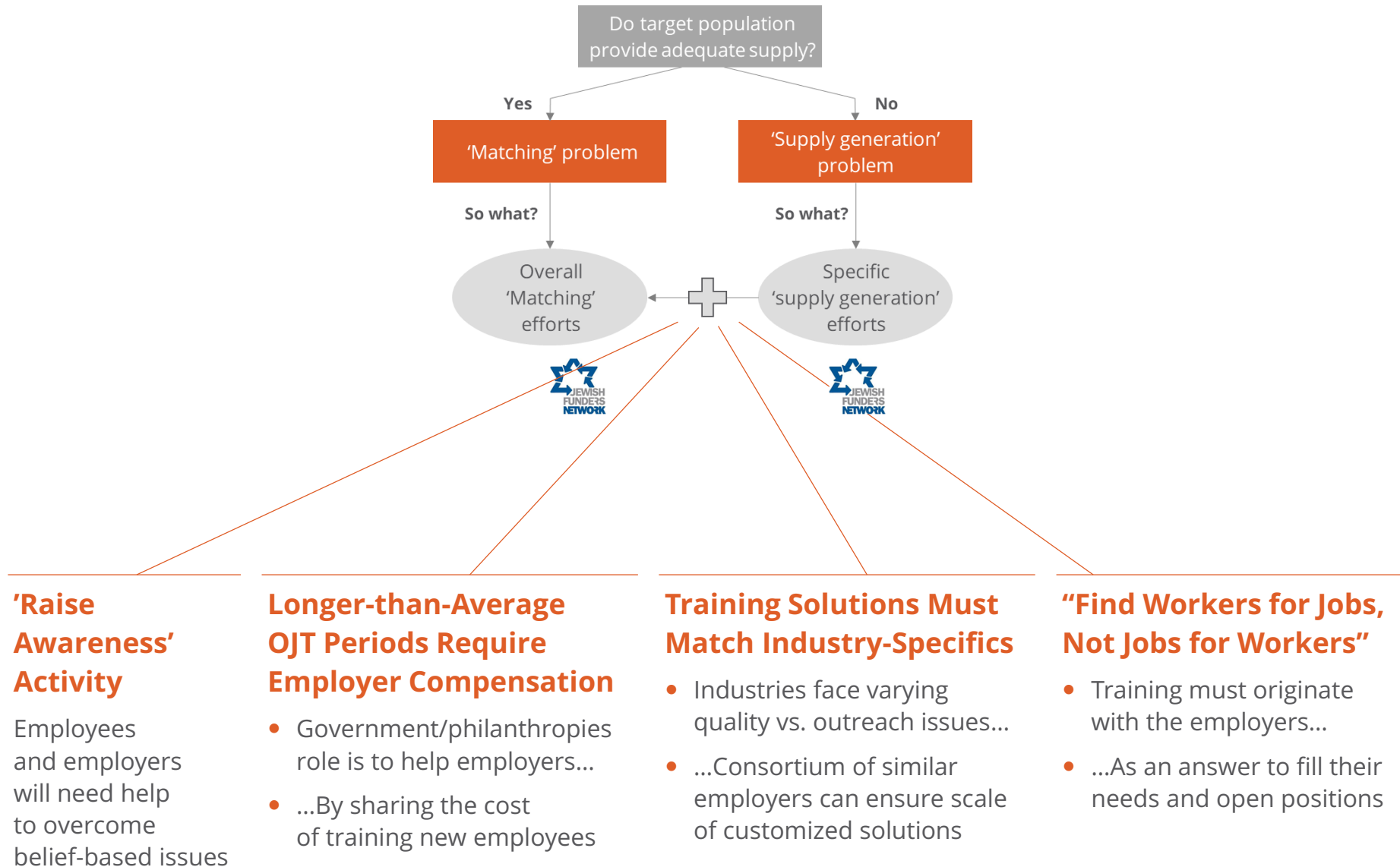
\*\*No dropout is defined as this stage is optional (compared to the wider education system)

# Phase C Summary –

## Current Workforce Emerging Courses-of-Action (1/2)

- The need to ‘generate supply’ & match it with demand simultaneously dictates a **number of guidelines** for promoting vocational training solutions:
  - “Finding workers for jobs, not jobs for workers” – **demand side as the starting point**
  - “Differences between industries entail differences between solutions” – **‘vertical’ specialization**
  - “Supply generation is not employers’ burden” – **employers’ support models as key component**
- These principals call for **5 ‘vertical models’**, each running an ‘end-to-end’ activity – **from awareness to placement**
- The **‘root causes’** of lack of awareness and fear of identity loss are not unique to each vertical, and thus **should be tackled by a ‘shared service’** across verticals
- **Role of each ‘party’** involved (employers, employees, training & placement org., philanthropy, govt., ...) will vary according to the **vertical’s unique characteristics**

# ...‘Dictate’ the Following Guiding Principles for ‘Generating Supply’ & ‘Matching It with Demand’ Simultaneously

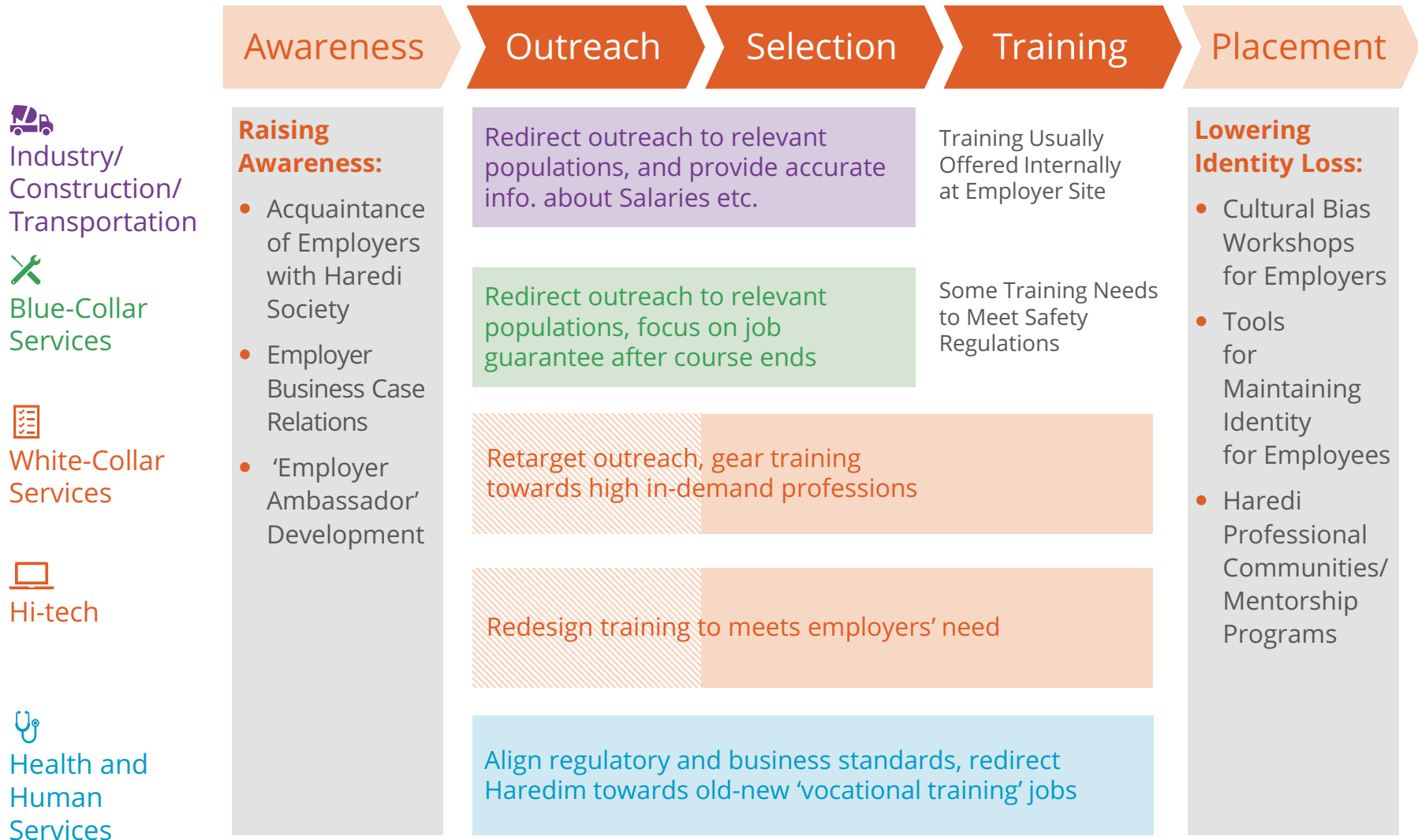




# A True Change will Require 'Synchronized Cooperation' of Various Players...



# ...Working Together on an 'OST Model' (Outreach-Selection-Training) Adapted to **Industry-Specialization**, When Required



# Phase C Summary – Next Generation Emerging Courses-of-Action (2/2)

- The desire to ‘generate supply’ in ‘broad enough’ way, ensuring ‘maximum options’, demands considering each unique ‘area’ & adapting efforts accordingly
- 4 different ‘sensitivity’ areas within Haredi education system means utilizing various different models in various attitudes:



A ‘Head on’ attitude in the ‘academia oriented’ area, increasing **Seminars’** level to ‘academia equivalent’ and reshaping **academic prep. Schools for men**



A ‘Direct’ attitude in **girls’ education system**, utilizing both ‘system internal’ efforts of teachers’ training, and ‘supporting’ efforts of supplementals English & STEM classes

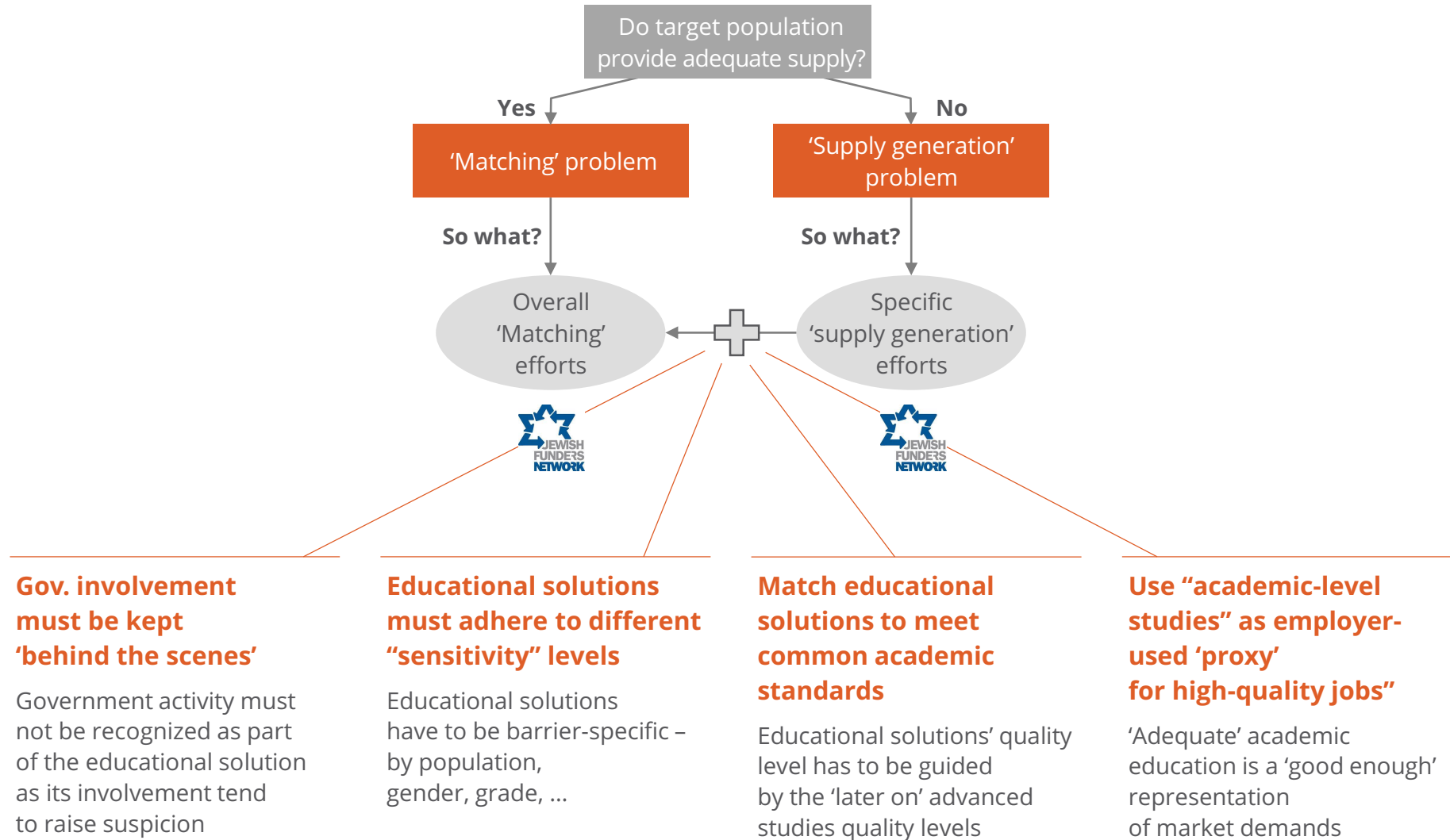


An ‘indirect & quiet’ approach to **boys’ primary education**, supporting the system with teachers’ training and external classes wherever possible, aided by local authorities



A ‘periphery maneuvering’ attitude to **boys’ secondary education**, utilizing internal, supporting and external efforts to help in system’s various ‘peripheries’

# ...‘Dictate’ the Following Guiding Principles for ‘Generating Supply’ & ‘Matching It with Demand’ Simultaneously



# A 'True Change' will Require 'Solution Differentiation' by 'Level of Sensitivity'

## Higher education

(Seminars & Pre-academic Colleges)

Low sensitivity level –  
'head on' approach

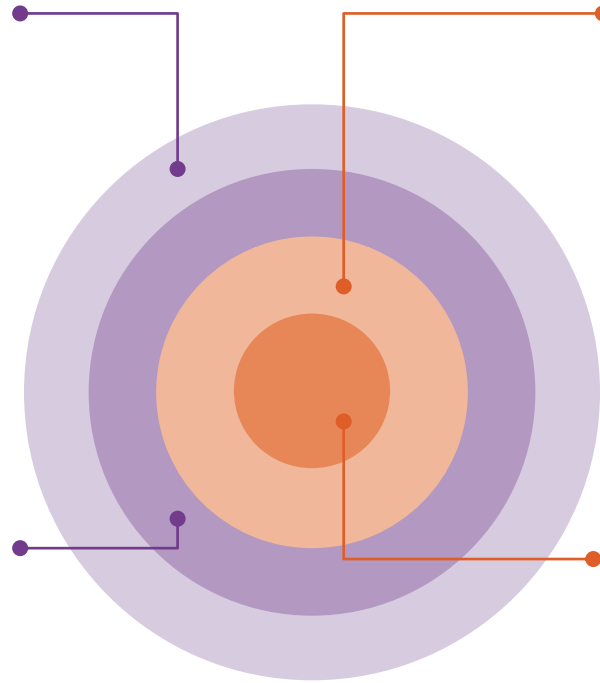
- Complete work-force orientation...
- ...Allows for an 'assertive', direct approach...
- ...Regarding human capital increase in the labor market context

## Girls education system

(up to 12<sup>th</sup> grade)

Medium sensitivity level –  
direct approach

- The system is passed the 'core studies barrier'...
- ...Yet, tends to be suspicious regarding the academia
- Subtle 'direct' approach can be taken...
- ...'Intervention' should be done 'under the radar'



## Boys primary education

(up to 8<sup>th</sup> grade)

High sensitivity level –  
'low key' approach

- Core studies are suspected...
- ...And tolerated in a limited form...
- Calls for an indirect and quiet approach
- With the less resistance factors to find key enablers

## Boys secondary education

(up to 'Large Yeshiva')

Highest sensitivity level –  
'Maneuvering' approach

- General studies at this level **perceived as a threat** to the Haredi boy...
- ...Moreover, some groups perceived them as a contrast to Torah studies...
- ...Calling for an approach of **maneuvering** between the less sensitive players

# To Reach a Critical Mass In **Boys Secondary Education**, “the Periphery” – in the Broad Sense – Must be Reached

## **‘Geo-social periphery’**

(10%-20%)

- Mainstream ‘Small Yeshivas’...
- ...Perceived as a periphery by Haredi’s core society
- E.g. geographical periphery, Teshuva Yeshivas, certain Sephardic Yeshivas, ...
- Only peripheral treatment can be considered...
- ...Possible ‘reward’ is limited accordingly

## **Boys Secondary Education**

## **‘Human capital periphery’**

(~12%)

- ‘Dropouts’ Yeshivas...
- ...Which prepare their students to the labor market – not the academia
- Mostly due to ‘human capital’ limitations including problematic or insecure youth

**Mainstream  
Small  
Yeshiva**

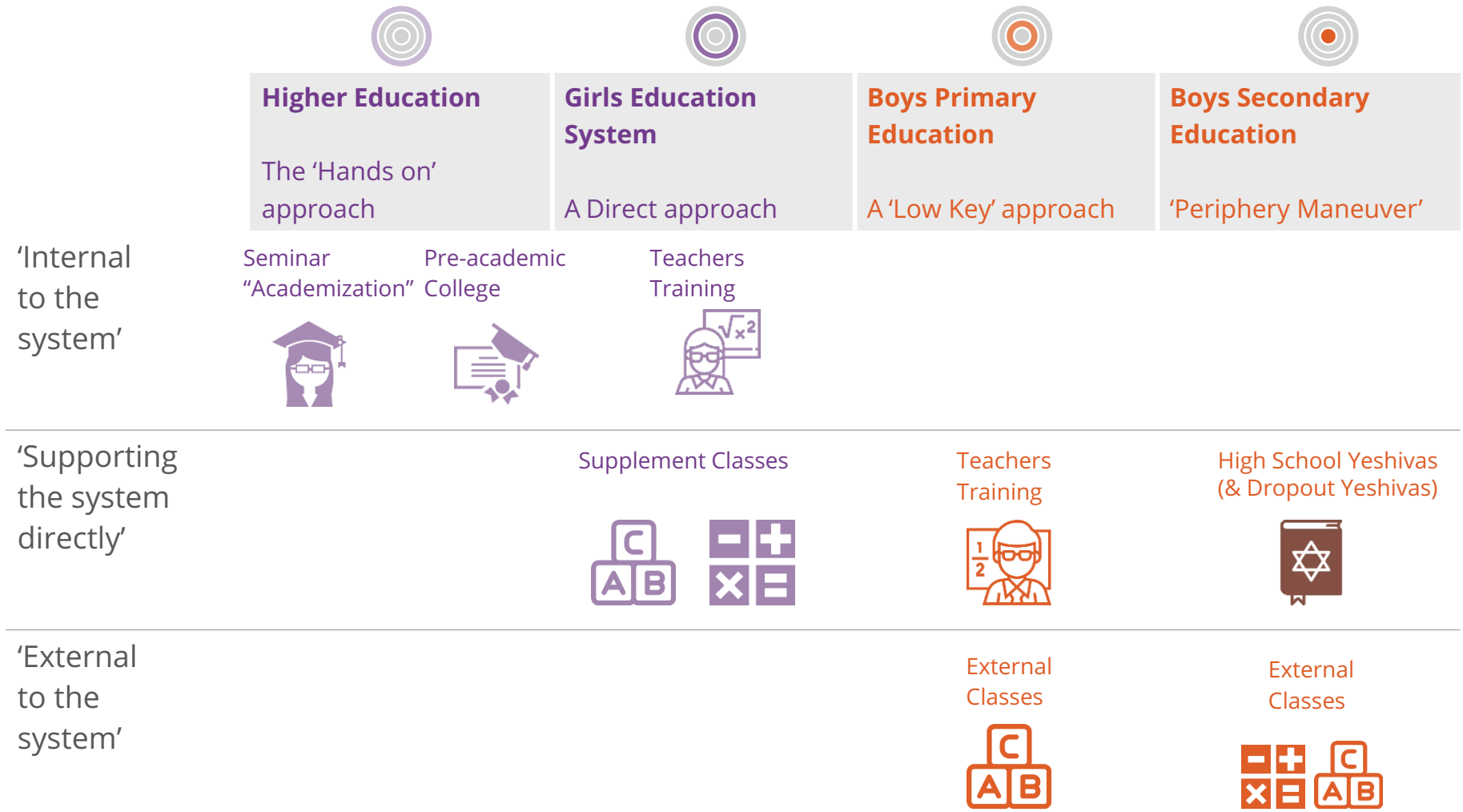
(inaccessible  
at this stage)

## **‘Institutional periphery’**

(~9%)

- Yeshiva high schools...
- ...Which suffer from lack of funding and institutional awareness
- Success in this segment is very promising as full Bagrut level is being taught
- Represent a ‘long-term potential’, as despite the projected high growth...
- ...Not expected to reach critical mass in the upcoming years

# The Identified Differences in “Sensitivity Levels” Call for Different ‘Educational Solutions’



# Scope-of-Integration – Different Expected ‘Time to Impact’

**Main efforts to be coordinated by the ‘Integration Function’...**

## Current Workforce

## Next generation

Industry/  
Construct./  
Transp.



Blue-Collar  
Services



White-  
Collar  
Services



Hi-tech



Health  
& Human  
Services



“High-end  
blue collar”



Existing training  
allow for fast  
advancements



Low resistance;  
infrastructure  
“in place”



“Academic  
Content”



Higher  
education  
(Boys/Girls)



“White collar”



Inadequate  
training requires  
content dev.



teaching skills &  
external platforms  
need to be dev.



‘Alongside  
System’ Models



Girls  
education  
system  
Boys  
primary  
education



Health



Regulatory  
dependency and  
system complexity



High resistance  
allow for eclectic  
efforts only



Secondary Ed.  
‘Peripheries’



Boys  
secondary  
education

