

Series of working papers of the Arab Economic Forum

Employment trends in Arab society before and after the Iron Swords War

Fourth report in a series

Arnon Barak and Sami Miaari

Under the guidance of the research unit of the Arab Economic Forum



Fourth Report in a Series | December 2023

المحاضر نعرך بحسوت نُشر هذا البحث برعاية

FISCHER
F|B|C|&|Co

משרד פישר בכר חן וול אוריון ושות'
מכתב פישר באחר חין וול אוריון ושרקאנה

المنتدى الاقتصادي العربي
الפורوم הכלכלي العربي
Arab Economic Forum



Arab Economic Forum

The Arab Economic Forum (registered NPO) is a non-profit independent research institute, which conducts socio-economic policy research on the Arab society in Israel. The Arab economic Forum conducts feasibility studies and policy research to the highest scientific standards in the fields of economics and society with the aim of leading to a true, fundamental change in the socio-economic status of Arab society in Israel, including making its studies available to those determining policy and to decision-makers in the country.

The Forum attributes great importance to social and economic processes and to their power in shaping the face of Arab society, and in the context of the ethnic divide and the socio-economic gaps existing between the Arab minority and the Jewish majority in Israel.

In addition to its research work and establishing strategic plans, as a practical-feasible translation of the results of its studies regarding ways of empowering Arab society's socio-economic capabilities, the Arab Economic Forum has established the Arab Business Men's and Women's Club – they are the main impetus for strengthening the Arab society's economy. The Arab Economic Forum promotes these goals through empowering Arab businessmen and women and support in developing their capabilities; stimulating Arab entrepreneurs and the Arab culture of entrepreneurship in Israel; establishing various events and activities to pass on the Forum's educational-scientific messages through research, giving courses and setting up conferences; all this in addition to opening the Forum's new website (<https://arab-forum.org/>).

This document is part of a series of reports by the Arab Economic Forum. As part of the Forum's work to strengthen the socio-economic situation of the Arab population in Israel, quarterly reports will be published on macro-economic topics which are of crucial importance to Arab society. A short report will be published every quarter, focused around the central developments in a defined field, with broad ramifications on standard of living.

Arnon Barak

Economist and independent researcher, working in the fields of economic policy, macro-economics and the labor market. Formerly a researcher at the Research Department of the Bank of Israel and has published papers on the subject of transportation and employment in Arab society.

Sami Miaari

Senior lecturer and researcher at the Department of Work Studies at Tel Aviv University and research fellow at the Briavatnik School of Government at Oxford; CEO and founder of the Arab economic Forum.



Table of Contents

Abstract	4
Part A: The Influence of the “Swords of Iron” War on	5
Employment in Arab Society	
1. Feeling Secure	5
1.1. Employment	7
1.2. Income	8
Part B: Employment Trends in Arab Society	10
2. Rate of Employment at Main Employment Age	10
2.1. Employment Rates by Age Group	11
2.2. Part-Time Workers	12
3. Quality of Employment	13
3.1. Income from Work	13
3.2. Distribution of Employees by Economic Sector and Profession	14
3.2.1. Distribution of Employees over Time	15
3.3. Centralization of Sectors in Employment	16
4. Conclusion	17
5. Appendices	18

Employment trends in Arab society before and after the Iron Swords War

Abstract

- The “Swords of Iron” War had an immediate impact on employment in Arab society and caused a sharp increase in the rate of absentees from workplaces, as well as to a marked decrease in employees’ working hours and income.
- Following the war, tension increased between Arab society and Jewish society and the feeling of security among Arab women employed in a mixed environment was undermined. It was found that these women’s employment and income was impacted at a sharper rate compared with women employed in an Arab environment.
- Initial testimonies indicate a partial recovery in employment after about a month and a half. However, the increased tension between Arabs and Jews and the decreased economic ties between them may have a long-term negative effect which will impact the accelerated integration of Arab women in the job market in Israel.
- Since 2012 there has been a sharp increase in the rate of employment among Arab women of the main employment ages (25-66) and this reached 45% in the first half of 2023. Assuming that this trend will continue, the employment rate of Arab women is expected to continue growing to 53% in 2030, according to the government target.
- The employment rate of Arab men of the main employment ages is actually much higher than that of women, but in the last revaluation it increased at a slow pace and stood at about 78% in 2023. Assuming that this trend will continue, the employment rate of Arab men is expected to be lower than the target (83%) and to total about 79% in 2030. Moreover, the employment rate of men aged 15 and over will not grow, but will remain stable.
- The increase in employment rate included women of all age groups, while among men various trends were noted: stability among young men versus a fast increase among older men (45+). The increase in employment of older men is of great importance since the main gap in employment rates between Arab and Jewish men stems from this age group.
- The increase in employment in Arab society was not only evident in employment rates, but was also accompanied by a decrease in the rate of part-time employees, among both women and men, especially among those employed part-time unwillingly.
- At the same time, it appears that the gaps in employment quality between Jews and Arabs have remained large and have hardly decreased: Arab women’s income from employment remains about 70% of Jewish women’s income from employment, while among men the ratio of income has risen from about 57% to about 62%.
- Arab employees continue to be concentrated in fields where the salary is relatively low, and their presence is sparse in fields which pay the highest average salary: information and technology (Hi-tech), finance and insurance, and professional, scientific and technical services.
- The Herfindahl-Hirschman Index indicates a high concentration of sectors employing Arabs (men and women) compared to Jews. While the power of concentration has decreased in the period examined, the gap in comparison to Jewish society has remained large, and this means a lower variety of employment in Arab society.

Part A: The Influence of the “Swords of Iron” War on Employment in Arab Society

The “Swords of Iron” War, which started on the 7.10.23, significantly impacted employment in Arab society. Previous analyses based on a human resources survey by the Central Bureau of Statistics for October 2023 indicated the intensity of the impact on employment, and showed that the fighting affected employment in Arab society especially, and particularly that of Arab men^{1,2}. These analyses found that the main influence on employment stemmed from a sharp decline in activity of the construction field due to a shortage of foreign and Palestinian workers, alongside a decline in demand in the fields of trade, hospitality and food, leisure etc.

Another reason, which was found to have a relatively minor influence in the short term, was the increased tension between Arabs and Jews which led to a decrease in economic ties between them. Although this phenomenon did not significantly influence employment in October, the reduced interaction between Arabs and Jews may have significant implications in the long term. Therefore, this development raises fears that with time there will be a decline in the great success of integrating Arab society into the Israeli job market in the last years (see Part B).

To understand the war’s influence on the tension between Arabs and Jews, and on various aspects of employment in Arab society, the Authority for Economic Development of the Minority Sector, in partnership with the Arab Economic Forum, conducted a survey on the subject of employment following the outbreak of the war. The survey was conducted among the adult Arab population in Israel (18+), according to a representative sample of 125 subjects, by the offices of the Yapa Institute from the 19-25 November 2023 (the seventh week of the war).

1. Feeling Secure

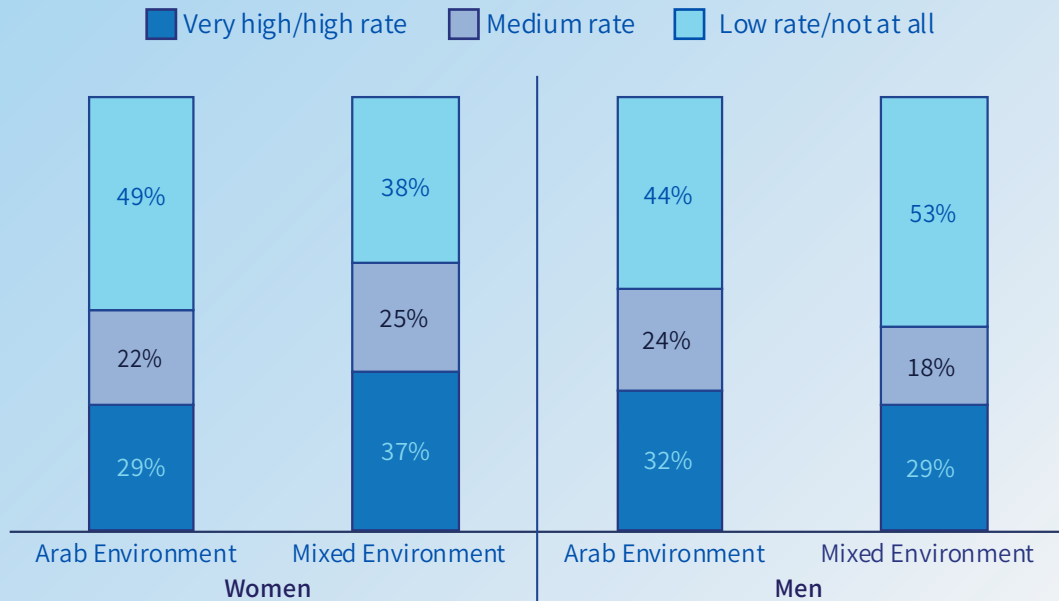
Figure 1 shows the distribution of replies among those answering the question: “To what extent are you anxious about going out to work every day after the outbreak of war?” When segmented according to gender and work environment, about 47% of the men and about 58% of the women reported that they work at workplaces with Arabs only (Arab environment) and the rest in workplaces employing Jews and Arabs (mixed environment). We note that almost 80% of Arabs are employed at two different types of workplace: at their place of residence at a workplace where only Arabs are employed, or in a Jewish/-mixed community, in a workplace employing both Arabs and Jews together.

The survey findings indicate that the highest rate of those anxious about going out to work to a very high/high extent is among women in a mixed environment. In contrast, among men the differences according to workplace are smaller, and the feeling of security in a mixed environment is even a little higher compared with an Arab environment.

[1] Bank of Israel (2023). Special analysis by the research department – the influence of the “Swords of Iron” war on work placement in Arab society.

[2] Tehawkho, Loewenthal and Partush (2023), the Effects of the Fighting on Arab Society and the Policy Steps Required. The Aharon Institute for Economic Policy and Joint-Tevet.

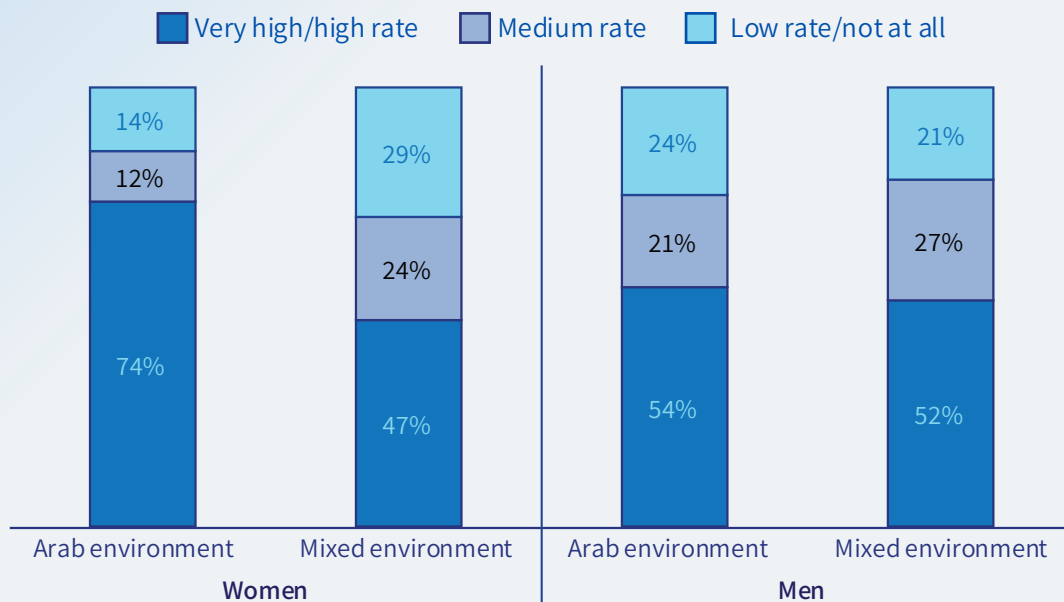
Figure 1: Anxiety about Going out to Work following the Outbreak of War, by Gender and Work Environment



Source: data of survey conducted for the Authority for Economic Development by Lexidel Company in partnership with the Arab Economic Forum and the Yapa Company for surveys.

Another question on the same topic for participants in the survey was: “To what extent do you feel safe in your current workplace in relation to the situation pre-war?” The distribution of replies to this question is presented in Figure 2, and according to this, women’s anxiety in a mixed environment is not limited only to going out to work, it also follows them to their workplace itself. While the feeling of security among a large majority of the women was maintained in an Arab environment (74%), fewer than half of them feel secure to a high or very high extent in a mixed environment (47%). Women in a mixed environment feel less secure than men, among whom the feeling of security appears not to be dependent on their work environment.

Table 2: Security in the Workplace relative to the Pre-war Situation, by Gender and Work Environment



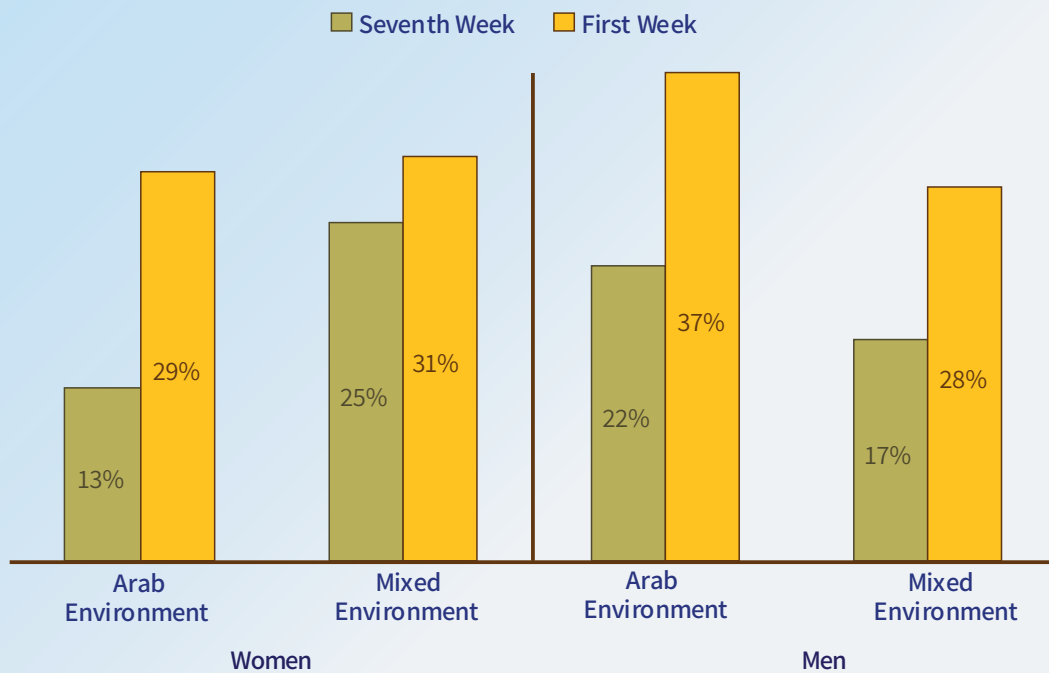
Source: data of survey conducted for the Authority for Economic Development by Lexidel Company in partnership with the Arab Economic Forum and the Yapa Company for surveys

1.1. Employment

According to the survey findings, employment in Arab society was sharply impacted immediately upon the outbreak of war, and recovered, at least partly, after about a month and a half. While in the first week after the outbreak of war the rate of people missing from work was about 30%, six weeks later the rate went down to about 20% - i.e. one third of the people returned to work (with almost no difference between men and women).

Figure 3 shows the rate of employees segmented by gender and work environment, and indicates that the gaps in feeling secure are expressed in employment: the women in an Arab environment are those who feel more secure, therefore they are also the ones who are working at the highest rate in the seventh week of the war, and the gap is significant when compared to women in a mixed environment (a gap that did not exist in the first week of the war). In contrast, the men's feelings of security are affected less by their work environment, and accordingly the differences in employment among them are very small. As for the reasons for not working, among the men the main reason is unpaid leave followed by unemployment, while among the women these reasons have remained secondary compared with other reasons (housewife, studies, health problems).

Figure 3: Rate of Absenteeism from Work, by Gender and Work Environment

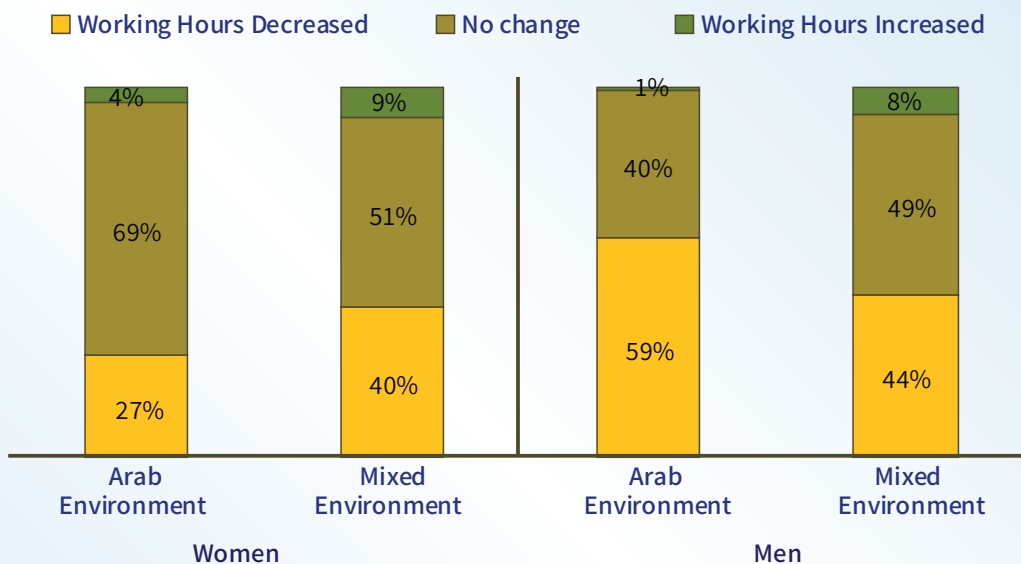


Source: data of survey conducted for the Authority for Economic Development by Lexidel Company in partnership with the Arab Economic Forum and the Yapa Company for surveys

Along with the increase in the rate of the unemployed and those on unpaid leave, many employees have reduced their working hours following the war, especially among men: 51% of men and 33% of women reported a decrease in working hours, compared with 4.5% and 5.1% who reported a rise in working hours, accordingly (Figure 4). The decrease in working hours is also consistent with the impact on women’s feelings of security: 40% of the women in mixed environments reported a decrease in working hours, compared with 27% of women in Arab environments.

The main reason for the impact in work placement – termination, going on unpaid leave, decreased working hours – among men is their workplace ceasing to operate, followed by a decrease in the workforce following the war. In contrast, among the women the main reason is a decreased workforce, and this gap appears to stem from the differences in the employment sectors; i.e. Arab men are employed more in economic sectors which are vulnerable to complete shutdown; unlike them, while Arab women are employed in more stable sectors, they are the first to pay the price of reductions in their workplace. Another reason for the decrease in the scope of work, mostly among women, stems from the fear of getting to the workplace.

Figure 4: Changes in Working Hours, by Gender and Work Environment

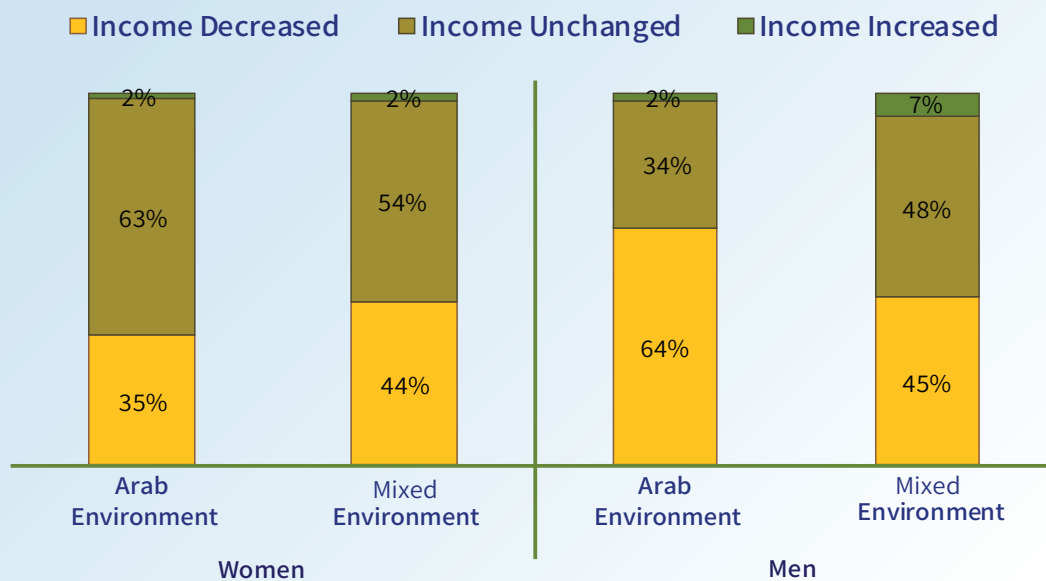


Source: data of survey conducted for the Authority for Economic Development by Lexidel Company in partnership with the Arab Economic Forum and the Yapa Company for surveys

1.2. Income

According to the development in employment, those surveyed also reported an impact on their incomes in October 2023, compared with September 2023: 53% of the men and 40% of the women reported a decline in their incomes, in contrast to only 1% of the men and 1.7% of the women who reported an increase in income. Figure 5 indicates that the distribution of replies by work environment is consistent with the results shown above regarding feeling secure and employment: the decline in income among women employed in a mixed environment was sharper when compared with women in an Arab environment, while among the men, the impact was more severe as a rule, especially among those employed in an Arab environment.

Figure 5: Changes in Income, by Gender and Work Environment



Source: data of survey conducted for the Authority for Economic Development by Lexidel Company in partnership with the Arab Economic Forum and the Yapa Company for surveys

Reports by Arab business owners indicate an even more serious impact: 87% of business owners in an Arab environment reported a decrease in scope of income/sales, as opposed to only 13% who reported an increase. Among business owners in a mixed environment, the decrease was slightly more moderate, amounting to 73% who reported a decrease as opposed to 18% who reported an increase (there was no change in income for the others).

Note that the feeling of security examined by the survey refers to an increased tension in workplaces in which Arabs and Jews are employed together, and the above findings demonstrate that this tension mainly affected Arab women. Simultaneously, there seemed to be another impact on employment and on income in Arab society arising from a reduced interaction between Arab service providers and Jewish customers; it is reasonable that this effect was more widespread among Arab men, among whom the percentage of self-employed is higher than among Arab women.

Part B: Employment Trends in Arab Society

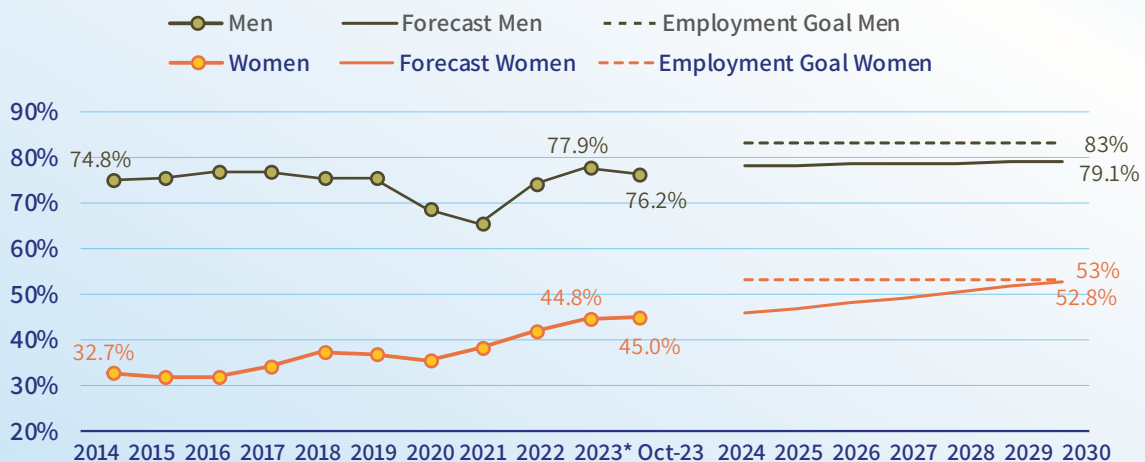
2. Rate of Employment at Main Employment Age

As part of the steps to utilize the growth potential in the market and in light of the importance of human capital to integration in employment and to work productivity in Israel, the Israeli government has defined goals for reducing the gaps in the rate of employment and in salary between Arabs and Jews by 2030. The goals which were determined for employment rate are 53% for Arab women and 83% for Arab men, in the 25-66 age group.³

According to data from a human resources survey by the Central Bureau of Statistics, from 2014 to the first half of 2023 the rate of employment of Arab women rose at a fast rate of about 1.2 percentage points on average per year: from 32.7% to 44.8% (Figure 6). The growth in employment rate for Arab women was due to a significant expansion of higher education, along with a rise in employment rate for women with a high school or lower education, thanks to cultural changes, expansion of trade services and sectorial activity within the Arab communities, and governmental policy supporting employment (guidance centers, professional training, day-care centers, developing infrastructure and more).⁴ Assuming that they will continue to integrate into the work market at this rate, the employment rate of Arab women is expected to reach the ambitious goal of 53% in 2030 – an employment rate reflecting an increase of about 15 percentage points in just one decade.

In the same period, there was a gradual increase in the employment rate of Arab men; during that time the rate of employment dropped sharply with the outbreak of COVID 19, after which it quickly recovered, so that in 2023 it reached 77.9% - higher than it had been in 2019 (Figure 6). Assuming that they will continue to integrate into the work market at this rate, the employment rate of Arab men is expected to be lower than the goal (83%) and to total about 79% in 2030. However, since the employment rate of Arab men already stands at a relatively high level, a more central goal for them is an improvement in employment quality.⁵

Figure 6: Employment Rate of Arabs aged 25-66, by Gender



*Employment rates for 2023 relate to the first three quarters only

Source: The Arab Economic Forum, based on data from a human resources survey by the Central Bureau of Statistics (governmental goals file)

[3] The Committee for Promoting the Employment Field by 2030: Concluding Report (August 2020).

[4] Ministry of Work (2023), History of Employment and Education of Arab Women, part of a report on the work market in Israel 2022.

[5] According to the committee report, "For Arab men the focus should be on raising the human capital, e.g. the level of Hebrew, and it is important to note that it is reasonable that raising employment quality will also indirectly affect the rate of employment, among other things by decreasing the phenomenon of early retirement from the work market".

Following the October 2023 war, the employment rate of Arab men declined and the rate of growth stalled in the employment of Arab women. However, employment rates remained at a high level and it appears that the average employment rate in 2023 is expected to be higher than it was in 2022. Thus, the more temporary the impact on employment will be (as it was in the COVID crisis), it is logical that the forecast presented below will not change significantly. We estimate that **the main risk to the forecast is an increase in tension between the Arab and Jewish societies**, which, as mentioned, could have long-term ramifications (see Part A).

2.1. Employment Rates by Age Group

While governmental employment goals focus on the 25-66 age group, examination of employment patterns at the age of 15 and over indicates a slightly different picture: the employment rate of Arab men remains stable, due to a consistent drop in the rate of participation offset by a drop in the rate of unemployment. In the case of women, the continuing rise in employment rate can also be observed at age 15 and up, due to a growth in participation rate alongside a drop in the rate of unemployment (Appendix 1).

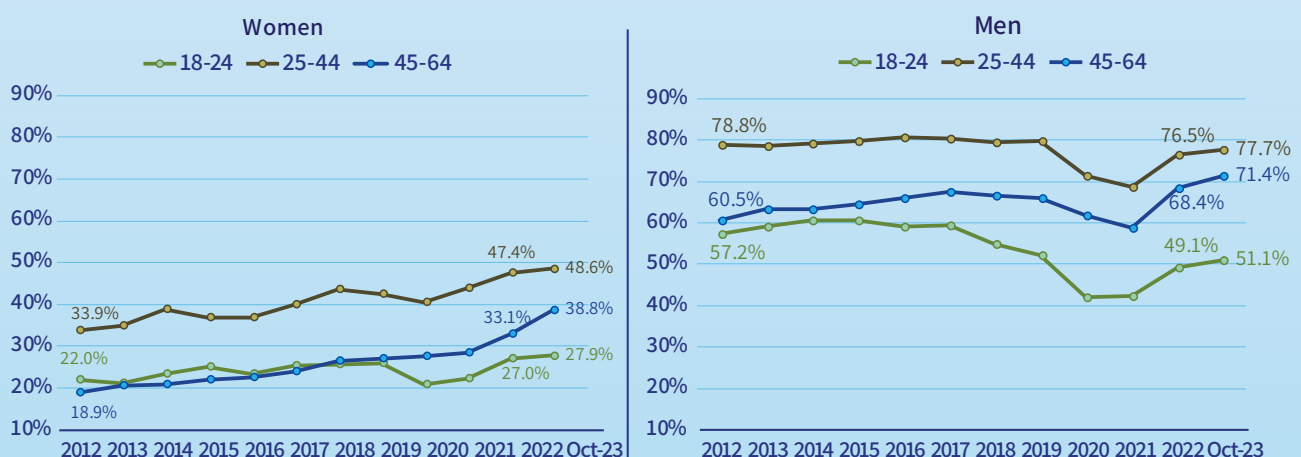
Segmentation of employment rates among Arab men by age groups reveals different trends among younger and older men (Figure 7). Among Arab men aged 25-44, the employment rate rose gradually until 2019, dropped sharply following the COVID crisis and remained low compared to its level before the crisis.

In contrast, Arab men aged 45-64 increased their employment rates at a good pace and recovered quickly from COVID, so that in summary their employment rate increased in the last decade at a rate of 0.8 percentage points. The increase in employment of older Arabs is of great importance, since the main gap in employment rates between Arab and Jewish men stems from this age group.

At the same time there has been a consistent and fast decline in employment rates for men in the 18-24 age group, but this trend should not raise concerns as long as it reflects the expansion of acquiring higher education among young Arabs, which delays their entry into the job market.

As for Arab women, in the same years they increased their employment rate in all age groups, and there is no apparent difference between younger and older women in the rate of growth (Figure 7). Note that the employment rate of Arab women in the 18-24 age group has also increased, together with a rise in the rate of Arab women who went into higher education.

Figure 7: Employment Rate of Arabs, by Gender and Age Group



Source: The Arab Economic Forum, based on data from a human resources survey by the Central Bureau of Statistics

2.2. Part-Time Workers

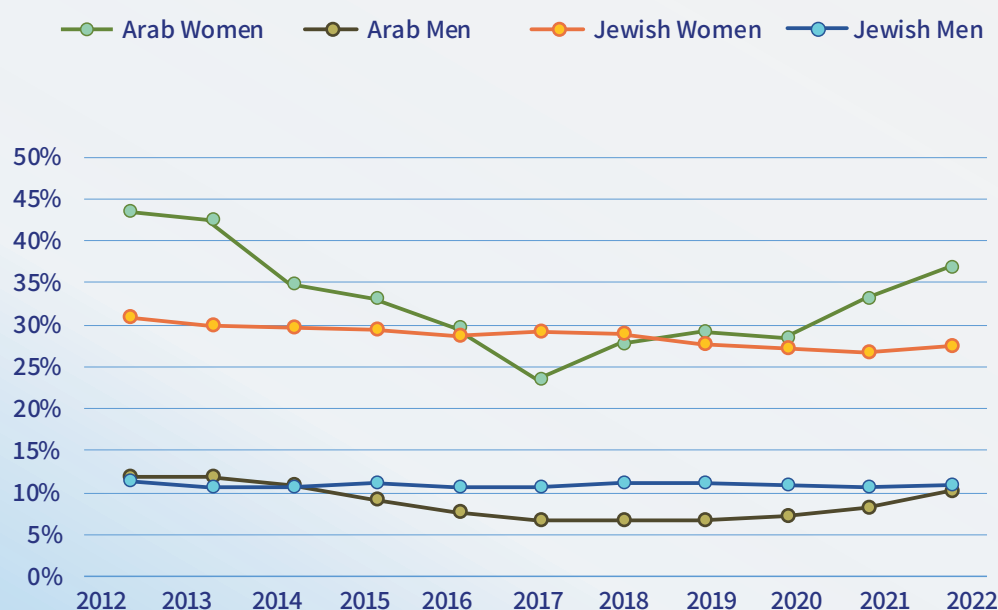
The rate of Arab women working on a part-time basis fell from about 44% of all employed Arab women in 2012 to about 29% in 2016-2019,⁶ which caused the gap between Arab and Jewish women to close (Figure 8). However, following the COVID crisis, the rate of Arab women working part-time rose to about 37% and the gap with Jewish women reopened (at least temporarily).

Among Arab men, a similar development was also noted: a drop in the scope of part-time workers from 12% in 2012 to about 7% in 2016-2019, followed by a rise after the COVID crisis. On the other hand, the rate of Arab men on a part-time basis is much lower than that of women, and is similar to that of Jewish men, which remained stable over the past decade.

People work in part-time jobs for various reasons: some prefer to do so for family or personal reasons, while others want to work more but have to make do with a part-time job because they cannot find a full-time position or another job. Regarding the latter, those employed part-time unwillingly, since 2012 there has been a sharp and consistent decline in their rate (out of those employed) in Arab society, among women as well as men (Appendix 2). It therefore seems that the expanded work placement in Arab society is expressed in the rate of employment as well as in the rise in the scope of employees' hours.

Concurrently, at the end of the period the employment rate continued to grow alongside an increase in the rate of part-time employees. Since in the same period the rate of unwilling part-time employees in Arab society continued to decrease, it appears that in the last years, men and women from Arab society who wish to work part-time also integrate into employment, indicating a flexibility among employers wanting to recruit the flow of supply of new workers from Arab society.

Figure 8: Rate of Part-Time Workers, by Gender and Population Group (25-54 age group)



[6] The rate of part-time Arab women also dropped to 23.5% in 2017 but this seems to be anomalous data.

3. Quality of Employment

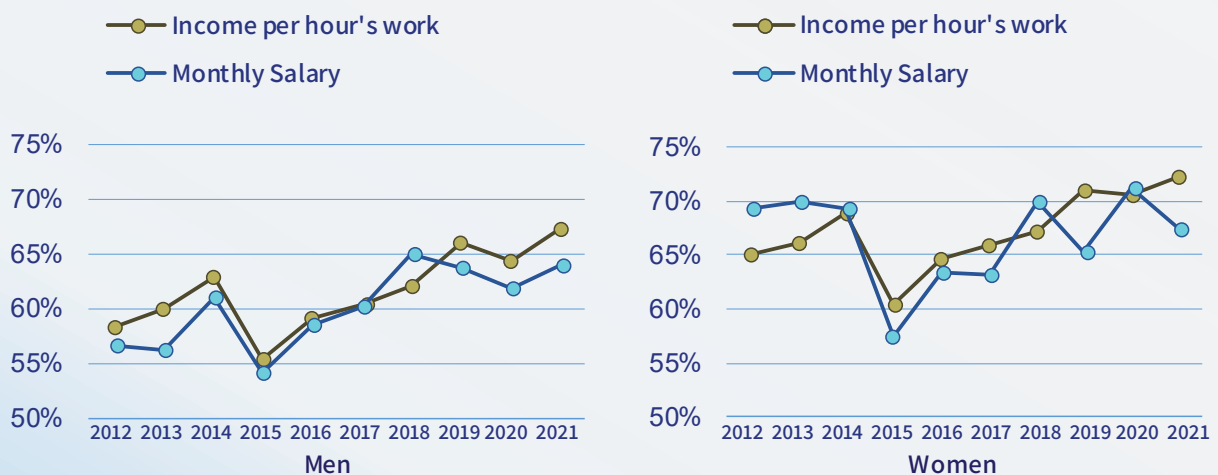
3.1. Income from Work

The (gross) average income of Arab women from work amounts to only about 70% of Jewish women's income, and a similar gap between the groups is also found in income per hour's work (Figure 9). Arab women's income was already about 70% of that of Jewish women in 2012, dropped sharply in 2014 and since then has risen gradually and returned to the same level in 2020.

While the gap between Arab women's income and that of Jewish women has remained significant, the fact that the gap has not grown in this period is an important achievement in itself – since it could have been predicted that the rapid increase in the employment of Arab women would cause the gap in income to expand, due to the employment of women lacking experience in the job market and with low skills as an average of the women already employed.

In the same period, the gap in average income between Arab and Jewish men decreased slightly: in 2012 an Arab man's income was about 57% of that of a Jewish man, and in 2020 its rate rose to about 62% (a similar picture is perceived of income per working hour). Thus, the income gap between Arabs and Jews is larger for men than for women. Note that since Arab men are already employed at a relatively high rate, policy tools are more focused on raising productivity and salary, and less on defining their rate of employment.

Figure 9: Ratio of Income from Employment of Arabs versus Jews, by Gender (Employees, aged 15 and over)



Source: The Arab Economic Forum, based on data from a human resources survey by the Central Bureau of Statistics

3.2. Distribution of Employees by Economic Sector and Profession

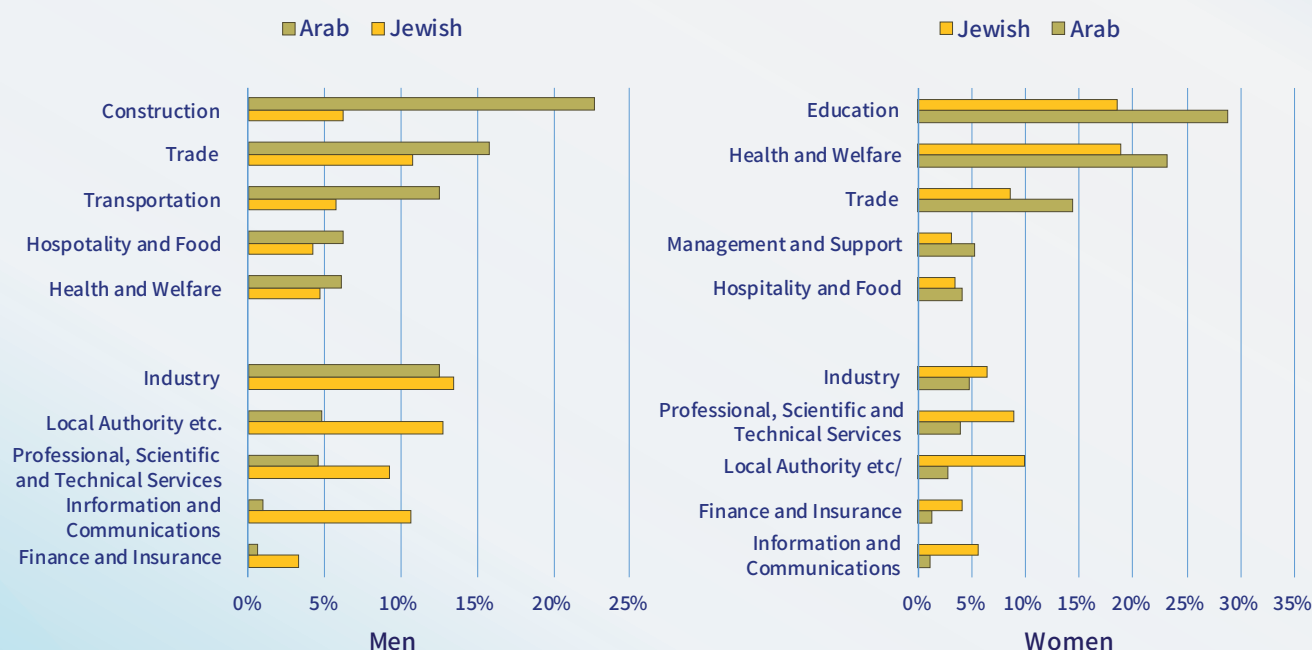
Around two thirds (66%) of Arab women are employed in only three economic sectors: the educational sector, the health and welfare sector, and the trade sector. Jewish women also tend to work in these sectors, but among Arab women these sectors take up a much larger part (Figure 10). This finding reflects the fact that two thirds of Arab women with academic professions are employed mainly in the education and health and welfare sectors, or as sales and service workers, who are employed mostly in the trade sector (Appendix 3).⁷

In the case of Arab men, their presence is prominent in three sectors in which about 50% of Arab employees are concentrated: construction, trade and transportation. Alongside this, the industrial sector is responsible for employing many Arabs (about 13%), but its share in employing Arab men is slightly lower in comparison to its share in employing Jewish men.

Accordingly, almost half of Arab men are tradesmen in industry and construction, or have similar professions such as facility and machine operators, product and equipment assemblers or drivers. Since these professions are physically demanding, they are less suitable for older people and lead to the early retirement of many Arab men from the work market.

In addition, a high rate of Arabs are sales and service workers and unskilled workers, which is expressed in the high proportion of Arabs compared with Jews in the trade sector and in the hospitality and food sectors.

Figure 10: Distribution of Employees by Chosen Economic Sectors, Gender and Population Group (2022, age 15 and over)



Source: The Arab Economic Forum, based on data from a human resources survey by the Central Bureau of Statistics

[7] While the rate of academic professionals is similar to the rate among Jewish women, the share of sales and services workers is larger among Arab women.

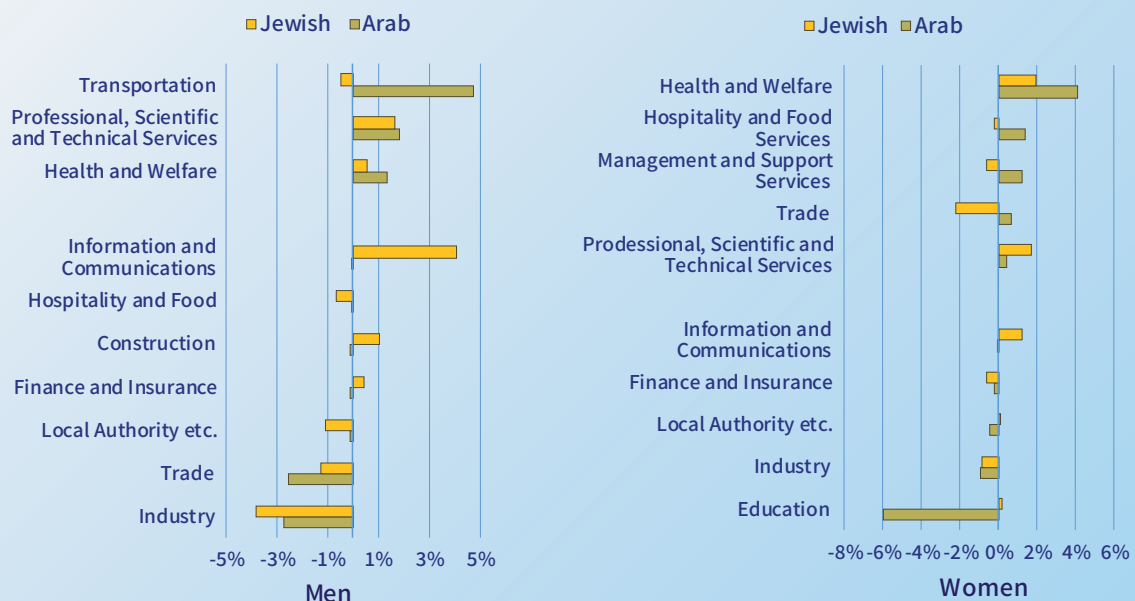
Conversely, only about 1% of Arabs (man and women) are employed in the IT and communications sector (Hi-Tech), around an additional 1% in the financial services and insurance sector, and only about 4% are employed in the professional, scientific and technical services sectors. The presence of Arabs in these sectors is significantly lower compared with Jews, and this gap is especially significant given that they are the sectors where the average salary is the highest.⁸ This sparse presence coincides with the low share of Arabs with academic professions (in the relevant fields), as well as that of practical engineers and technicians (Appendix 3). In addition, a low rate of Arab employees is also evident in the local government sector, which reflects their low presence in public service along with their absence from the security forces.

3.2.1. Distribution of Employees over Time

Since 2012, the employment rate of Arab women working in sales and services has grown, as has the employment rate of Arab tradesmen in industry, construction etc. On the other hand, among Jewish employees, the share of these fields has decreased and there has been a rapid increase in the rate of academic professionals. Since it is in these professions where each of the population groups is leading, these developments broadened the gaps between Jews and Arabs in the distribution of employees by profession.

As for distribution by sector, there has been an increase in the rate of Arab women employed in the health and welfare sector, and to a lesser degree also in the sectors of hospitality and food, management and support, and trade (Figure 11). This increase is largely at the expense of the education sector, where despite its being the leading sector in employing Arab women, the rate of women working there has greatly declined in the last decade, and this trend is especially prominent in light of the (slight) increase in the share of this sector in employing Jewish women. Alongside this, the share of the industrial sector in employing Arab women has also declined, but this trend is common to all the groups and reflects the contraction of the industrial sector in the market.

Figure 11: Changes in Distribution of Employees by Chosen Economic Sectors, Gender and Population Group (2022 versus 2012, age 15 and over)



Source: The Arab Economic Forum, based on data from a human resources survey by the Central Bureau of Statistics

[8] With the exception of the electricity and water supply sector, which is responsible for employing fewer than 1% of total employees. Source: Israel Statistical Annual 2022, Central Bureau of Statistics

Among Arab men there has been a sharp increase in the share of employment of the transportation sector, among other reasons in light of the augmentation of public transportation services, especially in Arab communities, as well as a more gradual increase in the part of the professional, scientific and technical services sector and the health and welfare sector. In contrast, the rate of Arab men employed has decreased especially in the industry and trade sectors.

The part of the information and communications sector in employing Arab men has remained stable, while the part in employing Jewish men has increased rapidly and has caused an increase in the gap between Arab and Jewish men for employment in this sector. Note that this finding relates to the distribution of Arab employees aged 15 and over, and does not contradict previous indications regarding a focused increase in the rate of young Arabs employed in IT.⁹

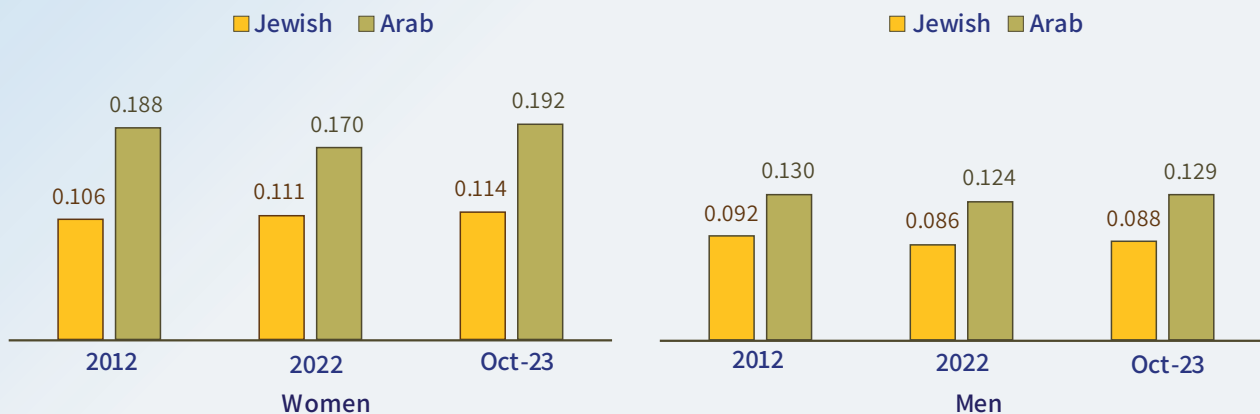
In addition, there has been no change in the part of the finance and insurance sector in employing Arab men. In contrast, the part of the professional, scientific and technical services sector has grown, especially among men and at an even higher rate than that of Jews. This change is therefore exceptionally important to the quality and variety in the employment of Arab men.

3.3. Centralization of Sectors in Employment

In addition to the clear conclusion that the rate of Arab men is lower in sectors where salaries are higher, we also get the impression that employment in Arab society is less varied and is concentrated in certain sectors. To establish this claim we used an accepted index of centralization – the Herfindahl-Hirschman Index (HHI) – and implemented it to measure the centralization of sectors in employment. The index gets the value 1 in cases of complete centralization (everybody is employed in one sector) and zero in cases of uniform distribution between sectors; i.e. the higher the index value, the higher the centralization.

Figure 12 presents the index values for Arab and Jewish women and men, and it clearly emerges that **the centralization of sectors among Arab employees¹⁰** is significantly higher in comparison to Jewish employees. Centralization is especially powerful among Arab women, despite having decreased since 2012, and the gap compared with Jewish women having shrunk. Among Arab men too, a drop has been noted in the power of centralization, but the gap compared to Jewish men has remained the same.

Figure 12: Herfindahl-Hirschman Index for Centralization of Sectors in Employment, by Gender and Population Group



Source: The Arab Economic Forum, based on data from a human resources survey by the Central Bureau of Statistics

[9] Cohen-Kovacz, C (2023), Integrating, but Slowly: Trends in Employing Haredim, Arabs and other groups in IT sectors. Labor Ministry

[10] Similar gaps in the power of centralization in employment between Arabs and Jews were also found in segmentation by profession.

4. Conclusion

The findings presented above indicated that in the last decade, a significant improvement can be observed in the employment rate in Arab society. The pace of growth in employment among Arab women, and among older Arab men (45+) is satisfactory, and correlates with government goals. The growth in employment embraces many age groups and is also expressed in the expansion of working hours and a decrease in the numbers of part-time employees.

However, the “Swords of Iron” war has caused an increase in tension between Arabs and Jews and a decrease in economic ties between them, and could have a long-term negative effect which will impact the trend of the increased integration of Arab society, especially that of Arab women, in the work market in Israel.

However, the gaps in employment rates between Jews and Arabs remain significant, especially among women. In addition, an improvement is still not obvious in the quality and variety of employment among Arab employees: the income gap remains wide, there is a sparse presence of Arab employees in the high-productivity sectors, and its sectors’ centralization in employment is high. These findings combine with additional indexes in previous reports which indicated fewer possibilities for Arabs in self-employed work¹¹ and in working from home,¹² along with a higher rate of Arab workers reporting a discrepancy between their work and their education and skills.¹³

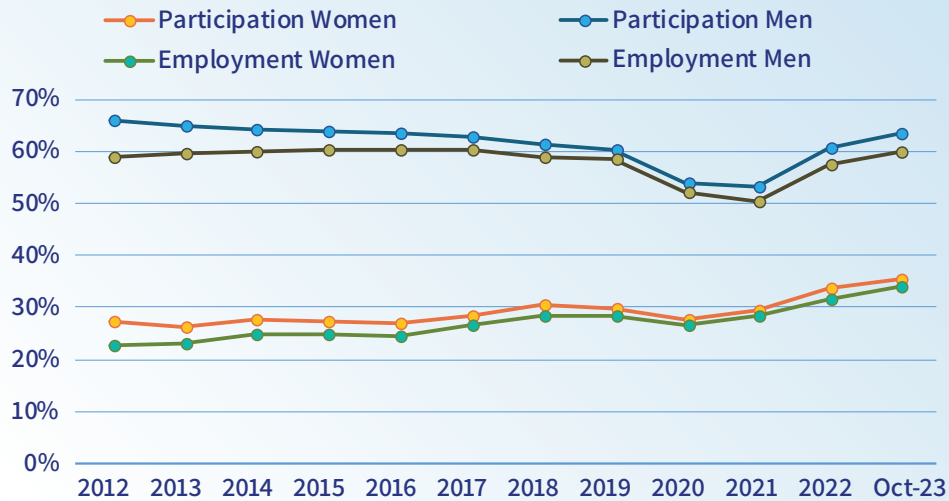
[11] Barak and Miaari (2023), Self-Employed Arab Workers in Israel, the Arab Economic Forum.

[12] Madhaleh and Bental (2022), The Power to Work from Home among the Arabs in Israel, Taub Center.

[13] The Aharon Institute for Economic Policy (2023), the Institute’s processing of human resources survey data.

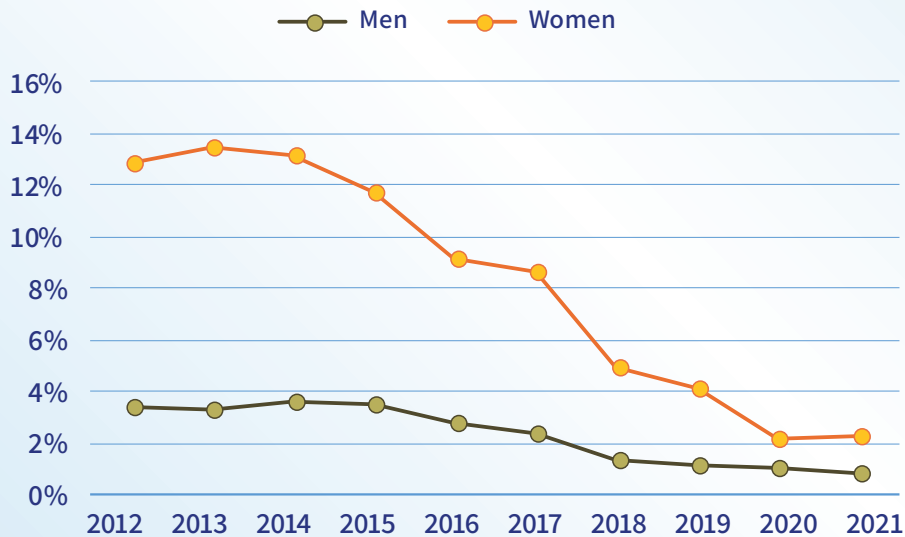
5. Appendices

Appendix 1: Rate of Participation and Employment, by Gender (Age 15 and over)



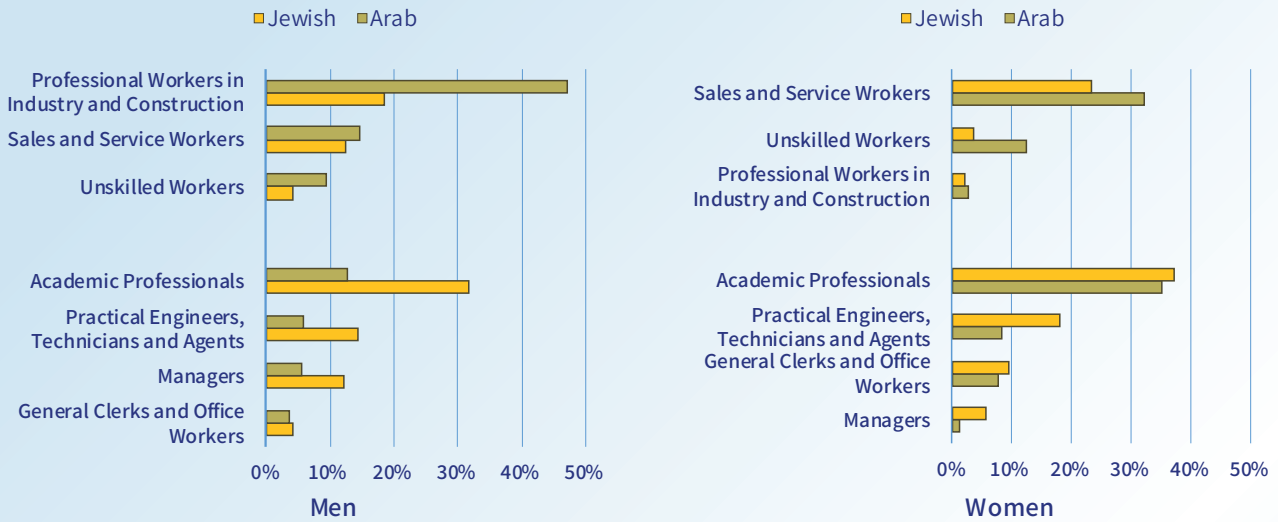
Source: The Arab Economic Forum, according to data from a human resources survey by the Central Bureau of Statistics.

Appendix 2: Rate of Arabs Unwillingly Employed Part-Time, by Gender



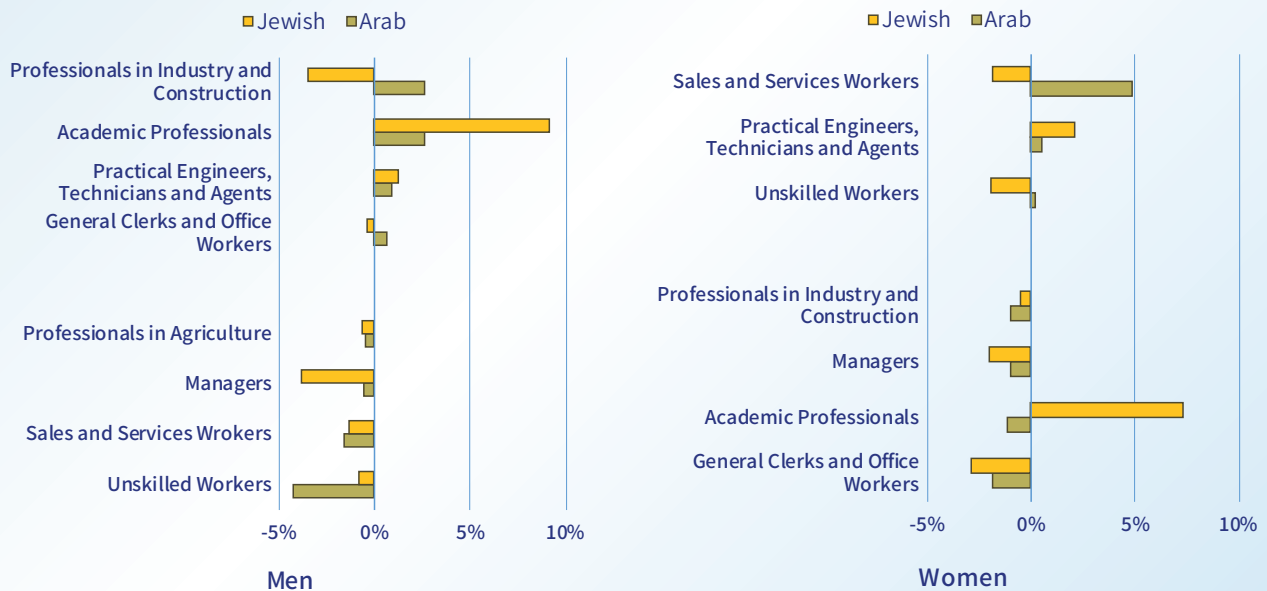
Source: The Arab Economic Forum, according to data from a human resources survey by the Central Bureau of Statistics (Index of Quality of Life, Sustainability and National Power).

Appendix 3: Segmentation of Employees by Profession, Gender and Population Group (2022, age 15 and over)



Source: The Arab Economic Forum, according to data from a human resources survey by the Central Bureau of Statistics.

Appendix 4: The Change in Segmentation of Employees by profession, Gender and Population Group (2022 versus 2012, age 15 and over)



Source: The Arab Economic Forum, according to data from a human resources survey by the Central Bureau of Statistics.