

INFLUENȚA SOCIETĂȚII CARACTERISTICE ÎN SCHIMBĂRI PRIVIND ECONOMIA ȘI INDUSTRIA (Cazul israelian)

THE INFLUENCE OF THE CHANGING CHARACTERISTICS SOCIETY ON THE ECONOMY AND INDUSTRY (The Israeli case)

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Abstract: *Israel is today an industrialized country with most of its manufacturing, including many traditional fields, based on intensive and sophisticated research & development and hi-tech processes, tools, and machinery. This is the outcome of very rapid and intensive development. Unlike most developed economies, in which the number of persons employed in industry remained stable or diminished during the early 1990s, their number in Israel continues to grow, with more than 25 % of the industrial workforce employed in hi-tech manufacturing. this article will try to explain the process behind the steps which made by the government and the globalization.*

Rezumat: *Israelul este astăzi o țară industrializată cu cea mai mare parte a producției sale, inclusiv multe domenii tradiționale, bazate pe cercetare și dezvoltare intensivă și sofisticată și procese, instrumente și utilaje de înaltă tehnologie. Acesta este rezultatul dezvoltării foarte rapide și intense. Spre deosebire de majoritatea economiilor dezvoltate, în care numărul de angajați în industrie a rămas stabil sau a scăzut la începutul anilor 1990, numărul acestora în Israel continuă să crească, cu peste 25% din forța de muncă industrială angajată în producția de înaltă tehnologie. acest articol va încerca să explice procesul din spatele pașilor făcuți de guvern și de globalizare*

Key Words: *Globalization, Economy, Industry, Labor Force.*

Cuvinte cheie: *globalizare, economie, industrie, forța de muncă.*

The labor market in Israel is moving from a traditional economy, based on manufacturing and production, to one of information technology and modern services. As a result, some occupations are at risk of automation – that is, the workers currently employed in these positions are likely to be replaced by machines or computers [1]. To prepare for the needs of the future labor market, workers should be encouraged to move out of jobs that are at high risk of automation and into jobs in industries at lower risk. In the past few years there has indeed been a decline in the share of workers in jobs at high risk of automation, although this decline has been less pronounced among Arab Israelis and immigrants than among the long-time resident and native-born Jewish working population [4]. Just as not all population groups in Israel are equally prepared to meet the needs of the future labor market, levels of education and the return on education also vary between the different population groups, affecting wage gaps. According to Bystrov & Soffer [4, 8, 2], the **main society characteristics of the modern labor force market in Israel are:**

1. Economic Stability

1.1 In 2018, Israel's labor market is not continuing to be strong. The participation rates continue to decry, but employment rates of both men and women in the same level, but the

unemployment has reached is still in historic low. The number of job vacancies has also not increased. Israel's employment rate has reached slightly more than **78% in 2018** and the unemployment rate is continuing in low of **3.4%** [2].

1.2 The employment rate for men has **risen by 7% since 2013**, while women's employment has increased by **13%**.

1.3 The employment rates of non-Haredi Jewish women and men and Haredi women in Israel are higher than the average employment rates in the OECD, and among non-Haredi Jewish women, it is the second highest in the OECD (after Iceland).

1.4 For both men and women, most of Israel's employment growth between 2003 and 2018 was due to changes in population.

1.5 by age group, the greatest impact on the rise in employment among women came from **the 35-44 and 55-64 age groups**, but for different reasons: the former because there was a major increase in the percentage of mothers of young children in the labor market, the latter due to women close to retirement working more than their predecessors and the increased retirement age. Among men, the most substantial employment rate increase occurred in the **55-64-year-old age group**.

2. Social - Demographic characteristic

2.1 **Women** are moving from high to low risk jobs to a greater degree than men. The changes among women were greater than among men, primarily due to an increase in the share of female workers in academic professional occupations – which require high skill levels and are at low risk of automation [5]. A decline in clerical workers also contributed given that these positions were often occupied by women. It seems that the reason for the decline is that these professions have begun the process of automation and computerization, as evidenced by bank branch closures, outsourcing of secretarial services, and computerization of office administration activities.

2.2 More **Arab Israelis** are working in service and sales. In the Arab Israeli sector, there has been a decline in the share of skilled workers in production and manufacturing (considered at high-risk of automation) and a relatively strong rise in their share in sales and service, occupations at lower risk [10]. There was only a small increase in the share of Arab Israeli workers in occupations requiring an academic education, which may be due to the relatively lower skill levels in reading comprehension and math within the Arab Israeli sector (as evidenced by the OECD PIACC Survey – **Program for the International Assessment of Adult Competencies**).

3. Policy for International employee

3.1 Many immigrants are employed as unskilled workers and are therefore at high-risk of being replaced by automation. **Among men ages 45-54 who immigrated to Israel in the early 1990s**, there was an exceptional rise in the share of those employed as unskilled workers, in industries like cleaning and security [3]. This indicates that adult male immigrants have had a particularly difficult time integrating into Israel's modern labor market. However, a different story emerges with female immigrants. The share of female immigrants employed as unskilled workers has increased as well, yet faster changes in the mix of occupations among women indicates that their chances of improving their situation and moving from high-risk low-pay employment to more lucrative lower risk occupations over time are likely greater than men's chances. The two major problems facing immigrant workers are a lack of language skills and having academic education that does not match the local Israeli labor market [8].

4. Pay gaps and cost of living

4.1 Wage gaps are widening, largely due to changes in returns to education. Another notable trend in Israel's labor market is that level of education has a greater impact on wages than it did in

the past [14]. This article considers changes over time in returns to education – that is, to what degree does a year of formal education improve hourly average wages. The general trend in Israel since 2010 has been a rise in returns to education. This increase encourages workers to attain more education, thus improving the quality and skill level of the labor force. However, it also contributes to increasing wage gaps between workers with high and low levels of education. The hourly wage difference between those with 18 years of education (equivalent to a second degree) and those with 12 (equivalent to a high school diploma or matriculation certificate) was about 35% among men and about 40% among women in 2018 – an increase relative to 2010 [13]. There was also a rise in returns to education among immigrant men, although the gaps remained lower than among the general male population. This may be due in part to differences in the distribution of occupations among immigrants and the long-time resident and native-born Jewish working population among immigrants, the share of unskilled workers earning low wages increased at the expense of occupations with somewhat higher wages. In contrast, returns to education among immigrant women declined between 2010 and 2016 but increased substantially between 2017 and 2018.

4.2 Wage gaps have increased overall, and are particularly notable between Arab Israelis and immigrants and the rest of the population. Wage gaps have increased, due to a polarization of sorts within the labor market: an increase in the share of earners receiving either low or high wages at the expense of those earning wages in the middle. During the years analyzed, many low-skilled workers entered the labor market. This trend is positive as it seems that these workers relied on the welfare system in the past, but are now contributing to the GDP [6]. However, the influx of these workers still increases the share of total workers receiving relatively low wages. At the same time, there is a consistent rise in the share of workers with higher education in the labor supply, due to the entrance of younger, educated workers than in the past. This, in turn, increases the share of workers receiving relatively high wages.

5. Labor Structures - Weekly / Annual Work Hours

5.1 One of the **Negative socio-economic characteristic** of employment policy and the development of labor force wages in Israel are become a problem for many families in the Israeli market. In Israel, the week begins on Sunday morning. Many offices are open Friday mornings but close early for the Jewish holy day. Israelis follow a demanding work schedule. **Even though the work week is 43 hours, many Israelis work longer. Israeli employee generally works from 8:30h until 18:00h, Sunday through Thursday. Some Israelis also work Friday mornings until 12:00h.** Many businesses close early Friday afternoon in order to observe the Jewish holy day (Shabbat) which begins at sundown on Friday and ends sundown on Saturday. During this time, businesses and public transportation are closed. All workers are entitled to **36 hours of consecutive rest during the week**. This is usually taken on Friday and Saturday, but you may negotiate this with your employer. Some jobs require you to work Saturdays (e.g. service industry workers, some government officials, pilots), but you will be given other rest days as compensation.

5.2 **Salaries in Israel are typically lower than in European and North American countries.** At the same time, the cost of living in Israel is higher than in many other countries. However, the employment can still have a decent lifestyle without saving every penny. Business managers, computer engineers, doctors and lawyers have some of the highest median salaries in Israel:

- ✓ Doctors might earn between **240,000 and 360,000 ILS (100,000 USD)** for a month.
- ✓ A lawyer might earn between **200,000 and 260,000 ILS (75,000 USD)** for a month.
- ✓ The minimum annual salary in Israel is about **42,000 ILS (12,000 USD)**.

- ✓ Teachers and nurses should expect an annual median salary of **60,000 to 70,000 ILS (20,000 USD)**.
- ✓ People who are self-employed can expect to make an annual median salary of **110,000 to 120,000 ILS (35,000 USD) - 2019**.

Following the review of the Israeli social characteristics, one of the variables is participation in the labor force in the country. According to the Central Bureau of Statistics [CBS], the labor force is in demand from year to year, but it is necessary to analyze the existing gaps and the necessary comparison with the labor force that produces domestic and national output and output. Figure 1 will present the data.

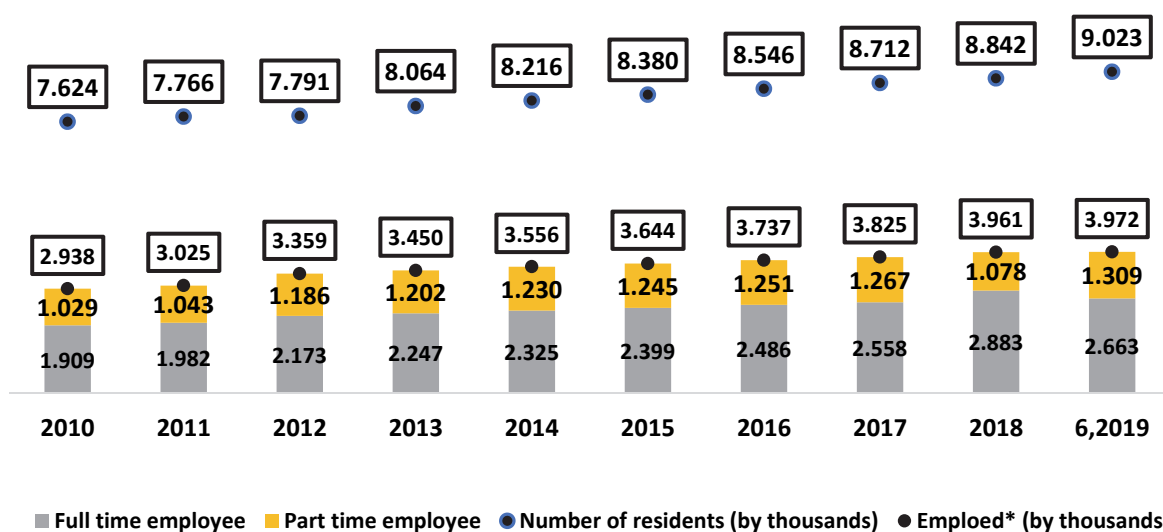


Figure 1. Development of labor force in Israel (Full - time / part - time) - 2010 - 6.2019

Source: made by the author from source [12]

The author of the article defines the next conclusions from figure 1:

- A. Comparison of employment gap: **2010 - 4,686 million people / 2015 - 4,736 million people / 2019 - 5,051 million people! Less population takes part in the country's economic burden.**
- B. There is a trend of growth in the percentage of employed in part-time jobs between 2018 and 2019.
- C. There is a percentage stability of the labor force that works part-time (about 33%), with the exception of the years 2018 - 6.2019, in which demand appears.

6. Globalization influence - Computerization Trends in the Israeli Labor Market.

In the past few years, there has been a rapid process of technological developments that is changing the face of the world of work in Israel. The results from the Ministry of Economic in Israel indicate that workers who supply about 40 % of the work hours in the Israeli market place are likely to be replaced by computers or machines in the coming two decades. Since the mid-1990s, there has been a decline in the relative share of work hours in such "high risk" occupations in all labor market in Israel [Bergman & Merom]. A look at those occupations at high risk shows that they are characterized by requiring low levels of education and low wages and many of them employ non-Jewish men or young workers. These findings emphasize the need to prepare in advance for the expected changes in order to prevent a situation where willing labor market

participants are forced out due to a lack of the required skills or aptitude. This preparation may require several steps, including widening the use of vocational training and targeting it to match the relevant characteristics of the workers in high-risk occupations while monitoring the needs of the future labor market. Termination and disappearance of these employment professions will significantly increase the percentage of unemployed in Israel if there is no training activity and adaptation to the new work characteristics. The following figure (2) will attempt to present some of the professions at risk. According to the Central Bureau of Statistics [12] estimate, and the Ministry of Economy in Israel, more than 1 million residents (27% of the current workforce) are preparing for unemployment in the future as a result of the introduction of the computerization trend.

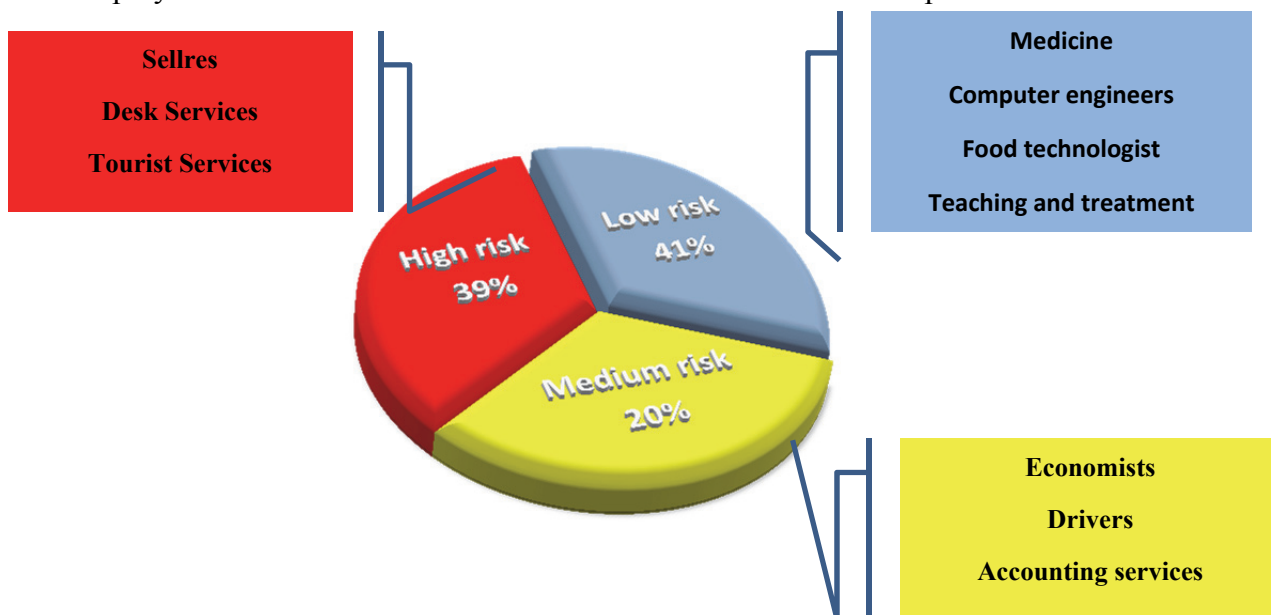


Figure 2. "Risk" employment professions in Israel 2018

Source: Made by the author from source [12, 13]

Conclusions

From an analysis of the figure 1, the author of the research concludes that the percentage of employees in Israel has significantly grown from the beginning of the Twenty-First Century and it is currently higher than in the United States and the OECD.

As of 2018, the rate of occupation from ages 24-65 was 81.5% for men and 71/1% for women. This is a comprehensive phenomenon which characterizes all sectors, levels of education and age groups. Having said that, the entrance to the work cycle of Arab men and Haredi women – as significant and quick as it may be – is not the sole source of increase in occupation and not even the central source. Most of the increase derives from the higher rate of employment of non-Haredi Jews. The rise in employment also comes about in the transferal of households from a single breadwinner to two breadwinners. The author of the article, in other article, "THE INFLUENCE OF THE IMMIGRATION PROCESS ON THE LABOR RELATIONS" [7], presents the data which enable the increase in the percentage of employees during periods of massive immigration. It appears that the occupational market had implemented similar ideas in solving the issues of unemployment and occupation.

In recent years, global changes have been affecting the structure of the occupation, in the sense that they caused the organizations to change their structure and core values, which, amongst other things, have caused a different occupational structure. Thousands of workers have found

themselves facing a situation in which their full-time jobs have been cut-down to part-time. Thus, there is no real influence on the percentage of employees, as was positively listed in the previous clause. The author of the research derives, from the data of the figure (2) that certain occupations have disappeared, whereas there are in need for innovation and innovative professional training. The clear result and conclusion are that the State of Israel is facing social gaps which influence the economy as well as the family cell. These gaps create problematic measures. These gaps create problematic occupational measures. These gaps represent a negative picture of a workforce which narrows down in light of the natural population increase. One of the major characteristics of the occupational society in Israel is the gaps of training which exist within the communities of the employees. A large number of professionals become irrelevant as fields of occupation disappear.

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