Training and Retraining Programs in Israel

By

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Dilemma or Challenge

From late 1989 over 1.2 million immigrants entered Israel, some 85% from the former Soviet Union (FSU); an addition to the Israeli population of 1989 of some 25%. Close to 30% of these immigrants arrived in 2 years 1990-91 (375,000). In 1998 the immigration rate was around 60,000 a drop from around 75,000 in the middle nineties. In 1999 we witnessed an increase in immigration and the year ended with some 78,000 immigrants arriving. However since then immigration has been dropping annually by some 30%. In 2006 only 21,000 immigrants arrived of them only 7,500 from the FSU.

What was initially seen by many policy makers at the beginning of this immigration wave as an immigrant integration problem, with only marginal effects on the economy, became a national challenge that required substantial structural changes in the Israeli economy and affected the direction of the development of the economy.

This paper will deal mainly with immigration from the FSU. However, I will also give some time to a completely different group of immigrants, those from Ethiopia (5% of immigrants).

There are two major attributes of the immigration from the FSU related to labor force integration: the rate of participation in the labor force is high, and the occupational structure of the participating immigrants is extremely professional-intensive. Though there was a noticable drop in the proportion of professionals since 2000.

In 2004, the rate of labor force participation of immigrants who arrived since 1990 aged fifteen years and above was higher than among the non-immigrants (58.1 % compared to 54.9 %). The unemployment rate however was the same (10.4 %). This was a sharp decrease from the unemployment rate among the immigrants who arrived in 1990-91 of 38.5% in the last quarter of 1991. The unemployment rate of the 1990-1991 immigrants was lower in 2004 than the non-immigrants, (7.8 % compared to 10.4%). The immigrants comprised 18.8% of the employed during 2004, when they were 17.8 % of the population 15+. On the other hand they comprised 18.9 % of the unemployed 1.

Over 60% of the FSU immigrants who were employed prior to their immigration had scientific, academic, technical or other professional degrees (among them proportionally very large numbers of scientists, engineers, physicians, nurses, technical workers and musicians). Though only some 70 % were employed in the FSU in positions demanding such degrees2. Among the Israeli workforce in 1989, prior to this wave of immigration, only 24.5 % were employed in these professions3. During 2004 only 21.6 % of total immigrants were employed in these professions while among the total population this figure increased to 28.8 %4. From the above figures we see that only some 35 % of immigrants worked in Israel in their profession abroad or a similar profession, though many of those went through a downgrading process within this professional grouping (e.g. engineers working as junior engineers or technicians, physicians working as nurses etc.).
In Macro-economic planning the volume of financial and physical capital imports could relatively easily be estimated and planned. In contrast, it is difficult to evaluate in a country like Israel, with its open immigration policy under the “Law of Return” (which guarantees the right of any Jew residing in the Diaspora to immigrate to Israel and to automatically receive Israeli citizenship), the volume and composition of the human capital imports. The law does not allow the selection of preferred human capital. The employment absorption problem therefore cannot be solved by simply expanding the economy according to the preferences of local economic factors, since the necessary expansion must be directed in a manner that will conform as much as possible to the skills of the immigrants. Therefore the expansion of the economy has to be in those areas of the economy that are export orientated in those goods and services which could utilize the human capital to a maximum. Due consideration of the human capital structure of the immigrants is highly desirable from the viewpoint of the immigrants themselves. After all, most of them wish to retain the occupation in which they worked prior to their immigration. Various studies carried out during the past years have shown that immigrants’ satisfaction with their job in Israel is considerably higher among those immigrants working in their original occupation or in an occupation close to their original one. The studies also show a significant correlation between over all satisfaction in the country and satisfaction with their job.

The immigrants from the FSU came from the Soviet economic system where little emphasis was given to marketing and maximizing profits. Most were placed in their jobs upon graduation by a Government authority and consequently had no first hand knowledge or training in finding a job. Israel is basically a free market economy. One is expected to go look for a job on his own. Even though the Israeli Government maintains a Labor Office, only about 20% of the immigrants are able to find a job utilizing this service. The service is mainly to provide job seekers with a certificate that he is jobless and therefore eligible to get a monthly unemployment grant from the National Insurance.

In order that the immigrants be prepared to enter the job market and be able to utilize to the utmost their human capital, the Ministry of Immigrant Absorption in conjunction and coordination with other Government Ministries, but mainly the Ministry of Labor and Social Affairs, offers a wide variety of programs to facilitate the immigrant finding a suitable position in the labor market in Israel.

Hebrew a Prerequisite

The first prerequisite is the Ulpan. The ulpan is a language acquisition program that is available for all adult immigrants for free. During the immigrants first 6 months in the country they receive as part of the “absorption basket” grant a subsistence allowance so as to enable them to attend the ulpan. The goals of the ulpan are to enable the newcomer to learn as quickly as possible sufficient basic words and grammar that should enable him to carry on a simple conversation in Hebrew and also be able to read and write simple texts. Ulpanim (Plural of ulpan) are located all over the country. The number of classrooms opened and their locations are dependent on the volume of immigration and the immigrants’ dispersal around the country. The basic ulpan is 500 hours of frontal teaching in the class. The ulpan also offers trips around the country as well as lectures on various aspects of life in Israel. There is a day program for a 5-

*A grant given to newcomers to cover basic needs for the first year in the country. The main elements are: a rent subsidy for a year, a 6 month subsistence allowance, bus fare for half a year to cover transportation costs to and from the ulpan, school expenses, and other minor items.*
month period and an evening program for those that prefer (mainly because they have found jobs) to attend over a 10-month period. The longitudinal studies have shown that only about 70% of the immigrants during their first year in the country use the opportunity to learn Hebrew in an ulpan and almost a quarter of those that begin their studies drop out during the duration of the course. Nevertheless, many prefer to bypass the ulpan and to enter the workforce as soon as possible. Of those, some learn in the evening programs but others do not learn in any formal context. Therefore, in 2003 it was decided that any person who immigrated within the past 10 years who still wishes to improve his Hebrew could attend an ulpan for only a symbolic fee.

For immigrants from Ethiopia the ulpan program is longer (1000 hours) and offers more lectures on various aspects of life in Israel and Judaism.

During the late nineties special ulpanim were organized for certain professions (engineers, physicians, para-medicals, construction workers etc.). In these ulpanim the immigrants receive an additional 50-100 hours dedicated to the technical language of the specific profession along with basic knowledge on the use of computers. Evaluation studies initiated by the Research and Planning Division of the Ministry of Immigrant Absorption, have shown that in these specialized ulpanim the incentive to learn was greater, attendance was higher and so was achievement compared to the regular ulpan. With the drop in the level of immigrants arriving annually during the past years these special ulpanim were closed.

There are also special ulpanim in the college preparatory programs for immigrant youth that wish to continue with their higher education in one of Israel’s colleges or universities.

Educational Degree Recognition

Within the Ministry of Education there is a special unit that deals with post-secondary and university degree recognition. This unit gained a lot of experience on the Soviet educational system during the wave of immigration from the Soviet Union during the seventies. Some of the present workers in the unit were employed prior to their immigration in the Federal Ministry of Higher Education or the parallel Ministries of the various Republics. The immigrant who wishes to receive an “equivalency document” must present his or hers diplomas and all other relevant documents to the unit. The unit checks if the documents are authentic and together with the information gathered in a data base of recognized institutions of higher education, issues the equivalency document. This document is used mainly in determining the grade given to workers in the public sector. The private sector and the schools of higher education use these documents for general knowledge on the educational level of the immigrant and depend more on a personal interview and a review of the immigrant’s work experience, publications and patents.

Preparatory Programs for Entering Job Market

Immigrants in academic professions who are unable to find a job in or close to their original profession are eligible to attend “a Center for Employment and Counseling”. This program lasts for 2 months, and provides additional instruction in Hebrew and in professional terminology, lectures on various topics, primarily concerning employment; job search workshops; professional site visits; job placement services and counseling by an occupational psychologist. In 1994 a three stage follow-up study
to evaluate the effectiveness of this program began. A sample of participants was interviewed at the beginning of the course, at the end of the course and after a year of completing the course. The follow-up study showed that the majority found employment within one year after completing the program. Among the immigrants who were employed, those that went on to study in a vocational training course had found higher level jobs and were employed at a higher rate compared to those who did not. According to the immigrants’ own reports, the Center’s main contributions were in providing an opportunity to improve their Hebrew, offering information on vocational training courses and imparting job search skills. Only a tiny proportion found their job with the assistance of the Center’s staff.

As a result of this study several changes have been implemented in the programs for learning Hebrew and for preparing the new immigrant with higher education for employment. The main feature being outsourcing the organization to “man-power” companies who also have the responsibility for placement and therefore put more emphasis on the job-seeking aspects of the program. An evaluation study is being undertaken to analyze the effectiveness of this new arrangement.

Training and Retraining Programs

The first type of program is the establishment of specialized ulpanim as described above. The second was the establishment of evening training and retraining courses of 200-300 hours that included a job-searching workshop while encouraging the immigrants to take the first job they find. The purpose being that after completing an evening course, the immigrant will be better prepared to search for a job in a field close to his original profession. However, as a result of budgetary cuts in the research plan of the Ministry of Immigrants Absorption an evaluation study on the effectiveness of these evening courses was cancelled.

Another type are the day time training, retraining and vocational training courses offered mainly by the Ministry of Labor (these course are open to the veteran population as well and therefore are conducted completely in Hebrew). Certain courses are organized by the Ministry of Immigrant Absorption, often in collaboration with the Ministries responsible for licensing, especially important in regard to the licensing of physicians, lawyers, teachers, certified public accountants, etc. In these courses some of the elements are given in the language of the immigrants and parts of the final exam can be written in that language.

The courses given are in a wide spectrum and I will give a number of examples. For physicians who are unable to pass the Israeli certification exams to be physicians there are courses to get licensing in alternative fields, such as a registered nurse, X-ray technician, medical laboratory technician and physical therapist. For those with a background in history, linguistics and teaching there are courses offered in being tourist guides or other types of jobs needed in the tourist industry. Of course many of the courses are in computer related subjects for job openings in Israel’s hi-tech industries.

During the summer of 1992 a longitudinal study was initiated on the employment situation of immigrants aged 20 - 64 who arrived from the Former Soviet Union (FSU) during 1989-1991. At the time of the study only some 30% of the immigrants had participated in some sort of training, retraining or vocational course. Among men who worked in academic, professional, technological and managerial occupations in
the FSU, 46% of those who have taken training courses were employed in these occupation in Israel as opposed to 29% of those who have not taken any course; the corresponding figures for women are 48% and 12% respectively.

During the second half of 1995 a study was done of immigrant engineers who arrived from the Former Soviet Union aged 20-55 during the period 1989-1994. The study found that some 40% of the engineers who participated in one of the above mentioned courses were employed in their original profession or in a similar profession. Only some 15% of the engineers who did not participate in any course were employed in their original profession or a similar profession.

These studies have shown that participation in a training course makes a definite contribution to the percentage of immigrants who find employment. Likewise the propensity to find a job in one’s original occupation or close to it increases as a result of participating in a course.

Another aspect of preparing the immigrant to enter the job market and utilizing his human capital is “on the job” training programs. In these cases the Ministry subsidizes the salaries of the immigrants while they are on the program.

Programs for Immigrants from Ethiopia

In the case of Ethiopian immigrants employers in the business sector are able to receive an amount equal to one third of the minimum wage for a period of 3-6 months to train them as skilled and semi-skilled workers. About 300 such subsidies are given each year.

In response to the modest educational background and limited employment experience of most Ethiopian immigrants, considerable resources have been invested in the development of vocational training courses and other programs aimed at improving their employment opportunities and therefore assisting their integration into Israel’s westernized economy.

Between March 1993 and June 1995 information was collected within the framework of an evaluation study on 70 vocational courses attended by 1,250 Ethiopian immigrants who arrived between 3-6 years prior to their first interview at the beginning of the course. They were interviewed again upon completing the course and 8 months after completing the course.

The courses for men were grouped according to the level of formal education of the participants: courses for those with a relatively high level of education (9 years or more), such as tractor drivers or forklift operators; courses for those with an intermediate level of education (3-8 years), such as automobile mechanics or welding; and courses for those with very little or no formal education, such as plumbing and gardening.

The courses for women were also grouped according to the participants’ level of formal education: courses for those with a relatively high level of education (child-care aides and practical nurses), courses for those with an intermediate level of education (geriatric aides), and courses for those with no formal education (sewing).
The primary measures of success in the study were: 1) had the course graduate found any kind of job and 2) had the course graduate found a job in the specific vocation studied.

The most successful courses were for those for practical nurses, forklift operators and jewelry finishing. The less successful courses were for tractor drivers, auto mechanics, welding, sewing, as well as forklift operators. Since some of the courses with the same subject were found in the most successful as well as the least successful (forklifting operators), the question was asked what made a course successful. The common denominator of all the successful courses was that the organizers provided the graduates with some form of assistance in finding a job at the conclusion of the course—either by providing letters of recommendation and referrals to places of work or by actually finding a job for each graduate. 

**On the Job Training**

Academic professionals employed in certain segments of the public sector are able to receive a sum equal to the minimum wage for 6-12 months. This program has a limited budget for only 350 placements per year.

During 1994-1997 there was a special project for the encouragement of the employment of the older engineer immigrants in which the subsidy was between 50%-100% of the minimum wage for a period of 6-18 months. The older the immigrant and the higher the level of the job the greater the amount of the subsidy and the longer the period of subsidization.

**Program for Professional Integration of Scientists**

One of the major and most costly programs run as an inducement and “on the job” training for immigrant and returning Israeli scientists is the Center for Absorption in Science, a unit within the Ministry of Immigrant Absorption.

The Center was created in 1973 in the wake of the then thought of relatively large wave of immigrants from the Soviet Union (some 75,000 during 1971-73) among whom were many scientists and R&D engineers. The purpose of the center was to enable the immigrant scientists to enter the workforce as quickly as possible in their field of training and experience and enable them to learn and adapt to western methods.

Since 1989 some 15,000 immigrant scientists and R&D engineers arrived. In 1989 there were only some 8,000 scientists and R&D engineers employed in the civilian sector of the Israeli economy, including the teaching and research staffs of the universities. Of the 15,000 almost 11,000 have found initial employment working in their professions of whom some 9,300 were aided by the Center.

All of the professional staff of the Center has personal experience as scientists and almost all speak English and Russian. The services given by the Center are:

- Aiding the scientist to prepare a resume according to accepted practices in the West.
- Determining the specific professional profile of scientist.
-Directing the scientist to potential employers and where necessary accompanying him to a job interview.

-Once the immigrant gets a definite job offer: the a staff member negotiates with the potential employer the terms of employment, the research project the scientist will be working on; determines a mentor for the scientist from among the employer’s scientific staff; determines the financial subsidy to aid in paying the scientist’s salary and fringe benefits for a period of 1-4 years and the amount of money that will be allocated to cover costs of the research project in which the immigrant will be engaged. This program needs the approval of an internal committee of the Ministry.

-Follow-up visits with the scientist and his mentor to determine his progress and where necessary to make changes in the program or in drastic cases to cease the program and begin the process of finding a new place of employment for the scientist.

The average total aid package for one scientist is $30,000.

A study on the effectiveness of this program for 6,000 immigrant scientists who arrived during 1989-91 showed that about a third of them had found initial employment as scientists by the summer of 1992, some 80% with the aid of the Center for Absorption in Science. Very few had a permanent position and the uncertainty as far as the scientists future employment had a negative affect on his carrying the duties of his job. In a follow-up study of those that were employed in 1992 that was carried out in 1995 it was found that 43% were employed full time and another 3% part time in science while not receiving any direct Government support. 43% continued to receive Government aid to continue their employment and 11% were unemployed. Those that were employed without receiving Government aid were more optimistic concerning their future than those still receiving aid.

Only 55% of the scientist respondents said they were very satisfied or satisfied with the services they received by the Center. However, 82% said they are sure or think they are sure that in light of their experience in Israel they would immigrate again to Israel and 97% are certain or think they are certain to stay in Israel. The latter two responses indicate optimism regarding the success of the Center’s program, as well as of the integration process in Israel in general11.

In 2002 a study was begun to ascertain the long term employment of immigrant scientists from the FSU who received aid from the center of Absorption in Science and arrived during 1990-1996. Preliminary results show that 75% were employed, of them 60% in a scientific job (a third of those were still getting a Government subsidy), not necessarily in the same employment in which they started to work and received a subsidy. The remaining 15% were employed but not in scientific work. Among those that were working in the scientific field 60% expressed satisfaction with the Government policy on integration of immigrant scientists and the same percent expressed satisfaction with their personal absorption. Among those who were not working in the scientific field or were unemployed only 40% expressed satisfaction in these two aspects12.
Encouragement of Employment

In the wake of the huge number of immigrants who arrived in 1990 (200,000) and the resulting high rate of unemployment (11% among the total population and over 40% among the immigrants), the Law for the Encouragement of Employment was passed in July 1991 valid for a three-year period. This law was enacted in order to encourage the employment of new immigrants and enable on the job training for finding work in the business sector. The incentives given in the Law were valid whether the employer hired newcomers or veteran residents. The following were the criteria for receiving the incentive (wage subsidy):

- The firm added at least 5 workers to its roster during the reported quarter.
- The firm is not part of the public sector and not financed by the Central Government or a Local Authority by more than 30%.
- That the additional worker has to be employed for at least a quarter of a year.

The incentive was given for each additional worker for a period of up to two years. During the first year it was equal to a third of the workers salary but not more than an equivalent of $420 per month and during the second year a third of the wage but not more than the equivalent of $280 per month. The incentive was given through the National Insurance system.

In a survey of employers on the effectiveness of the program 91% of the respondents said that the incentive had a positive influence on their decision to take on new workers. 24% of the hired workers were new immigrants and among the 55+ age group 39% were new immigrants. More than half of the employers said that they would not have hired more workers without the incentive. 83% continued to employ all or most of the workers when the incentive payments terminated. In 1994 the validity of the Law was lengthened for one year and in 1995 it was not and the incentives of this Law were stopped.

Self Employment and Entrepreneurship

Many immigrants in their countries of origin learn professions because of political reasons or pressure from their parents. Other individuals were in professions of their choice but somewhere along their professional career they feel like making a career change. After the change in regime in the Soviet Union some of the Jews used the opportunities available and became self-employed or businessman. From these three groups we found that a certain percentage want to be self-employed or develop their own business in Israel. Some use their previous professional knowledge and experience while others decide to go into a completely new field.

To assist these immigrants and to help them succeed in this new endeavor the Ministry of Immigrant Absorption established an Entrepreneurship Unit that is responsible for the development of both infrastructure assistance and also of a supportive environment for immigrant entrepreneurs. It helps facilitate the efforts of these talented individuals to actualize their initiatives, to overcome the difficulties inherent in starting to work in a new, unknown business environment, and to earn a decent wage in order to support themselves and their families. Quite often the
business is a place of work for all the adult members of the family or for other immigrants mainly from the same country of origin. Many of the businesses are “ethnic” that is serving the specific needs of specific immigrant groups.

The purpose of the Unit is to reveal the entrepreneurship potential that exists among newcomers. Achieving this goal is a long-term solution that will enable the immigrant entrepreneur to be integrated into Israeli society, having already gained economic independence. They are also better able to contribute to the overall growth of the economy.

The services offered are:

- Exposing the new immigrant to an acquaintance with the Israeli business world, and offering him the tools and monetary resources which best enable the flowering of his entrepreneurship talents.

- Developing and advancing regional service centers-MATI (Hebrew acronym for Center for the Development and Maturation of Entrepreneurship). These Centers provide counseling services, training courses and professional accompaniment to actualize the immigrants initiatives and gives support to already existing businesses.

- Making recommendations to the Ministry to grant financial aid for the essential initial investment while taking advantage of available business opportunities.

The activities of the Entrepreneurship Unit have been expanded greatly since 1998. The criterion of defining a new immigrant has been lengthened to include all immigrants during the first 10 years in the country and its activities have included the encouragement of immigrants from Ethiopia to be self-employed and open small businesses. One of the MATIs has developed special programs for this group.

**Conclusion**

Israel has established a whole set of programs in order to enable the Israeli economy to utilize to a maximum the human capital among the wave of over one million immigrants who arrived in the last decade. Some of these programs were very successful and effective others not. These immigrants together with the natural rate increased the labor supply on the average by 3% per annum during the nineties and has dropped to some 2% in the past years with the drop in immigrant arrivals.

Other programs were initiated in order to increase the demand for highly skilled and educated immigrants. Some of the programs described above have elements that effect the demand curve but are mainly to effect the supply of labor. Israel has developed a number of programs that have been enacted into law to effect the demand curve. The effect of these programs needs a separate deep study and analysis. The names of these Laws are; the Law for the Encouragement of Capital Investments and the Law for the Encouragement of Research and Development.

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* The MATIs (a Hebrew acronym) serve the whole population. Many of the services are geared specifically to the various immigrant groups and some are given in the language of the immigrants.
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