



**Israeli Industrial Relations Research Association (IIRRA)  
International Labour Organization (ILO)  
Friedrich-Ebert-Stiftung in Israel**

**The ILO's Future of Work Initiative:  
Work and Society, Decent Jobs for All  
The Israeli Case**

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Report

**based on two international conferences  
held in Tel Aviv in October 2015 and in September 2016**

## **FUTURE OF WORK INITIATIVE**

### **Social Dialog**

#### **General remarks**

**As to the method of proceeding and thought** - the economic and social progress outlined in this report has been made in terms of the evidence of present trends in labor relations and the Labour market and based upon a cautious forecast for several years going forward. Some of the matters dealt with in the report also touch upon frameworks outside the system of labor relations that affect the lives of citizens and have an important, albeit indirect, affect on the current and forecast world of work

**In other words, so that the report will be a reflection of an almost realized forecast, it expresses a possible reality over a term of 5-10 years.** In the opinion of the authors of the report, observing the relevant future developments must be close and gradual with an examination of the changes from close-up even when one is considering this in the relatively near-term.

The necessary caution to be exercised derives from the fact that the technological changes are occurring at an increasingly intensive pace as well as events with ramifications on the world of labour such as the economic, political rewards and the world crises which put a brake on the pace at any, to the effect that the circle of events as opposed to the necessary rewards, in respect of matters of employment set out in the report, become shorter. These timelines are also dictated by the unstable and changing political establishment which reinforces situations such as seclusion, intensification of the nationalist perception which is contrary to the concept of openness and accessibility that have played their role in the globalization trends forecast in recent decades.

An alternative for a different system of examination is to require a 20-30 year long term forecast and the use of circuitous routes and futuristic systems of research and

forecasting. The authors of this report have sought to be more realistic and to deal with short-term forecasts and future phenomena and by so doing to provide a basis and increase the likelihood of the occurrence of influential events.

The question that has to be highlighted is - whether it is correct to think about the present trends taking place at the present time with their ramifications for the future or to examine a situation of a jump one step ahead and think in different and futuristic terms on the assumption that they will indeed occur. This form of thought is totally different from the thought process which was a feature of the high scale committee that considered the characteristics of globalization and the challenge of imparting a humanistic face to it.

**That committee have therefore examined the existing phenomenon and have made an attempt to find answers to it that will soften the global effects on the world of employment and impart a humanistic face to it. This is in stark contrast to this report the intention of which is to think ahead and create a credible forecasting base and, following on from it, to draw conclusions.**

Who for example could have forecast the current political crisis in Europe which has ramifications on the world of employment and on the demographic balance in quite a number of countries in Europe, or who forecast the Brexit crisis at the time, which as a corollary to it has prompted a reexamination of the huge trading agreement between the world economic blocks.

A further example - the robotics that is developing in conjunction with technological progress in recent years, is facilitating correction, and the learning of lessons by and of the robotic system itself. Such a technological improvement increases the pace of job losses with the emphasis upon intermediate levels, a relatively new feature. Another feature that is worth mentioning is - an increase in the number of older employees in the labor market with an increasing role being played by members of the free professions working as freelancers from home and in a part-time framework.

**It follows from this that importance must be attached to the building of a methodology and to the improvement as well as the building of new forecasting tools for short term periods with close control that will enable changes to be made in forecasts, including in the relevant fields, as and when the tools used for such a forecast do not prove themselves.**

**In light of the fact that future forecasts are not necessarily accurate and are likely to change, a number of alternative scenarios must be built and by so doing to reduce the area of error at the price of a certain blurring of the future trends.**

**A GENERAL NOTE:** This report is based upon both research made by Adv. Jossi Gattegno and presentations and panel discussions held at the conferences that took place in Tel Aviv in October 2015 and in September 2016.

## CHAPTER I

### **The Changing Face of the Map of Occupations and Professions in the Labor Market**

The role played by the new technologies in the spheres of manufacturing and advanced digitalization are expressed in intensification of the lack of occupational security which is pushing the middle-class downwards to the margins of the class below it:

Undoubtedly, the accelerated pace of technological development is changing the face of the labour world and society in general. Various occupations of a repetitive nature in the employment processes, professions whose essence is brokerage in terms of information - brokers, insurance agents, travel agents, bookkeepers and others, the basis of whose occupations is the transfer a basic information, are reducing their activity or moving into correlated and more sophisticated fields. The demand for skilled employees has been noted in the spheres of treatment, in particular connected with extension of life expectancy, in the leisure and recreational sectors and in the context of maintenance and improvement of quality of life and of the environment. According to research carried out by the Taub Center, and corresponding to research carried out in the USA, a substantial decrease has occurred in the number of hours of work in jobs that are in the processes of eradication or reduction, and as opposed to this an increase in those professions that are bound up with the exercise of intelligence, creativity and so forth.<sup>1</sup>

Another change is depicted correspondingly in the age-groups of employees who are active in the labor market: young employees, also those lacking in educational qualifications, are fitting in to occupations where a relatively low skill level is

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<sup>1</sup> Taub Center for Social Policy Studies in Israel Occupations at Risk: Computerization in Trends in the Israeli Market Shavit Madhala-Brik

**In the charting of professions, carried out in this research, it emerges that about 40% of the working hours in the national economy provided by those employed in them are likely to be replaced by machines or computers within the next two decades.**

necessary in terms of computer-related operating ability. As opposed to this, there is less need for employees lacking educational qualifications in the 60 + age groups.

Another fact worth mentioning in connection with advanced age groups in the labor market is that it is precisely in the free professions, lawyers, advisors, that an increase has been recorded in these occupations in retirement and above, age groups.<sup>2</sup> The reasons and explanations for this are varied- the wish to continue to prove oneself, personal image as well as the demand for professionals even in advanced age groups, the ability to work from home and from anywhere, good health in advanced age groups and the economic motive - employees in these age groups aspire to maintain a lifestyle similar to that to which they became accustomed in the earlier years of employment.

**And from here we move on to young employees who are joining the labor market**

- very widespread activity has been recorded in military frameworks in the course of military service and professionalization, in terms of professions that also have application in civilian life and shortly before release - whether in terms of workshops as a preparation for the entry into civilian life and the labor market, or in terms of the grant of bonuses and grants to those being released, for academic studies, perfection of professional knowhow, or whether in terms of making basic amounts available for the encouragement of enterprise initiatives and the establishment of small businesses.

It is appropriate to observe at this point that the labor market does exhibit a certain flexibility to developing changes and therefore not all the prophecies of doom are coming to fruition to the fullest extent at the rate forecasted in the research. Moreover, new requirements in the service sectors and the development of new branches of the economy in spheres such as green professions, renewable energy, innovations in the hi-tech, medical equipment and medications sectors, as well as the discovery of gas fields in Israel, necessitate planning, professional regulation and specialization in occupations with which the economy is unfamiliar and that constitute a potential for the creation of what are for the most part, interesting and modern up to date occupations.

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<sup>2</sup> Bank of Israel Report

## **Recommendations for Action**

The substantive changes pertaining to the demand for employees in the labor market require substantial realignment including the direction of training and educational channels towards the matter of the in-demand sectors, transference of employees to other careers, changing the system of priorities and the training courses, and improving the service tools in those same developing sectors.

**For those newly joining the labor market - it is important to combine the frameworks of the social partners in workshops, and to present all that is occurring in the labor market as well as a basic outline of employees' rights of labor relations.**

**In light of the considerable uncertainty as to the development of trends in the national economy, all the relevant parties involved must be assembled for joint action - the peripheral areas, private and public employment bureaus, employers' and employees' organizations, employment consultants - for prolonged discussions with government agencies, in order to persevere with regular monitoring of the development of trends and the eliciting of practical lessons to be learned as regards educational qualifications, professional training, proficiency, training grants etc.**

## **The trend towards extension of the retirement age and its affect on the labor market**

The long-running controversy regarding extension of the retirement age, and the effect on the labor market and those caught up in it as opposed to those leaving it, can be divided into two - in the sector characterized by less regulation - mobility exists in the business sector of varying areas of employment at a high rate and therefore eradication and reduction of the number of persons employed in the at-risk occupations will not necessarily diminish the overall demand of those employees who will be manning vacant, renewed or new jobs. The situation is different in formalized frameworks in which manpower regulations and procedures exist involving the assimilation of

employees. In these sectors - public and municipal, in which the unionization among the employees is high (around 80%), it may well be that the personnel alternative will develop in so far as the universal mandatory retirement dates are extended. In such an event a lesser number of youngsters will enter this market unless additional jobs develop in the computerization sectors - such as control, increased enforcement and remote control supervision, which includes modern occupations in light of the assimilation of new service standards and the use of new software in view of the change in the levels of requisite demand by the public. Other and generous schemes for voluntary early retirement in increasing amounts can accelerate the turnover processes in the banking and public sectors.



## CHAPTER II

### **The Public Service - improvement in the personal and business services for the citizen- dealing with a surfeit of regulation, de-regulation, greater efficiency of the service, compatibility with contemporary needs.**

#### **Background**

The public sector and all its branches and as widely defined, employs about one third of the workforce in the national economy. The amount of corporate entities in this sector is substantial and the workers committees in it possess significant organizational and political power. The management tools in this sector are pretty much reduced and they do not have sufficient flexibility in order to incentivize employees, to shift them into other necessary functions and the necessary mobility consequential upon changing service requirements.

According to parameters of greater efficiency, productivity, compatibility of the service and encouragement of enterprise initiatives in the economy by means of the shortening of non-essential procedures, abolition of duality and provision of an efficient and speedy service, this sector is ranked relatively low in developed countries worldwide. It has fallen in the world rankings in the provision of a service for business development.

Relating to Israel, it has fallen from the third top ten to the sixth within several years. In order to relieve the load, substantial sections of the service have been transferred to internet services not necessarily in the public domain. Complicated problems of communication with the elderly, new immigrants, foreign worker - frameworks, have been caused by incompatibility of the tools of the computerized system with the abilities of those requiring government services. This gives rise to delays, large queues. failure to exercise rights and delays in provision of the service,

The consciousness of the service in the public sector regarding other sectors in the economy is not sufficiently high and this sector is sometimes run in an introverted way. The coordination between Government Ministries and combination between

them in planning joint inter-ministry work, is deficient. In light of this fact discrepancies exist in the whole system of the provision of a service to the citizen and to businesses, in duality, and provision of a service that is not necessarily efficient. The flaws that exist in these systems in essence place an additional bureaucratic burden upon it. The onerous weight of regulation imposed in recent years and which does not fulfil its aim is substantial. This burden gives rise to overloading of the approval and control procedures by reason of which the business and enterprise sector has been harmed. The cumbersome nature of the bureaucracy sometimes leads to the cancellation of the development plans of international investment institutions.

The general perception is that the service providers are not cognisant and aware of the essential needs and timetables of the business world and a gap has opened up between the two sectors. There is therefore a vital need for a coming-together between the two sectors with the creation of a common denominator and basic understanding between the sectors.

**A potential for this exists as the New Hisdadrut (Labor Federation) constitutes a very prominent representative organization in the public sector and also an increasingly influential representative organization in the business sector.**

### **Recommendations for action**

- To conjoin actions taken in the private-business sector and the importance of this sector for the whole economy in the perception of the professional parties, and the medium level decision-makers of the public sector. To generate businesslike discourse on the subjects of control, enforcement, changes in existing legislation and promotion of up to date legislation.
- To improve coordination between units of the public sector *inter se* and removal of bureaucratic barriers and dualities in regulatory implementation, prevention of duplication and unnecessary delays and improvement of the coordination between ministries. Activation of control over the supervised

bodies is to be done by the application of computerized statistical systems and systems of remote control.

The level of regulation has reached the threshold of sometimes causing potential investors to refrain from investing in businesses and in industry in Israel.

- A de-regulatory approach must be operated in an endeavour to reduce this threshold.
- Construction of agreed tools, principally in the public sector which encourage excellence, and on the other hand that deals appropriately with low productivity employees and those providing an unsatisfactory standard of service.
- The raising of standards in the public service and in the private personal services arising from the service and the absorption of most of the new employees. These sectors show relatively low rates of productivity.
- An increase in productivity in the economy - improvement and building of infrastructures, provision of relevant technology education, improving the standard of services provided by the public sector (Taub Center). This will also be dealt with in the following chapter.

## **CHAPTER III**

### **The Labour Market and Labour Relations - Contribution made by the Tripartite Framework**

#### **Background**

The labor relations system in Israel has experienced its up and downs over the years. Along with labor disputes encompassing many employees and sectors, mainly in the public sector and on wage/salary improvement-related matters, opposition to the Government's socio-economic program, poor working conditions of manpower contractor employees etc., This system knew how to react to macro-economic crises that had plagued the national economy. In actual fact the economy was saved from dangerous deterioration in various periods in between the 1970s and the 1990s. It can be said that both by virtue of specific and implicit understandings between the Finance Ministries, the employers and the Histadrut. The last prolonged world crisis which began in 2008 passed the Israeli Economy by in a relatively relaxed way. This fact is also true in respect of a number of parameters pointing to a relative weakness, such as a decrease in the extent of the civilian and defence-related exports, a decrease in the rate of growth and establishment of new enterprises. There has also been a certain discernible reduction in the amount of jobs (not in terms of numbers) as well as in the number of working hours.

The fundamental agreement and exit from crises on the national level and sometimes also on the local level, as this involves the rescue of local places of employment particularly in the outlying areas, constitutes an important principle in the constructive fellowship between the parties. The connection for the overcoming of challenges and exiting economic crises works in periods in which it is essential to take intensive measures in order for the economy to recover.

In recent years we have witnessed various initiatives that have been activated in the discourse between the social partners and thereafter by the joining in of agencies of the

government administration whose aim is to reduce the gaps in wages and salaries and in the working conditions in the labor market relating especially to agencies workers.

**The following initiatives can be enumerated with these measures:**

The raising of the minimum wage gradually in a collective agreement applying to the whole of the economy, beyond the mandatory legal minimum wage level by law, signature of collective agreements that raise wages and salary levels and other conditions regarding employees of manpower contractors, cleaning and guarding employees, the beginning of a process of absorption of employees from these sectors into a direct employment framework (principally in the public sector), increasing the number of employees regarding employment-related pensions that are to be paid for by the employee and his employer, establishing the principle of assimilation of a mandatory minimum percentage of employees with disabilities in the workplaces.

During the present term, the Chairman of the Histadrut announced that the Histadrut is a social movement and it would engage in a struggle to accomplish general social goals such as promotion of the subject of long-term nursing care insurance.

**One cannot ignore, and one must emphasize the phenomenon that has been a feature of the labor market during the last three years: A wave of unionization of employees has been a prominent feature of this period. It is characterized by the initiatives of employees at the workplace and in sectors most of whom have never been unionized. Another feature is expressed in the fact that most of these employees being organized are earners of salaries that are above the average wage in the national economy. The initial initiative for organization in this regard came, as it happens, from employees seeking advice and backing of the professional unions. This action emphasizes the improvement that has occurred in the transmission of information about labour rights, by digital and other means, and the improvement in the awareness of employees of their rights.**

**Ground-breaking rulings of the national labor court on this subject setting out in detail the boundaries of freedom of organization, have encouraged the expansion of this phenomenon and have substantially strengthened it.**

The principal and longstanding problems of the labor market and the system of labor relations are focused upon relatively low productivity rates - mainly in private services and in government services, as well as in the conventional industries. Low rates of productivity in the private sector are derived from manufacturing industry mainly due to an insufficiency of capital for renewal of technology of equipment, conservatism in terms of the manufacturing processes and the lack of coordination between the various authorities in the government sector, a backward approach to infrastructures and in the standard of technological education.

**The processes of privatization** which are a product of a market orientated economic concept, a trend that has gained in strength and in the last few decades, has also captured areas which it had not necessarily been intended to penetrate from the outset. The spheres of welfare, health and education have in actual fact been partly privatized even where a "soft" privatization process has occurred in them - non-profit NGO's societies (a third sector) or that have transitioned into operative bodies. Control over these bodies does not always work out as originally intended.

**Recommendations for action.**

In light of the fact that a relatively good infrastructure exists for the achievement of understanding and for increasing coordination between the parties comprising the tripartite structure, it is important to lay the foundations of these links and place on the agenda subjects that have up until now been treated as "holy cows" such as measures for the increase in productivity, an examination of the hours of work format - the working week and the working day, innovative methods of greater efficiency and improvements of the standard of management, all these within a coordinated

framework, can improve the fundamental principles of productivity in the national economy.

The time has come to lay the foundations of an important strategy and subsequently to implement it through the three principle parties at the national level of the world of labour, with the assistance of agencies engaged in academic research.

**For such purpose the foundation must be laid of the status of permanence for the tripartite system by means of a charter or legislation that will generate continuity of activity, building a structure in relation to the vital topics on the agenda, and which will not arise solely in times of crisis.**

- To establish inter-sectorial teams to examine the application of relevant existing research and other incentives in the above mentioned field.
- A leading function will be assigned to the research institutes and universities. This will be based upon research forecasts of future trends and from which the area of action and the syllabus will be derived. From a situation of reacting to the demand of the future generation, the universities must change the train of thought in order to give a lead to this generation and its direction into tomorrow's relevant occupations and professions.
- The universities and colleges will be of assistance to research institutes who are engaged in business and technology forecasting in order to update their syllabuses in a forward-looking approach and which renders the young generation fit for future occupations and for the vocational structure in that world.
- The research done in the universities in the field of the world of labour will get an implementation dimension as and when, in the course of the research, discussions take place as to the application of the research in conjunction with professional parties acting on behalf of employers and employees.
- Permanent convening of professional teams on behalf of the social partners and also in a tripartite framework in order to examine needs, difficulties,

changes, striving for the achievement of agreements and understandings between them.

- Encouragement of and placing low-productivity sectors at the center of industry and assistance in reducing the gaps between them, and the hi-tech and export industries (Taub Center).
- Professional retraining and professional mobility for older employees and for employees from a relevant range of professions.
- A system of incentives for employees (including on the intermediate level).
- Expansion of the activity of working from home and providing tools in order to prevent discrimination and rendering a potential for promotion.
- Joining of employees in the processes of change and in the advancement of their professional training with the emphasis on improvement of skills in fields that are relevant to both the contemporary and future employment world.
- The changing technology and the difference from each respective workplace leading to the necessity for specific training and skill in the workplace with government assistance.
- In so far as it relates to partial privatization or in another format, lines of policy must be set which mark the borderlines as well as establishing effective and close supervision over entities who are situated in close proximity to the signified borderline.
- Additional improvement in employment consciousness and the joining in the labor market of the two sectors, the Arab minority and the ultra-orthodox Jewish, and their combination into fair and rewarding professions. In this way a substantial reduction in the poverty rates will also be achieved for the various segments of the population.

**In the field of labor law and labor relations** - the Labor Court is a system that was established with the collaboration of the employers and the employees organizations,



and the Ministries of Labor and Justice at the end of the 1960s. This system has contributed to the stabilization of labor relations and has been of assistance in resolving labor disputes in the collective sense - on the plant level , and in branches of the economy, and has also been watchful in protecting the rights of the individual when these are infringed, on an individual handling level. Both employees and employers are involved in this judicial system through public representatives who sit in a judicial capacity alongside professional judges.

A complaint that is often heard among experts and persons with experience dealing with labor relations, is that the system suffers from a surplus of "trialitis" which is not necessarily the correct way to run a normal, fair and continuous system of nurturing labor relations at the various levels.

### **Recommendation**

- To bring the legal system which specializes in the world of labour closer to the realities of the contemporary employment world by conducting professional visits of the labor court judges to the social partners as well as on-site visits.
- The imparting of a world mediation-related concept (ADR) for the resolution of labor relations conflicts, principally at plant level, by the activation of a charter signed between the relevant Government Ministries, the Labor Courts and the social parties in the labor relations system. To provide a firm basis for this world concept in the collective agreement and in other tools for the prevention of crises and their resolution.
- To revitalize the Labor Laws in Israel and to render them compatible with the labor market at the present time, and in terms of future trends, and this in parallel with activity on the subject to be undertaken by the International Labor Organization which is about to examine the relevance and applicability of conventions adopted decades ago.

**Substantial progress of enforcement of labor laws and rights deriving from sector-based collective agreements in the labor market:**

We are witnessing substantial changes in elevating the importance of enforcement of employees' rights. This has been the subject of intense criticism both in the media and among experts in the field of labor. Substantial changes have occurred in this regard. The number of inspectors working among the Government Ministries dealing with enforcement in this regard was relatively small, the raising of the awareness of employees to their rights and with regard to infringements has ultimately led to progress being made with substantive steps in this matter.

**Enactment of a special statute for the enforcement of labor laws:** This statute was enacted and came into force in actual fact in the middle of 2012. Its importance is due to the fact that the legislation was overseen by a committee comprised of representatives of trade unions and representatives of employers organizations. The law outlines procedures that ultimately result in relatively high administrative fines for offences of a breach of the labor laws. Representatives of the social partners also actively participate in the appeals processes of parties and offending individuals. Beyond this, this legislation grants powers of enforcement for the first time in collective agreements such as - obligatory payments for pension purposes and the creation of a system of enforcement similarly to breaches of the law.

**Various categories of service providers in the guarding and cleaning sectors -** A system of enforcement and penalization has also been included in respect of these sectors.

**The Minister of Finance has been empowered to prescribe, in a statutory order, the minimum wage level on a sector basis** deriving from the relevant collective agreement, which is higher than the general mandatory statutory minimum wage and by so doing, to apply the sanctions prescribed in the Minimum Wage Law generally applicable in the economy in respect of initially higher wage levels, to offenders against it at these sector levels.

**The number of employment inspectors** has been substantially increased to 150 Labor Laws Inspectors and the same collective agreements as aforementioned. These inspectors have also been assisted by students accompanying them in their work.

**Special Wage Controllers have been empowered**, who examine and approve the proper exercise of the rights of employees at the enterprise level thus achieving the purpose of personal enforcement which facilitates basic protection and relief against complaints and claims.

As part of this improvement closer implementation is being developed of the policy of enforcement in the field of, and in the perception of a deterrent to employers from infringing the rights of their employees. There has been a certain increase in the filing of indictments in the Labor Courts by the supervisory authorities and this goes beyond the imposition of fines in administrative proceedings.

**An important remark:**

A survey observing at the situation of enforcement of labour laws and workers' rights, deriving out of collective agreements and extension orderts, was completed on 2007.

This survey was carried out by the researcher of this report under the auspices of the IIRRA and initiated and financed by the Friedrich-Ebert-Stiftung.

This survey, among others done on this item, served to improve procedures and enhanced the public pressure to expand activities by increasing the number of inspectors dealing with enforcement at plant level.

## CHAPTER IV

### Active Labour Market Policy

#### **Special Efforts for Population Groups with Low Rates of Participation in the Labour Market**

**During 2012-2015, several important initiatives matured and several new ones have been introduced to integrate populations with low participation rates into the labour market. One major initiative that came to fruition is the Ministry of Economy's broad network of one-stop employment centers for the Arab and Haredi**

An active labour market policy is at the heart of the government agenda. Efforts to expand this policy focus particularly on populations with low participation rates in the labour market, such as the Arab and Haredi populations and those known to the social services.

The initiative for the actions as outlined is that of the Ministry of the Economy or in conjunction with other agencies and entities.

There is no doubt that wide-ranging and more extensive action is necessary in collaboration and in conjunction with other parties in order to develop pro-active, relevant and efficient tools in the context of development of an Active Labor Market Policy.

A further challenge is that of informing the relevant population group of the benefits provided for them in the context of the development of the various programs and by so doing to increase the rate at which advantage is taken of these benefits.

## **CHAPTER V**

### **Demography**

As opposed to most of the developed western countries, the State of Israel has an encouraging internal demographic balance of about 3.1 children per couple. As the picture is painted at the moment, the statistics will show an increasing difficulty in this area beginning from 2030 and subsequently. The ratio between those active in the labour market, and pensioners, currently stands at 1 to 5 in Israel. This ratio is destined to change when in 2030 it will be of the order of 1 to 3.8.

The direct assistance in terms of pensions and allowances and the welfare budget are not particularly generous in relation to other developed countries. A further ingredient is the fact that we are dealing with a country of immigrants which finds it difficult on occasions to set an order of priorities. A further component that highlights the social gaps is the groups of elderly people and children, a high proportion of whom are living below the poverty line. These two population groups do not participate in the labour market, and as a direct result of this they are population groups in need who are unable to improve their economic situation on their own. The main reasons for the high poverty rates among the elderly are their immigration to Israel at a relatively advanced age, coupled with the difficulties of acclimatization and demands of the local market as opposed to their qualifications in the countries of origin. Another difficulty is the lack of a compulsory occupational pension that covers the whole of the working population. Such an overall and mandatory framework came into force with regard to a considerable number of sectors in the economy, at a relatively late stage - beginning only in 2008, and accordingly these payments will only find expression a considerable number of years hence.

The old age basic universal pension paid by the National Insurance Institute amounts to between 18 per cent to 25 per cent of the national average wage only, per individual, corresponding with the social benefits position of the individual pensioner and is insufficient, to say the least, in order to maintain a reasonable standard of living,

coupled with the lack of an additional central tier of an occupational pension deriving from employer-employee payments at the workplace.

Another focus of poverty is the children, in light of the fact that there are a multiplicity of families under the poverty line. Multi-children families increase, in statistical terms, their chances of finding themselves under the poverty line in light of the insufficient investment of resources of the State in supporting these families and with the allowances paid to them. In the last poverty report of the National Insurance Institute for 2015 there is data as to a increase in the number of poor families as opposed to an decrease in the poverty rates in respect of individuals.

The funds of the National Insurance are invested within the framework of the Bank of Israel and in actual fact are not under the control of or within a separate and autonomous special framework.

### **Recommendations for action**

Looking at it from the budget expenditure aspect - in light of the fact that the problem of elderly persons under the poverty line is a temporary problem which has been partially solved by the application of a compulsory pension for every employee. The level of pensions paid to this population group has to be improved.

The same thing applies as regards multi-child families. It is very likely that the improvement in such a case need not be universal but rather in accordance with a specific means test applied to households.

The funds accumulated in the context of National Insurance payments must be designated for the special purpose of establishing a separate fund which would be administered by national insurance experts, employers and employees. This is the appropriate structure also for the current National Insurance framework which accords wide ranging statutory action and powers to the tripartite framework expressed in terms of the Council of the Institute and in its Committees.

## CHAPTER VI

### **Technology Education and Higher Education Background**

The technology education system has passed through several stages during the six decades of the State's existence. The initial ethos of Jewish settlement was settlement of the country combined with working the land. Manufacturing industry entered into the equation in the next stage in various forms - at the beginning as an aid to agriculture - the manufacture of irrigation pipes and accessories and engines serving agriculture, followed by the development of medium size and small enterprises for the internal purposes of the economy. A similar process was experienced in the building sector. At the next stage, the captains of the economy understood that it would be essential to export goods in light of the geo-political situation of the State. The Israeli national economy exports about 40% of GDP although there has recently been a slowing down in exports, *inter alia* as a result of the world crisis.

Simultaneously, with the development of manufacturing industry and the demand for professional employees, networks of professional schools have developed as well as industrial schools closely associated with the main industrial plants which have trained employees and qualified them for placement in those enterprises. With the increase in the standard of living, and based upon the free professions and the financial and other sectors in the economy, a negative image of manual-industrial, agricultural and construction workers has been created. As a consequence of this, the use of Palestinian workers has increased and of other migrant workers coming from countries outside of Israel. The level of investment in technological equipment has emanated from the backwardness of these sectors who have persevered with the absorption of relatively low-paid workers.

The industrial schools have been closed and there has been a decrease in the networks of technology schools some of which have transitioned to other fields of study such as computers, hi-tech skills, business ventures etc.

In recent years a shortage has arisen of professional employees in the sectors mentioned, and the aim is to improve the image, to raise the technological level of the

existing employees and create a new generation which will already be appropriately trained from a young age.

Two sectors are highlighted in terms of the various parameters of educational qualifications, the low rate of participation in the labor market and relatively high poverty rates as opposed to the general population. These are women in the Arab sector and men in the Jewish ultra-orthodox sector. Intensive action is being undertaken by the Government Ministries to bring about the inclusion of these sectors in the labor market, action that appears to be succeeding principally in relation to ultra-orthodox women. There is no doubt that the core syllabus and technology education is focused on these sectors whose members are not necessarily exposed to a relevant educational set-up that will help them in the labour market, constituting a challenge, the overcoming of which at a reasonable pace will improve the economy's performance, and raise the level of income in these sectors as well as the general rates of participation in the labor market.

**For this to occur, close and constructive collaboration is necessary between the social partners and the Government.**

**In the joint framework of the Manufacturers Association, the Histadrut, the Ministries of Education and the Labour and the two major technology education networks in Israel - Ort and Amal, a discussion has taken place in recent years and substantive agreements and understandings have been achieved after clarification of the strengths and weaknesses of vocational education technology.**



**The strengths and weaknesses of VET were examined in the course of the substantive discussion that took place and was published in 2004.**

Strengths ■ The VET system is marked by innovation and vibrancy in technology – education is based on science. ■ It is prepared to adapt to the current and future needs of the economy. ■ It shows openness to new ideas and a willingness to cooperate with other bodies. ■ There are assertive and interesting curricula for science and technology engineering students (including science subjects, specialisations and projects). ■ The system incorporates employment mobility, being sensitive to the needs of the economy and society. Diplomas and professional experience often allow seamless integration into the labour market for those who had difficulty prior to entering this system, as well for those who come from disadvantaged populations. ■ Technological education (especially vocational education) better facilitates social and economic mobility than non-technological, non-professional education. ■ The system displays operational flexibility with respect to differences between students. ■ Technology education teachers create a personal connection with the students. Teachers have the ability to provide varied responses depending on the needs of their students. ■ Learning in technological and vocational education takes place in small classes, allowing a more personal, friendlier learning environment. ■ A wide range of programs is offered.

. Weaknesses ■ VET has a poor image. ■ Parents do not generally encourage their students to pursue a vocational education. ■ The number of study hours is high (40–50 hours per week). ■ There is a critical shortage of high-quality teaching personnel due to salary competition, range of employment options, the status of industrial employment, and the presence of other possible employers (at each level in the world of work). Sometimes schools are unable to open a new program due to the lack of teachers. This problem is more widespread in vocational education. ■ There is no framework for training teachers in technological-vocational education. ■ VET is not

effectively marketed to the public. Its advantages are not advertised and there are no public relations efforts in this area. ■ There is no structured mechanism for forecasting future needs. ■ Some workshops do not meet basic vocational standards

Changes in industry make it difficult for technological and vocational education to stay up to date. ■ Industry is not sufficiently involved. ■ There is an absence of legislation to support technological and vocational education. ■ A high degree of financial investment is required for establishing workshops that meet current standards, and for updating existing workshops to meet the changing needs of the employment market. Opportunities ■ This is the era of science and technology; therefore, more students can be expected to opt for technological and vocational education. ■ Technological and vocational education provides higher paying employment opportunities. ■ Technological and vocational education addresses the needs of diverse population groups (on different levels). ■ The public climate favours technological and vocational education. The general atmosphere encourages students to choose technological studies, for which there is high demand in academic circles and the employment market. There is an opportunity to develop these subjects in school. ■ Technological and vocational education offers opportunities for mobility and the inclusion of special groups, primarily Arabs and ultra-Orthodox Jews

### **Recommendations for action - summary of points from the agreements and understandings reached this year in the context of the aforementioned forum**

**1) Building a National Qualifications Framework** - all the reports we have reviewed recommend the building of a system for charting and grading all the national qualifications awarded in the system of education, training and educational qualifications in Israel and its accessibility to the public, the study and training institutions, and for employers, the value of such qualifications, their weight in terms

of studies and sequential training, as well the potential that they embody for mobility within and between the professional, technological and academic track. The reports recommend cooperation between academia and the military in all matters pertaining to the military training and skills undertaken in the military, as well as recognition of military training and skills for the purpose of technology studies and for the purposes of a professional qualification, including the promotion of academic and inter-ministry collaboration in theoretical military training qualifications, completion of recognition thereof for professional qualification purposes and formulation of an outline for the recognition of such military training skills for the purpose of technology studies.

**1a) Striving to exhaust the opportunities of pupils** in the various systems for completion of a matriculation qualification and acquisition of a university technology educational qualification. It is recommend that the Ministry of Education and the Ministry of Economics take joint action to maximize the opportunities available to students for completing a matriculation qualification and acquiring a university/college technology educational qualification.

**1b) Examination of options for facilitating a substantive transition for engineers to an academic orientation**

It is recommended that the Council for Higher Education be asked to reexamine the level of exemption that the institutions can grant to engineers who wish to study for a Bachelors Degree, and the level of exemption that engineers will be able to obtain who are completing further studies at the technology (non-university) colleges. The possibility must also be examined of formulation of specific outlines for collaboration between technology colleges and academic institutions, for a Bachelors Degree. Additionally, specific purpose courses will be offered for a Bachelors Degree in B.Ed.Tech technology tutoring for engineers.

- 2) **Provision by the State of financial incentives for industry**, for the integration of students in the workplaces and encouragement of "employment-based study" in technology education. An attractive financial inducement must also be given by the State to engineers and experts from manufacturing industry, in order to attract them to enter into studies.
- 3) **Updating of syllabuses and skills**
- 3a) **Updating of syllabuses according to professions that are at risk of automation:** as professions at low-risk in terms of automation demand skills such as creativity, social intelligence, a complex perception, and a negotiating ability known as "soft skills",<sup>3</sup> we recommend introducing them as an integral part of the syllabuses and evaluating them on an alternative basis.
- 3b) Correspondingly, we also recommend the introduction of "**initiatives such as key skills**" as part of the compulsory and constitutional syllabus.
- 3c) In light of the Israel results in the major international skills survey carried out by OECD, we recommend investment in **teaching of reading skills** (only about 37% of those surveyed in Israel were placed at the high levels of literacy including understanding of long or complicated text and drawing the appropriate inferences, as opposed to 46% on average in the OECD countries) and in solving problems.

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<sup>3</sup> 'Soft' skills are divided into 2 main categories: skills by doing things (such as: language, computers, social networks, mathematical abilities and basic financial skills) as opposed to emotional/social skills (such as writing CVs and preparation for employment interviews, skills of working in a team and inter-personal and life skills)

**3d)** Additionally, there is a requirement for **an option for "employment based study" in the hi-tech professions**, they being the essence of profitable industry in the State of Israel. In the hi-tech and start-up industries, a program has not yet been examined for employment-based study, and there is such an opening.

**4. Attraction of vulnerable sectors to science technology professions**

**4a) Attraction of girls into science technology professions** - As research shows that the vocational horizon of women in all the sectors is more vulnerable, we recommend the encouragement of girls to choose courses in technology sciences, which will enable them to orientate themselves into a structure for development of a long-term career in professions that are required in industry.

**4b) An increase is recommended in the amount of studies** in the framework of technology studies and the professions as a continuation of high school studies among the minority population groups that are integrating into the labor market (**ultra-orthodox Jews and Arabs**), this in light of the inherent potential in training for advancement of integration into the labor market, as a growth engine and as a tool for the reduction of gaps.

**5. Improvement of image:** In order to increase the attractiveness of technology education, an investment must also be made in the modern appearance of the schools, by means of more up to date training aids. In addition, an investment must be made in branding, and providing an annual bonus for state employees in traditional industries (bonuses such as these are customary in "preferred jobs" among released soldiers).

**6. The opening of new schools for use on the close to the factory model** - it is recommended that schools be opened on this model, in conjunction with leading employers in the economy, as an attractive and correct model providing the best possible solution for youth and for industry. The model provides a course for study and training (LLL) for life.

**7. An answer to incompatibility between demand and supply:** The establishment of a research and development unit which will evaluate the manpower requirements in the economy and the degree of their compatibility with training. It is recommended that a feedback mechanism be created which will be comprised of three main components: regular updating of information and new data regarding the employment market, participation of representatives of the business sector and of industrialists in decision making with regard to the opening and closing of study courses and shaping the syllabuses in relation to existing courses, strengthening the partnership with the business sector.

Creation of a sophisticated model which will promote the placement of employees in vacant jobs and creation of a training framework in the schools themselves and at the workplaces, so that the business representatives will be able to play an active role in it.

**8. Ongoing monitoring of information:** Periodic surveys should be carried out among professional-technology graduates in order to document their areas of expertise in studies as compared to their actual places of employment. The IDF must also be included in the survey, it being a large organization acting as a leader of professional development and training on behalf of industry.

**9. Strategies for reducing the gaps by an increase of productivity:** Implementation of advanced production methods and the raising of capital

(actual and human) for employment, leading to an increase of productivity in the peripheral work of the employees, an increase in the average wage and in the standard of living.

- 10. Creation of places of internship and pupilage for fixed periods of time in manufacturing industry:** expansion of the professional training as an effective solution that can act as a bridge between the needs of the labor market and the training of employees.
  
- 11. Creation of a special purpose function for contact with employers:** establishment of a joint fund between the employers organizations, the trade unions and the government, which will promote professional-technology education according to trends in the employment market. It is recommended that **the partnership be strengthened between the private sector and the trade unions** and to increase the integration of older persons in industry, who will benefit from the professional advanced study courses in the course of their ongoing employment as prescribed in the collective agreements of the various unions.
  
- 12. Investment in research and development in traditional industries:** an allocation is recommended of one-half of the government expenditure on research and development, directed to universities and for the advancement of industrial technologies (about NIS 3 billion), and that it be diverted to the traditional industries that have a higher growth potential. In addition it is recommended that regional research and development centers be established in order to provide more support for small businesses and for the self-employed, who employ about 60% of the workforce.

## CHAPTER VII

### **The Employee, the Individual level - Safeguarding of Privacy and Welfare of the Employee, Hours of work, Employee Steriotypes and Recommendations for Improvement**

#### **Background**

Before we pass on to topics governing the individual nature of the modern employee and deal in depth with the personal and family burden placed upon him in parallel with the burden of the demand of the workplace, it would be worthwhile dealing with his rights to privacy at the workplace. The rulings of the Labour Courts in recent years provide that in the framework of such safeguarding and application of the value of human dignity, the employee is entitled also to a degree of privacy in his private correspondence while in employment and on his computer which is the property of the employer.

The goal of this part is to assess the relative importance of personality and organizational climate for two forms of heavy work investment; workaholism, a “bad” and work engagement, which represents a “good” kind of heavy work investment. More specifically, it is hypothesized that workaholism is positively related to neuroticism (H1) and that work engagement is negatively related to neuroticism and positively to the remaining Big Five personality traits (H2). In addition it is hypothesized that workaholism is positively related to an overwork climate (H3), whereas work engagement is positively related to an employee growth climate (H4)<sup>4</sup>

Personality and heavy work investment Accumulating evidence exists that almost all personality characteristics can be incorporated in the Big Five personality model, consisting of: neuroticism (i.e. emotional instability, stress-proneness, insecurity, and

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<sup>4</sup> Heavy work investment, personality and organizational climate  
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depression); extraversion (i.e. sociability, ambition, energy, and assertiveness); agreeableness (i.e. being cooperative, caring, and likeable); conscientiousness (i.e. persistence, dependability, and being organized); and openness (i.e. sensitivity, being intellectual and imaginative, curious, and broadminded) (McCrae and John, 1992)

### **Practical implications**

In order to foster work engagement and to prevent workaholism organizations are well advised to endorse a climate that fosters employee growth and discourages overwork. The current study suggests that this is important, independent of the employee's personalities. It seems that the pursuit of lean management might be a good way forward (Sparrow, 2014). At the heart of lean management – a high performance management practice, which is dedicated to minimizing waste – lays an organizational climate that focusses on employee learning and development. Provided that a number of conditions are met such as high levels of skill utilization, autonomy, a supportive social climate, and participation in decision making, lean manufacturing is associated with employee engagement (Cullinane et al., 2012). So it seems that lean management combines the best of both worlds: a high performance, yet resourceful employee growth climate, which is likely to be associated with “good” heavy work investment. It appears that neuroticism plays a key role because it is relatively strongly – albeit inversely – related with both types of heavy work investment, irrespective of organizational climate. Although it is basically possible for organizations to select employees who are low in neuroticism, this is not recommended. The reason is that hat applicant's responses to personality inventories are not veridical self-reports, but rather are self-presentations (Hogan, 1991). An alternative strategy is to decrease levels of neuroticism among employees. It seems that, despite its dispositional nature, neuroticism can indeed be reduced, particularly by means of rational-emotive training programs (Jorm, 1989). Finally, supervisors could not only encourage less emotionally stable employees to participate in such training programs but they also could to take

into account their impaired stress-resistance, for instance when allocating work tasks, providing feedback, and setting performance goals (Mone and London, 2010).

## CHAPTER VIII

### **The Function of Management and in Particular the Management of Human Resources in an Organization**

All the foregoing in relation to the individual aspect of the employee and the character analysis and pattern of his conduct has not been inserted in order to in any way ease the functioning of the management of the organization and those representing it. This function has not become any easier or simpler by virtue of the fact that this framework is succeeding in recruiting suitable, productive and skilled employees, who will march forward in the workplace to a brighter future. Instead of this there are more questions that have to be faced up to than there are satisfactory answers:

Does the functional autonomy that these employees require give expression to their talents and their creativity leaving the managers, and in particular the Human Resources managers, in a position in which they not only need to interfere with and oversee these employees in covering the welfare conditions and benefits or do they also have to deal with the management of these employees?. How is talent to be managed?

Another clear difficulty is by virtue of the fact that it would appear that a larger gap will be left between the average employees and the elite creative employees. How is it possible to maintain such a gap in the same framework and leave it to remain as one framework? We can observe at this trend among groups of employees who wish to splinter at the same workplace in a different bargaining units. The nature of the engagement in direct management of employees must be substantively expressed and dealt with in-depth in discussions that are being and will in the future be held on this subject.

So that the employee can invest the maximum of his talent in his professional activities, it would be worthwhile dedicating time and planning to removal of the mental load, principally that imposed on employees and which make his personal life and his family life difficult. Many hours of work concentrated and imposed upon a deficient or reduced team of employees will not necessarily bring about the desired

result and success in terms of meeting timetables and demonstration of impressive rates of productivity. In innovative areas the stress and overload are counter productive to reach ambitious goals.

In a macro-economic outlook, such a workload also increases the rates of unemployment or at least reduces the rates of participation in the labor market.

## CHAPTER IX

### **Reducing the Income Gaps and Relative Poverty Rates - Contribution of the Social Partners.**

Israel is at the bottom of the list of developed countries in all that relates to income differentials. In recent years there has been a partial stabilization in this worrying data and even a certain degree of improvement. The poverty reports have led to the establishment of a high-scale public committee which tabled recommendations for reducing the gaps, from about a 20% poverty rate ratio to a rate of about 10% within 5-10 years. Implementation of the recommendations is being delayed and is not progressing at the appropriate and desirable pace.

As part of the bilateral dialogue between the employers and employees organizations, several encouraging steps have been made which pertain to the working population and which are intended to reduce these gaps to a certain degree - a gradual improvement in the minimum wage level, signature of collective agreements including an increase in wages and working conditions of those employed in the guarding and cleaning sectors, the partial absorption into direct employment of public employees who were formerly employed by labor contractors, the organization of employees in trade unions in sectors of the economy which were not previously unionized and an increase in the awareness of the importance of employees rights, assimilation of a minimum mandatory amount of workers with disabilities both in private and public sector. The last wage agreement in the public sector led to a certain reduction of wage differentials in this sector by means of payments of a uniform increment in shekels as part of the prescribed wage increment, a fact that reduces the income gaps between employees in this sector and as between themselves.

- ***The Law for Increased Enforcement of Labour Laws (LIELL) went into effect in June 2012. Its aim was to increase and render more efficient the enforcement of labour laws. The law allows for a short administrative procedure instead of criminal enforcement in the case of minor***

infringements of the labour laws, while reserving criminal enforcement for serial and serious violators.

- The implementation of the decision to increase the number of inspectors brought the number of regulation positions to 222 full-time jobs and 109 part-time jobs, or a total of 277 full-time positions. There is currently one inspection position for every 13,000 workers, a higher ratio than in many developed countries.
- *The Law on the Employment of Workers by Temporary Work Agencies (TWA) as amended in 2012:* The law imposed criminal liability on any business hiring services from a manpower TWA or from a TWA providing security or cleaning services without a license from the REA. In so doing, the legislator imposed liability not only on the TWA but also on the purchaser of services – as is true of the LIELL. This was designed to eliminate the practice of companies operating on the market without licenses and thereby evading inspection.
- *Additional actions for protection of workers employed by TWAs:* The Government is developing regulations by force of LIELL in order to provide further safeguards.
  - *Pricing regulations:* Regulations designed to define appropriate prices in contracts with TWAs that provide security, cleaning and catering services. The aim is to reduce the phenomenon of tenders at a loss which negatively affected workers' rights.
  - *Wage inspectors regulations:* Regulations to define the role of wage inspectors who carries out periodic checks of wage payments and, where necessary, issue warnings of failures to comply with the law.

**Recommended action**

The cooperation must be continued and even increased between the social partners in the national economy, giving priority to the goal of the reduction of income gaps, the social partners must hasten to make changes in the labour market in so far as they concern the system of professional technology training, technology education, activation of efficient and more extensive coordination of active policy measures by the government by increasing taxation incentives for the encouragement of employment and by other means. Encouragement measures must also be activated to incentivize the potential employees in their absorption into the labour market by raising the professional standard relevant to these employees.

## **CHAPTER X**

### **Concluding Remarks**

As part of the discussions on the initiative for an examination of the future world of work in terms of organization of employment, it will be important to break the boundaries and thought processes and draw conclusions in the spheres in which the ILO and the tripartite system at country level does not deal with them directly. The social protest movement that erupted in Israel 2011, and subsequently also in other countries worldwide, was not necessarily focussed on the question of labor relations, wage-related topics and working conditions deriving from the workplace. These protests were in essence directed towards the Government. For the most part the content of these popular frameworks touched upon the cost of living, housing and the quality of life for young families. It is very likely that there was an historical need for other international and relevant bodies to join in the discourse on these matters which have a direct and indirect effect on the world of work and the products thereof. Abstention from expanding the agenda in an attempt to deepen the study of these matters is likely to miss the target of the discussions and of learning the correct lessons.

What is the function of management in an era of uncertainty, frequent technological changes, coping with innovations and management of frequently changing know-how that has an influence on the structure of the organization, on changes in the professional, functional and management hierarchy.

The tripartite system must deal in a more focussed manner and with investment of resources in factors that balance and reduce the large gaps emerging in the standard of living. Education, relevant educational qualifications and in-depth professional training and oversight of the workforce are the guarantee of prevention of increasing gaps and their reduction in a trend towards social equality.

A further principal topic that must be looked at in depth is that of the individual and the centrality of work in our life. Employment has become a principal value for the accomplishment of aspirations, of material expression in terms of self-esteem, the



evaluation of society and the promotion of excellence. By contrast, careerism has adversely affected the lives of many as well as the importance of the family as a unit, and communal values of which the individual constitutes an integral part. What role does work play and how would we wish to see the world of our children and grandchildren. This is the substantive question that must be discussed seriously in the various centers of influence and thought.

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