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The Impact on Employment of the Riyan Employment Centers for the Arab Population

Zvika Deutsch Oren Tirosh
Nir Levy Smadar Somekh

Editor: Ronit Cohen Ben-Nun

English translation (Abstract): Hanni Manor

Graphic design: Efrat Speaker

The report was commissioned by the Senior Strategy and Planning Division and the Population Employment Unit – the Labor Branch, at the Ministry of Labor, Social Affairs and Social Services and funded with their assistance.

Myers JDC Brookdale Institute

P.O.B. 3886, Jerusalem 9103702, Israel

Tel: 02-6557400

brookdale.jdc.org.il/en | brook@jdc.org

Jerusalem | March 2021

Abstract

Background

The integration of the Arab population in the labor market is one of the major socio-economic challenges facing Israel's economy. Poverty rates in the Arab population are high, resulting, inter alia, from the low employment and wage rates in the Arab population compared with the general population. This issue has been extensively dealt with in national and international reports and the Israeli government has taken a range of measures to cope with the problem.

The Riyan Employment Centers were established pursuant to four government resolutions on the promotion of employment in the Arab, Bedouin, Druze, and Circassian populations in Israel and have been operating in the framework of the national Riyan program. The Riyan program is a voluntary program, offering services through its employment centers to interested job seekers. The program is not intended for recipients of unemployment benefits or guaranteed minimum income. The centers offer employment counselling and guidance services, workshops for the development of soft employment skills, job placement services, and in some cases, refer applicants to vocational training. The first employment centers were set up in 2007 in the Arab village of Tamra in northern Israel and in the Bedouin community of Hura in the Negev. By the time the study was launched (2015), employment centers were already operating in some 70 localities, serving approximately 25,000 participants.

This report has been prepared as part of a comprehensive evaluation study of the Riyan Employment Centers, jointly conducted by the Myers-JDC-Brookdale Institute and the Senior Strategy and Planning Division and the Population Employment Unit – the Labor Branch, at the Ministry of Labor, Social Affairs and Social Services. The report focuses on evaluating the impact on program participants of the work done in the Riyan Employment Centers for the Arab and Bedouin populations in northern Israel. It does not discuss the impact of the Riyan Employment Centers for the Bedouin population in southern Israel or that of the centers for the Druze and Circassian populations.

Goal

The study was designed to evaluate the impact of the work done in the Riyan Employment Centers on the employment status of program participants.

Method

To evaluate the impact of the program on the employment status of the participants, the study team took advantage of the gradual rollout of the program to compare the employment status in communities where employment centers had already been opened with the situation in communities where such centers were yet to be opened. To evaluate the impact at the individual participant level on the basis of the impact at the community level, IV-2SLS estimation was applied.

For the purpose of estimation, the study team used a database especially compiled for the study by the Central Bureau of Statistics, which included longitudinal data at the individual level of the Arab population in Israel in the years 2005-2015. The database comprised extensive administrative data based on the Population Registry, Tax Authority reports, and other administrative data sources as well as on data provided by the Riyan administrative data system.

Findings

The Riyan Employment Centers were found to have a positive impact on the employment status of the participants. Participation in the program generated an average increase of 1.1 to 1.6 months of work per year, per participant in the short term ($p < 0.01$). It emerges from the estimation results that the impact is different for men and women. It is high and statistically significant for men – with an increase of 3 months of work per year on average ($p < 0.01$). In contrast, it is low and not statistically significant for women – with an increase of 0.4 months of work per year. For men and women together, there is an increase of 1.3 months of work per year on average.

Discussion and Conclusions

The study findings, which indicate a limited, but statistically significant positive impact, are compatible with the findings of various studies that explored similar voluntary employment guidance programs in other countries. According to the professional literature, only half of the employment guidance programs analyzed had a statistically significant impact on the participants' employment status. Moreover, only 17% of the employment programs targeting the under 35-age group – the same age group targeted by the Riyan program – had a positive and significant impact on the participants' employment status. The findings of this study are consistent with the findings reported in the professional literature pointing to the lower impact of programs focused on job placement (like the Riyan program) compared with programs focused on human capital development (for instance, through vocational training programs).

The limited impact of the Riyan program on women, who constitute approximately 60% of program participants, is quite surprising given their low employment rate prior to the launching of the program. It is also surprising in light of the findings reported in the literature, which show that employment programs have a higher impact on women than on men and that – more generally – the higher the potential for improvement, the higher the impact. The gap found in this study between men and women may be attributed to the more challenging obstacles facing Arab women seeking integration in the labor market, inter alia, insufficient work experience compared with men, poor command of the Hebrew language, and inadequate work skills required in the labor market.

In view of the estimation results and the findings reported in the professional literature, it is recommended that the Riyan program continue to offer a varied range of services, tailoring its services to the specific needs of the participants – primarily the participating women. While the services currently offered by the employment centers are no doubt essential, activities focused on human capital development should be expanded and reinforced. Inter alia, referral to vocational training and development of soft employment skills should be given preference over job placement services, all the more so considering the young age of many of the participants.