



Economy and Sustainable Development: Participation of Women

*Report on the Participation of Women in the Israeli
Economy
AIM Workshop*

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Sharon Galant

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Adva Center, POB 36529, Tel Aviv 61364, Tel. 03-5608871, Fax. 03-5602205
e-mail: advainfo@netvision.net.il -- web site: <http://www.adva.org>

Background

Over the last two decades, the Israeli economy has experienced considerable growth: in 1980, the **GDP per capita** was \$5,611; by 1998 it had grown to \$15,138. While the per capita GDP of Israel ranks it among developed nations, it is still lower than that of European Union countries that Israel would like to resemble. Israel's economic growth is impressive compared to that of its Middle East and Mediterranean neighbours.

Equally important to note is that, while the economy on the whole has grown, the fruits of growth have seen **unequal distribution**. The current trend is towards growing inequality between high income and middle and lower income households (ibid.). One salient feature of Israeli society is its **segmentation** into many different ethnic and socio-cultural groups. Inequality between Israelis of different ethnic and socio-cultural origin is deeply entrenched, and is particularly visible in following groups: Palestinian citizens of Israel (also called "Arab-Israelis")^{*1}, Bedouins from the Negev, ultra-orthodox Jews, new immigrants (mainly from the former Soviet Union and Ethiopia) and Jews of Middle Eastern descent ("Mizrahim"). The latter two groups account for the bulk of the residents of the poor, so-called, development towns. The present report aims to portray a picture of women in Israel as a whole, but the problems addressed below are most acute and relevant to the above "vulnerable" groups.^{*2}

Traditionally, **Israeli governments** have played a dominant role in social and economic affairs. Like in many other countries, this trend is changing: the ideology of downsizing the state took hold after the economic stabilisation programme of 1985. Since the 1990s cuts in state budget,^{*3} privatisation, deregulation and outsourcing have been high on the agenda (Swirski S. et al, 1999). This process is not as pronounced in every area. The result is a mix of laissez-faire in a number of areas and strong state intervention in others, a system that has not proven beneficial to women and to the most vulnerable sections of society.

Israel has a wide array of **social and economic legislation**, including laws relating to gender equality, often modelled after progressive European and US legislation. However, implementation of those laws is either non-existent or at best, inadequate. Enforcement mechanisms are rarely provided for, very little money is allocated for monitoring, and as a result there have been almost no court cases to test these laws.

Israeli civil law grants all women formal equality with men. At the same time, Israel has no separation between state and religion, and this has far-reaching consequences for all female citizens.^{*4} Thus, although by most accepted economic standards, Israel is viewed as a "developed" country (boasting a multiparty political system, judicial review and a civil society), when it comes to the **status of women** it has many characteristics of third world countries (Swirski B. and M. Hasan, 1998).

Finally, it is important to stress that women's equality in Israel is impeded by the prolonged conflict between Israel and the Palestinians and neighbouring Arab states. One direct result of this state of affairs is that the **feminist & other civic agendas** remain secondary and/or subjected to the "conflict" agenda. With the current conflict escalating by the day, there is very little hope that attention could turn to domestic

issues, and for that matter, that women's decision-making and influence on policy-making will increase. Indeed both war and peace negotiations are very much men's business (ibid.).

workshop 1: access to the labour market

1.1 Problem areas

Forty-five percent of Israeli women (aged 15 and over) participate in the labour market, a figure that is quite low in comparison with other industrialised countries. The absence of women from the labour market is most notable in Arab^{*5} and ultra-Orthodox localities (proceedings of the Conference on Equality for Women, 1998).

a) Low wage economy

Many Israelis receive very low salaries. In 1997, 33.7% of all Israeli wage-earners received salaries equivalent to the minimum wage or less (Swirski S., 2000).

The previous year, 62% of salaried Israelis earned less than 75% of the average wage (Swirski S. et al, 1999). Additional data can be found in annex 1.

Because incomes are generally low in Israel, the neo-liberal policies followed in the past decade have pushed many Israelis out of the mainstream (ibid.). This is especially true of women, who constitute a significant portion of the low-wage earners, the majority of the aged, and the majority of single parents (Swirski B. and M. Hasan, 1998). It also affects the 55% of women who do not participate in the workforce. Research has shown that women who do not work outside the home are poorer than women who are in the labour force; equally, households with fewer than two wage earners are poorer than households with two wage earners (proceedings of the 1998 Conference on Equality for Women).

Geographical factors also play a role. Statistics clearly demonstrate that the lowest average wage is characteristic of the northern and southern regions of Israel, where there is a large number of Arab localities and Jewish development towns, while the highest average wage is characteristic of the central regions and Tel-Aviv (Swirski S., 2000).

b) Access to the labour market via government & public service

As we have seen, the ideology of downsizing the state has been the dominant trend in Israel in recent years. The budget-cutting is reflected, among other things, in cutbacks in the public service. The number of government posts has been steadily decreasing from 64,800 in 1990 to 55,000 in 2000. This directly affects women as they account for 60% of government employees (Swirski S., 1999).

The downsizing of the state budget is also reflected in a steady decrease of funding for social services. The budget cuts in social services pertain in particular to salaries. Again, this directly affects women, as 46% (!) of employed women work in the public services.

c) High & covert unemployment

Unemployment has grown in recent years, from 6.8% in 1995, to 7.7% in 1997 and 8.9% in 1999 (Israel Yearbook & Almanac 2000).

Growth in unemployment particularly affects certain segments of society: unemployment rates are higher among women than among men (by about one-third), they are higher in Jewish development towns than in affluent Jewish communities, in Arab localities than in Jewish localities - and higher among Arab women than among Jewish women (Swirski S. et al, 1999).

Not only has unemployment increased, it is also estimated that the ranks of the unemployed are actually larger than the official figures indicate, leading to a phenomenon of "covert unemployment" (ibid). Two bodies measure unemployment rates in Israel: the Central Bureau of Statistics (4x/year) and the Government Employment Office. Both use approaches that lead to a certain degree of bias. In the case of the Central Bureau of Statistics, respondents are asked whether or not they are employed. If the answer is negative, the next question is whether they are actively looking for a job. A negative answer on the latter question means that the respondent will *not* be considered unemployed. This is an unfair assessment as respondents in specific population groups (e.g. Palestinian citizens of Israel) may long have stopped looking for a job as there are simply no jobs in their geographical area, or because their access to potential jobs in other areas is limited (e.g. lack of facilities). In the case of the Government Employment Office, job-seekers are defined as persons who registered with the Office. Many women do not even bother to register, either because there is no branch in their locality, or because they failed to receive job placements in the past.

Increasing unemployment in Israel has not been answered by increased social security payments targeted for unemployment compensation, but rather by more stringent eligibility criteria, a lower ceiling for payments to the eligible and shorter eligibility periods (ibid). With 47% of the unemployed being women,^{*6} this trend has a direct bearing on them.

There are a number of industry sectors where employment figures have actually grown. For instance in 1999, employment increased in manufacturing, wholesale and retail trade, community, social and personal services, business services and health, welfare, and social work services (in decreasing order). Interestingly, those same industry sectors that contributed the most to the increase in employment were the ones that paid less than the national average wage (except in the case of manufacturing). Within manufacturing, jobs in high-paying "new economy" industries increased and those in low-wage "old economy" industries decreased, in keeping with this strong Israeli trend. Women tend to be under-represented in the new economy and hence, they

benefit proportionally much less from this growth (Israel Yearbook & Almanac 2000).

d) Gendered workplace & the "myth" of equality

Although gender equality is enshrined in the law, the workplace continues to constitute a major focus of inequality. Workplaces are gendered institutions, and this applies equally to the private and public sectors (Israeli, 1993).

Occupational segregation still exists in several industry sectors. The fact that almost 3/4 of the female labour force is employed in only three of the nine major occupational categories, and that half of the female labour force is concentrated in only eight of the 90 occupations is evidence of structural conditions. Israeli women are over-represented in service industries and in clerical occupations, where average income is comparatively low (Lerner et al, 1997).

On the whole, women and men work in different occupations; when they do work in the same profession, they tend to specialise in different areas or work for different types of employers (Swirski B. and M. Hassan, 1998).

Women and men are not only employed in what are essentially separate labour markets, they also have different starting salaries and ceilings (in spite of the "equal payment" law). Several studies indicate that Israeli women are paid less than men working in the same occupation. Even when the basic salaries are similar, men tend to receive higher fringe benefits, like car and travel allowances and overtime pay (ibid.).

In 1997, women's hourly wages were on average 83% those of men; women's monthly wages were on average 63% those of men. (Swirski S. et al, 1999). Please refer to annex 2 for more information.

In the same year, women's annual wages averaged only 50% of men's; and about a third of women earned the minimum wage or less, compared with 14% of men. (proceedings of the Conference on Equality for Women, 1998).

Figure1 presents the differences between women and men on the wage scale (annex 3) Figure 2 presents the variance in wage increase between women and men (annex 4). It shows that women's wages rise in parallel with men's wages, but at a lower rate. This means that as men's wages increase, the gap between men's and women's wages grows as well (Swirski S., 2000).

The wage disparity between men and women exists for all occupational categories, including scientific and academic workers (Lerner et al, 1997). Wage disparity in the public sector averages 25%; recent findings indicate that the gap in the private sector is greater.

Inequality of wages between men and women is pervasive in all localities in Israel and at all levels. The wage disparity between men and women grows as

men's wages increase. The greatest inequality is found in localities where men's wages are highest (Swirski S., 2000).

Although a law was enacted specifying equal opportunities in employment, it has had little impact on prevailing patterns of recruitment, job allocation, promotion and reward (Izraeli, 1993).

It has also been observed that women receive lower positions (and salaries) both at entry and management level, which results in accumulated disadvantage. Women with the same human capital as men have fewer opportunities for advancement within organisations; they fail to receive promotions in accordance with their abilities and experience; they tend to have limited access to information (which is usually passed on after normal working hours in social settings); if a woman gets promoted to a job formerly held by a man, she receives fewer benefits; and if women encounter discrimination on the job, they are unlikely to find support (ibid, 1993) .

A few figures from the public sector: in 1999, 70% of women worked at the lowest grades (as opposed to 48% of men). Only 2.5% of women had jobs at the highest levels (as opposed to 7% of men). In comparison to 1997 figures, this represents a widening of the gender gap (Israel Yearbook & Almanac 2000, quoting from the Annual Report of the Unit for the Advancement of Women in the Civil Service).

e) The influence of the military

In Israel, the influence of the military is prevalent in every area of public and private life.^{*7} It also influences the participation of women in economic life.

First, the military subtly contributes to women's lower status. Despite the trend of increasing job opportunities for women within the military, for most women the 2 years spent in army service contribute very little to personal or career development. Ninety percent of the combat positions - and all of the most prestigious ones - are closed to women (Swirski B. and M. Hasan, 1998).

Secondly, the army engenders "old boys" networks, especially among members of prestigious elite combat units. These networks spill over to civilian and professional life, and are especially instrumental in the areas of recruitment, access to information, funding/contracts and networking. As legislation prohibits women from most combat roles, their access to civilian elite networks is virtually closed. Women with military careers frequently have better access to networks, both business and government, than others (Izraeli, 1993).

Finally, women's power is also limited by the fact that a large number of career officers, most of them Jewish men, retire at the age of 40 to begin a second career in politics or administration, where they are invariably preferred over female aspirants (Swirski, B. and M. Hasan, 1998).

f) Employment through temporary placement agencies

The salaries and working conditions of people at the top of the salary scale have improved considerably in recent years, but those of people employed at the bottom - most of them women - have been eroding.

Amongst Israeli employees, the worst conditions are those of people employed by temporary work agencies, which employ them on temporary contracts for extended periods of time under inferior conditions (proceedings of the Conference on Equality for Women, 1998).

The use of temporary work agencies is widespread in Israel: it is estimated that 7% of the workforce is employed through those agencies, a figure quite high compared with other countries.

Legislation in this area exists but is inadequate and cases of abuse are very common. The situation is a little better with the bigger, established agencies.

The excessive use of temporary work agencies affects women's employment. For instance, government agencies and the public sector in general, 60% of whose employees are women, use those agencies on a very regular basis.^{*8} On average, the workforce employed through agencies earns significantly less than employees with a direct contract. Moreover, agencies often tend to direct women to secretarial work and cleaning tasks, even if they are qualified for higher-level jobs.

g) Lack of services & facilities

This applies first and foremost to childcare. Israel has an extensive network of public day care centers and family day care services; however, these facilities are insufficient in many areas, particularly Arab municipalities.

Over the years, a system of private childcare has developed throughout the country. It is very expensive and the cost is entirely borne by private households.

The "short school day" (from 8am to 1pm/3pm) that prevails throughout primary and secondary school, is another problem. Working mothers cope with this situation either by working part-time, by paying for extra-school activities or by paying a nanny. All those options mean a decrease in disposable income. Attempts by various governments to lengthen the school day have all failed, mainly because there is not enough political will to allocate money to fund the transition to a longer school day.

Public transport is also an issue, leading to lack of mobility in rural areas and in the periphery. Although Israel has a very developed network of inter and intra-city buses, some geographical areas (especially where there are Arab communities) are neglected. In some Arab localities, there are no buses at all;

in others they pass by only sporadically. A rail network exists but it is limited to the coastal area and the central region.

Limited mobility combined with lack of local job opportunities, seriously impairs access to the labour market for rural women, women from the periphery and Palestinian women of Israel.

h) Growing gender awareness but no concrete measures

The debate on gender issues is clearly growing, but as yet, very little of it is visible in practice: no affirmative actions are in place, the promotion of women in key government posts is not actively promoted, mainstreaming is almost unheard of, etc.

A number of women's organisations (Israel Women's Network, Na'amat, Israel Movement for Equal Representation of Women) have long been actively promoting gender awareness and equality. Despite these efforts, most AIM workshop participants felt that gender awareness among Israeli women is still low.

This is illustrated in a 1999 study by Na'amat (the country's largest women's organisation). The study suggests that quite a few Israeli women seem to misunderstand the role of women's organisations, or to marginalise these organisations altogether. The study further demonstrates that in general, women's organisations play a negligible role in the lives of Israeli women, except for providing day care services and offering workshops and courses. Although 56% of women believe the gender gap has narrowed in recent years, 75% do not credit this to women's organisations. The proportion of women who believe that they have personally closed the gender gap is rising, but 57% trace this mainly to factors unrelated to their organisations (Israel Yearbook & Almanac 2000, quoting a Na'amat study). Annex 5 illustrates women's involvement with women's organisations.

Finally, workshop participants also pointed to the fact that career counselling and training courses were not sufficiently gender sensitive.

i) Socio-cultural and religious factors

The strong family orientation and overall high education level of women in Israel reflect social structures that differ from many developed countries (Lerner et al, 1997).

Israel is a family-centred society. In 1998, among Israeli women aged 25 and over, 91% were married or had been married in the past. The general fertility rate of women in Israel in the same year was 2.98 (Statistical Abstract of Israel, 2000). The strong family orientation applies equally to the Jewish and Arab segments of Israeli society.

Although both men and women value family life, greater and less flexible time demands are made on women. Women are expected "to be available" to their

families, including being around when children return home from school (usually between 12 and 2 pm), preparing meals, attending school parties and school trips, caring for the elderly and the ill, preparing for the Sabbath and the numerous holiday dinners that characterise both the Jewish and Muslim calendars etc. (Swirski B. and M. Safir, 1991). This encourages women to seek less demanding career paths where work hours are shorter, to shun managerial roles and/or to choose professions that allow for a greater control of time. Israel's family-centred society operates as a disincentive for employers to promote women to managerial positions. Women feel a primary responsibility for family, and organisations typically employing women support and reinforce this belief. In selecting jobs, Israeli women attribute great importance to "convenience" - namely, the extent to which the job can be accommodated to family life. Consequently, there is a general lack of support for women to be involved in management and administrative endeavours as well as self-employment (Izraeli, 1993).

In Israel, marriage and motherhood are social imperatives. For instance, Israel has more publicly-funded in vitro fertilisation clinics per capita than any other country in the world, but it invests relatively little in contraceptive research and family planning (Swirski, B. and M. Safir, 1991).

Women do not have a real choice between having children and a career. Those who chose to momentarily take a break in their career in order to raise children, find it difficult to reintegrate into the labour market. Orientation and/or empowerment programmes especially designed for this purpose are rare.

Interestingly, family-centeredness is matched by high levels of education and training for women. Women in Israel have equal access to every course of study, and over 50% of college students are women. The only areas in which women tend to be under-represented (i.e. less than 35%) are engineering, sciences, architecture and management (Lerner et al, 1997).

1.2 Possible Actions (labour market)

- Conduct gender awareness campaigns
- Promote social responsibility within the private sector, including gender awareness
- Enhance the capacity-building of women's organisations
- Promote networking among women with regard to job search
- Introduce a legal requirement on equal hiring opportunities, for companies that want to qualify for government contracts, tax incentives schemes etc.
- Create a system for monitoring the implementation of gender-oriented legislation
- Introduce gender audits into state budget drafts
- Promote affirmative action
- Promote gender-sensitive career counselling
- Promote gender sensitive training courses

- Lobby the government to invest in the development of workplaces for women at the local level (Arab localities, Jewish development towns, ultra-Orthodox neighbourhoods) in the context of general employment creation
- Advocate for the introduction of the long school day
- Advocate for the implementation of free childhood education from age 2
- Expand government support for childcare facilities in the Arab sector
- Promote the idea of childcare facilities at the workplace
- Create empowerment programmes for women who wish to reintegrate into the labour market after a few years' absence
- Conduct a campaign targeted at government agencies and women's organisations to cease the practice of employing women and men for long periods of time through temporary agencies.

workshop 2: creation & promotion of businesses

When it comes to its business environment, Israel has joined the developed world in most respects. More than half of all economic activity (56%) takes place in trade and business services (Israel Yearbook & Almanac 2000).

"Entrepreneurship" is very well developed in Israel and has carried positive connotations for a decade or more (ibid. quoting the Global Entrepreneurship Monitor Project survey of ten developed countries):

- 5.4% of the adult population is involved in new-business creation; only Canada and the US have higher rates;
- in the category of individuals' willingness to take entrepreneurial risks, Israel ranked second to the US;
- Israel is the closest to gender parity of the countries in the survey: for every 100 Israeli men who start a business, 64 women do so.

The last figure definitely points to a positive trend, but it should be interpreted with great caution. First, because recent surveys show that only 5.1% of Israeli women are self-employed (compared with 15% of Israeli men). This level of self-employment is lower than that in nearly all OECD countries (Lerner et al, 1997). Secondly, because the figure in question does not tell what kind of businesses women are entering, nor does it say anything about the profitability and success/failure rate of those businesses. From recent findings, it seems that a majority of women-owned businesses in Israel are local, service-oriented and targeted at a female clientele. Examples include businesses in catering, nursing, sewing, flowers & decoration, wedding & bridal etc. (ibid.). Thirdly, recent research clearly indicates that the percentage of women in Israel who start small and medium-sized enterprises (SMEs) is smaller than the average in developed countries (Israel Small Business Authority, 2001). Finally, like in other areas of economic life, big disparities exist between various population groups. For instance, women's entrepreneurship among Palestinian citizens of Israel is significantly lower than average. From field experience, it is roughly estimated that only 1,000 Arab-Israeli women own businesses; this represents less than 1% of the female Palestinian active population of Israel (Kreimer, 2001).

Generally speaking, it is acknowledged that Israel is such country where women seek self-employment as a means to overcome occupational segregation in the labour market and participate in economic development (Lerner et al, 1997).

2.1 Problem areas

a) Lack of entrepreneurship culture among women

Sociological theories argue that social structures (workplace, family and organised social life) affect women's access to entrepreneurial opportunities and may influence performance. Occupational segregation, under-representation in upper management positions and expectations about family roles may restrict women to certain industrial sectors, as well as affect motivations and goals for their business ventures (Lerner et al, 1997).

In line with the above research, a basic comment shared by all AIM workshop participants was that women entrepreneurs in Israel are not profit-oriented enough, that many sell products or services they "like", rather than products or services that are marketable or profitable.

Furthermore, participants pointed out that lack of self-confidence, fear of risk-taking and fear of failure among women were widespread in every sector of society. They attributed this to a variety of factors including socio-cultural obstacles, social values and attitudes, lack of time, multiplicity of roles and restricted mobility.

The socio-cultural obstacles, values and attitudes described in section 1.1 not only influence women's participation in the labour market but also women's entrepreneurship. In addition, in some population groups (Palestinian citizens of Israel, Jews of Middle Eastern descent, and, to some extent, the ultra-Orthodox) failure carries a heavy price. In those groups it is socially unacceptable that women "lose" money. It is a taboo, and there is often a strong stigma against women who created a business but failed financially. This socio-cultural factor specifically affects women's entrepreneurship, as the price of taking a risk becomes even higher (Kreimer, 2001).

Restricted mobility often results from lack of transport facilities or from social pressure. This is particularly true of the ultra-orthodox and Arab-Israeli groups. In both groups it is not well accepted that a woman leave the house, or travel long distances to run a business. In the Palestinian communities of Israel, 70% of the employed population (mostly men) work outside their villages and towns, using cars and other facilities. Because of family responsibilities and lack of public transport, often the only viable option for women to earn an income is to run a small business at home, or close to home. This makes entrepreneurship particularly important and relevant, as a means to economic empowerment (ibid).

b) Lack of supporting environment for women entrepreneurs

Research on women's entrepreneurship also reveals that women starting new ventures are frequently hindered by a lack of business information, advice, and access to networks and business support systems (Lerner et al, 1997).

In the case of Israel, participants explicitly referred to access to information, know-how, business skills, mentoring, and networking; all felt that their lack resulted in the isolation of women in small businesses, across all sections of society.

Information and networking were singled out as the most critical areas, especially for Arab-Israeli, ultra-orthodox, and Bedouin women, as well as for residents of development towns. Restricted mobility and social attitudes in those groups mean that women are not sufficiently exposed to formal and informal contact & information networks. Likewise, the local nature of most women-owned businesses means that the growth potential of their businesses is limited from the start, resulting in a lack of incentive to look "beyond" the community (Kreimer, 2001).

It is important to note that Israel does have a support infrastructure for SMEs. The Israel Small Business Authority runs a network of 23 Small Business Development Centres (SBDCs) across the country. Those Centres offer a wide array of activities and have a good reputation in Israel. Recognising the problem of women's entrepreneurship, the Israel Small Business Authority has recently launched special programmes for women, including support for a women's SBDC established by the Joint Distribution Committee.

This is good but not sufficient. For one, the network of SBDCs is not geographically balanced. For instance there are only 2 SBDCs in Arab localities; this is not proportional to the population of Palestinian citizens of Israel. Furthermore, as with all SBDCs, services are offered mainly to those entrepreneurs who *demand* those services. Now, when women lack self-confidence and do not see themselves as entrepreneurs, as is often the case in Israel, it is very likely that they will simply not seek the necessary information, advice and training (ibid).

A 1997 study on the factors affecting the performance of Israeli women entrepreneurs suggests that despite the structural barriers encountered by Israeli women entrepreneurs, their performance can be improved by having a single strong affiliation with a women's organisation, having previous experience in the area of their venture and learning business skills (Lerner et al, 1997).

c) Inadequate business training

Many workshop participants thought that, across all sectors of society, existing business training courses were not well adapted to women, particularly women

who contemplate opening a new business. Issues such as lack of self-confidence, self-image, states of mind, balancing professional and family life are rarely addressed. On the contrary, training courses tend to emphasis masculine aspects of business (especially those related to competitiveness, assertiveness and system analysis) without consideration for other issues. Some participants felt that training conducted in mixed groups contributed to this imbalance.

d) Too few women role models

Participants also raised the fact that successful women tend to be "invisible" in Israeli society. Except for a few very high-profile women who "made it" in business or in top managerial positions, there is little coverage of women's successes in business and public life (e.g. in the mass media, specialised press or public debates). Most AIM workshop participants agreed that publicity around high-flyers, instead of promoting women's entrepreneurship, often had the opposite effect, i.e. that of intimidating women, and reinforcing lack of self-confidence ("this is not for me, I can't attain this level").

e) Limited access to credit (details in section 3.1)

2.2 Possible Actions (business creation & promotion)

- Create business incubators (support facility)
- Create women's business clubs (support facility)
- Promote the idea of small business development centres specially designed for women, including outreach services (support facility)
- Create a virtual marketplace on Internet (support facility)
- Integrate family and career planning (support facility)
- Integrate entrepreneurship into the educational system (business education)
- Promote the idea of mobile technical support (training)
- Adapt vocational & business training to be tailored to women and more practical (training)
- Integrate technologies and internet in training courses (training)
- Integrate team leadership in training courses (training)
- Create legal incentives for women entrepreneurs (legal incentives)
- Promote exchange and transfer of good practices (cooperation, exchange)
- Create a forum of businesswomen (cooperation, exchange)
- Create a catalogue of businesswomen in the region (role models, cooperation)
- Publicise successful role models (role models)

workshop 3: financial facilities

3.1 Problem areas

a) Limited access to credit

Israel has a very developed formal banking system. However, like elsewhere, banks are reluctant to provide credit to micro-entrepreneurs, let alone to people without collateral or guarantors. The result is that a significant portion of Israelis does not have access to the formal banking sector. Estimates vary widely, but unfortunately there is too little research on the subject in Israel for us to report a reliable figure.

Banks in Israel tend to have a wide geographical spread, with high number of branches in numerous locations. Hence, the banking sector is very visible and this contributes to the false impression that credit is widely available. In fact, when one looks at loan portfolios in different branches, it becomes evident that credit is mostly concentrated in the central region & Tel Aviv. Branches in the periphery have significantly lower loan portfolios; they tend to concentrate on savings and transaction services (Kreimer, 2001).

For the Bedouins of the Negev region, the situation is worse. About 120,000 Bedouins live in the Negev, about half of whom live in seven recognised Bedouin towns. There is only one bank branch in one town, to serve this entire community (ibid).

A "grey" financial market exists in Israel in the form of "loan sharks" who tend to operate in poor, disadvantaged neighbourhoods. Not surprisingly, the interest rates applied here are well above market rates. It is not known how many people use loan sharks. In the Palestinian community of Israel, family-based credit is very common (Ilani and Gur, 2001).

Limited access to credit in the formal banking sector affects both men and women. However, as most banks use subjective risk assessment systems (see below) avenues are open for all kinds of prejudiced decisions, and women tend to be relatively more discriminated against as a result of this (ibid).

In addition, as we have seen, sectoral differences exist between men and women in business ownership: women typically own businesses in retail or service. These sectors are viewed as part of the non-sponsored segment of the labour market, which means there is an absence of government support in the form of loans or grants. (Lerner et al, 1997).

b) Very few specialised financial institutions

Interestingly, Israel has not experienced the boom of micro-finance, as other countries have over the last decade (both in the developing and industrialised world). There is even a slight bias against micro-finance, expressed in the belief that micro-finance is suited only for poor, developing countries. The result is that micro-finance aimed at micro-entrepreneurs, is not being experienced on a large scale, and only a handful of such programmes are running in Israel.

In Israel, traditional (macro-economic) views of economic development have long prevailed. Infrastructure projects in peripheral areas and job-creation by the state were always a major focus. This can be explained by the successive waves of immigration to Israel and the major efforts by all governments to absorb new immigrants and settle them in new areas. It was only at the beginning of the 1990s that governments started to pay more attention to local economic development efforts. The impetus was the new immigration from the former USSR. Unlike most previous immigration waves, those new immigrants came with established skills. Soon the idea emerged that the immigrants had the ability to create their own jobs. To support this, a number of community guarantee funds were set up to promote entrepreneurship at the local level, mostly with funding from US foundations, but also from within Israel (e.g. the schemes operated by some Small Business Development Centres). The approach of all these guarantee funds was quite conservative, working mostly through the existing banking system. These funds paved the way for the creation of the government Guarantee Loan Fund, which operates via a few existing banks. The programme is still running, but is currently being scaled down. The main reason is that banks do not have sufficient incentive to give out loans under this scheme as a result of the cap on interest rates imposed by the government (Kreimer, 2001). In addition, banks are reluctant to continue operation of the fund due to the difficulties they confront in collecting the government guarantee in cases of default (Scharf, 2001).

Finally, it's worth mentioning that the system of cooperative banks, which was highly developed during the first years of Israel's existence (1950s-1960s), has now almost completely disappeared (Kreimer, 2001).

c) Lack of legislation and regulations

Banks in Israel do not systematically run statistical models that allow them to define benchmarks in different socio-economic groups. They tend to use subjective risk assessment criteria in evaluating the credit demand of a client. This leaves room open for discrimination on an individual basis, or worse, for the practice of "red lining", whereby a bank unofficially excludes people from certain areas/neighbourhoods. Unlike other countries, there is no law in Israel that explicitly forbids the practice of "red lining" (Kreimer, 2001).

Similarly, there is no specific legal provision for gender equality in banking (ibid).

Social Security legislation is not aligned either. It stipulates that when somebody contracts a loan from a bank, he/she automatically loses the right to income support - there is no provision for a grace period. This, combined with the fear of failure, acts as a disincentive for women to seek self-employment (Ilani & Gur, 2001).

Finally, the current legislation concerning Associations, which governs the status of NGOs, restricts NGOs that run micro-finance schemes to 30 outstanding loans at a time (a low ceiling in comparison with standard micro-finance projects worldwide). For any loan portfolio above this number, an NGO needs to register as a financial institution. This requires that a number of administrative and financial criteria be fulfilled - most of them out of reach for most NGOs (ibid).

d) Fear of credit

Some AIM workshop participants pointed out that fear of credit was a real problem for women. They attributed this to socio-cultural factors, the anti-poor bias of certain banks and the administrative process involved in getting a loan (which women often see as administrative obstacles).

Ilani & Gur reported an interesting phenomenon from the economic empowerment programme they are running in Haifa. They observed that men regularly express dissatisfaction with loans smaller than \$1,000, whereas women repeatedly express fear that they will not be able to reimburse a \$1,000 loan (Ilani & Gur, 2001).

e) Lack of training and know-how for micro-finance institutions (MFIs)

Because micro-finance is not being tried on a large scale in Israel, the pool of available knowledge in this area is quite limited. Most know-how comes from abroad and so does training. For instance, a first training course for trainers will be held in Haifa in a few months, with facilitators coming from the US.

f) Lack of information and exchanges

Another logical consequence is that Israel does not have a real platform for exchange of best practice in the field of micro-finance, nor is there a specific practitioners' network.

g) Existing MFIs not sustainable

Finally, it was noted that the few micro-finance programmes that do run in Israel are inherently not sustainable, as self-sustainability was not explicitly incorporated in the design of the project.

3.2 Possible Actions (financial facilities)

- Adapt the conditions of access to the existing government guarantee fund
- Promote the idea of a cooperative women's bank
- Conduct training for existing and potential MFIs
- Assess the sustainability of existing MFIs
- Promote action research in the field of micro-finance
- Create specific information tools
- Create a practitioners' network
- Advocate for a conducive legal framework
- Lobby international institutions

workshop 4: education & vocational training

In Israel, vocational training has traditionally been provided both by the public (Ministry of Labour and Social Affairs) and the private sector. Most training schemes target young people and the unemployed; programmes for adult education and career management/change are but a minor focus.

Despite the long-term uptrend in unemployment, there has been no increase in state funding for vocational training in the past few years (Swirski S. 1999).

4.1 Problem areas

a) Vocational training not adapted/inadequate to job market

Most AIM workshop participants felt that existing vocational training schemes are not well adapted to the market demands. They raised the issue of lack of coordination between training providers and industry.

The issue of covert unemployment was also raised. As we have seen above, a significant number of people are not registered as unemployed. This phenomenon is particularly pronounced in the case of women. One implication of not being registered as an unemployed person, is that one is not entitled to financial support from the government to attend professional training. In the longer term, this seriously impairs women's ability to "get out of unemployment" (Scheffer, 2001).

b) Lack of quality control and cost-effectiveness of vocational training programs

Although vocational training has traditionally been provided both by the public and private sector, the trend over recent years is for the government to pull out of vocational training. Consequently, this area of activity has increasingly been outsourced to private companies. Unfortunately, this process

has not been accompanied by appropriate measures for monitoring the quality and cost effectiveness of vocational training programmes, thus leading to uneven quality (Swirski B, 2001).

1. *Differential treatment for men and women*

A 1998 review of the courses offered by the Vocational Training Division of the Ministry of Labour and Social Affairs, shows that men and women are given training under different terms, to the disadvantage of women (Adva Center, 1997).

Indeed, inquiry revealed that men are given more hours: 55.5 % of classroom hours were allocated to "male" courses (those in which 80 % or more of enrollment are men), 15.4% to "female", and 29.0 % to "mixed" courses - which practically speaking, provide training in occupations that are considered "male" (ibid.).

Differences were also evident in the average duration of these courses: 3.5 months for "female" courses and 6 months for "male" courses (ibid.).

2. *Lack of gender awareness among trainers*

Many workshop participants felt that training courses were designed and run in a masculine way, and that trainers often lacked a basic sense of gender awareness.

d) *Socio-cultural resistance towards girls' education*

This phenomenon exists, to a greater or lesser extent, in following communities: Palestinian citizens of Israel, Bedouins and Jewish Ethiopian immigrants.

4.2 Possible Actions (education & vocational training)

- Facilitate interactions between professional training schemes and the labour market
- Advocate for the development of vocational training on the basis of gender equality, including the initiation of a program for the vocational training of women over age 40, as well as programs accessible to Arab women.
- Adapt and translate existing training materials, to make them more accessible and appropriate to women from different sectors.
- Conduct training of trainers more specifically with regard to gender sensitive approaches and techniques
- Compile an inventory of positive training experiences
- Increase enforcement of legislation on equal education opportunities for all children

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Endnotes:

*1 Palestinian citizens of Israel include Muslims, Christians and Druze and comprise 18% of the population..

*2 It is estimated that together those groups make up about 50% of the Israeli population. The socio-economic conditions of most groups (Palestinians citizens, including Bedouins, and residents of development towns) are well documented, whereas information about other groups (e.g. the Jewish ultra-orthodox community) is less available.

*3 The strong position of religion in the state is reflected, on the one hand, in the dominant role of the patriarchal Jewish religious establishment, and on the other in the "unholy alliance" between the government and the patriarchal leadership of the Arab citizens of the Muslim, Christian, and Druze faiths (Swirski B. and M. Hasan, 1998)

*4 According to the Central Bureau of Statistics, the proportion of Arab-Israeli women who work outside the home is only 18.3% (Statistical Abstract of Israel, 2000).

*5 In 1998, women accounted for 44.2% of the civilian labour force but 47.3% of the unemployed (Swirski S., 1999).

*6 Military service is compulsory for Jewish men and women alike; around 70% of 18-year-old Jewish females are mobilized each year.

*7 It has been estimated that about one-third of personnel in government offices are employed through temporary agencies (Swirski S., 1999).

*8 As opposed to community or family-based financing (e.g., rotating credit and savings groups, small loans funds etc.) to cover for one-time life expenditures (studies, weddings etc.). Those schemes tend to be quite developed among certain communities, especially new immigrants and Palestinian citizens of Israel.

ANNEXES

Annex 1: Monthly and Hourly Wages of Women and Men, 1993 and 1997.

In New Israeli Shekels, 1998 prices

	Year	Sex	Earnings in Shekels	Women's earning as % of Men's
Per Month	1997	Men's	6,645	
		Women's	4,189	63%
	1993	Men's	5,856	
		Women's	3,404	58%
Per Hour	1997	Men's	34.6	
		Women's	28.6	83%
	1993	Men's	31.1	
		Women's	25.0	80%

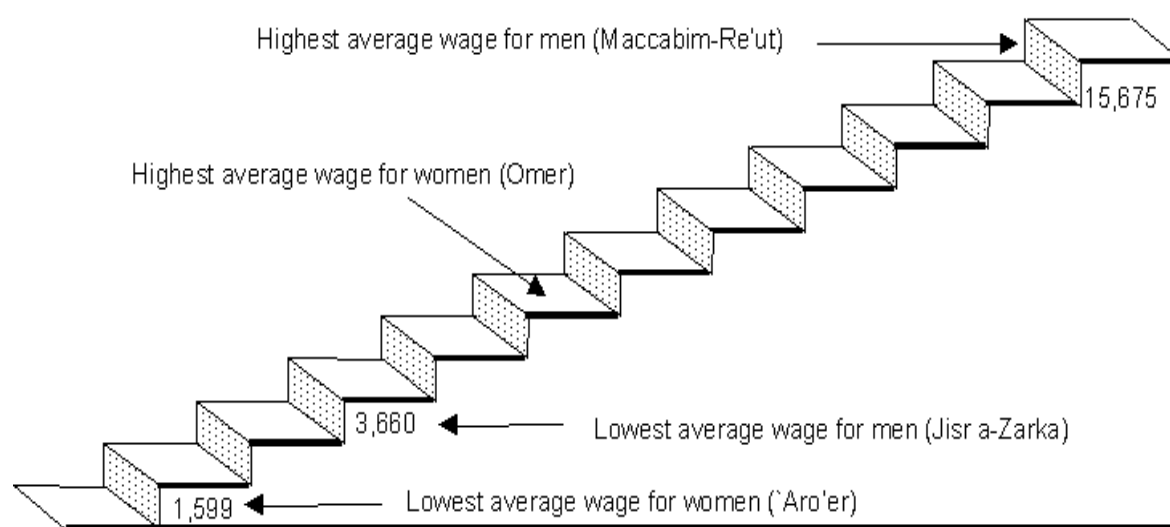
Source: Swirski, Shlomo; Konur, Etti and Yecheskel, Yaron. 1999, *Israel: A Social Report*. Adva Center, p. 9.

Annex 2: Wages of Salaried Persons (annual averages) Relative to the Average Wage

	% Receiving less than the Minimum Wage	% Receiving up to Half of the Average Wage	% Receiving up to 75% of the Average Wage	% Receiving up to the Average Wage	% Total Receiving Average Wage or Less	% Receiving Twice the Average Wage	% Receiving Thrice the Average Wage or More
1993	33.5	10.5	16.4	11.6	72.0%	19.1	8.9
1995	38.4	10.9	15.2	10.2	74.7%	17.1	8.3
1996	37.5	8.9	15.3	10.3	72.0%	18.6	9.4

Source: Swirski, Shlomo; Konur, Etti and Yecheskel, Yaron, 1999, *Israel: A Social Report*, Adva Center, p. 15.

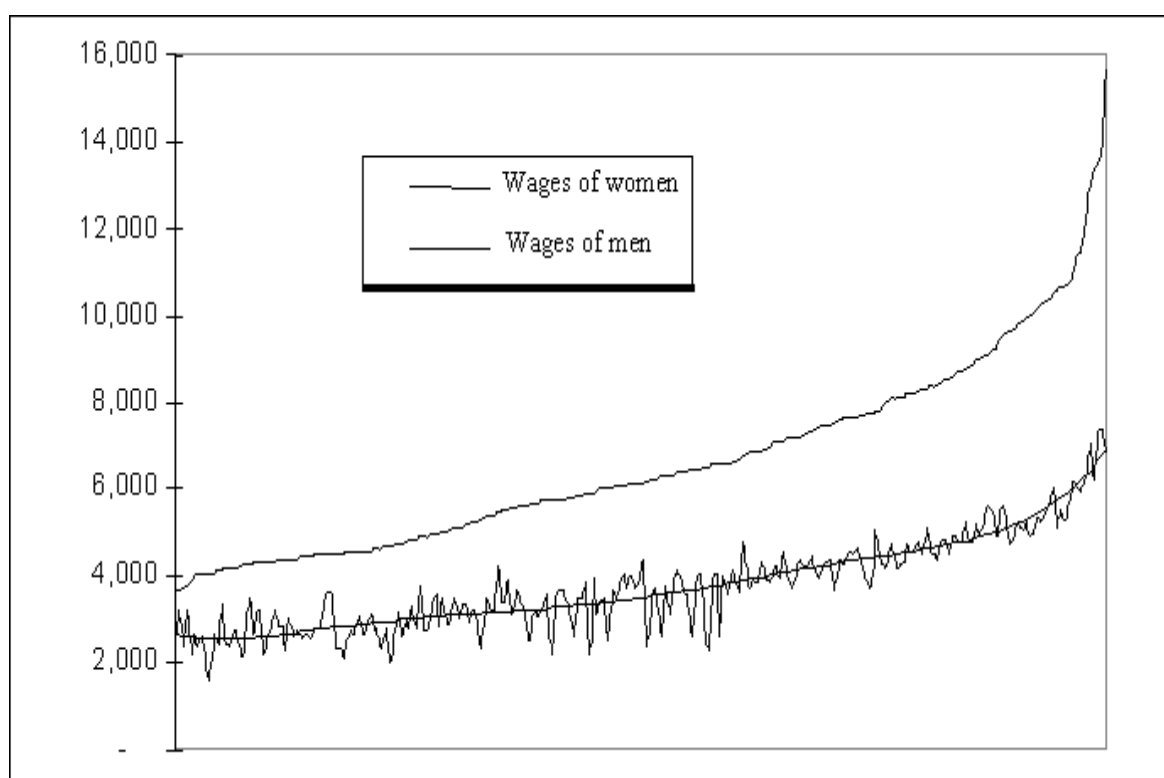
Annex 3: Where Wages Halt - For Men and Women



Note: Distances on the figure are only approximate; every step represents about NIS 1,500.

Source: Swirski, S., 2000, *Place of Residence and Wages in Israel: 1997*, Adva Center, p. 4.

Annex 4: Actual Average Monthly Wage, by Gender and Locality



Notes:

1. Due to the large number of localities, their names do not appear in the figure, but only in Table 1.
2. Localities are arranged from left to right by increasing average wage of the men in each locality. The average wage of women per locality is not precisely parallel to that of men; therefore we used a trend line around which data of the average wage of women are plotted.

Source: Swirski, S., 2000, *Place of Residence and Wages in Israel: 1997*, Adva Center, p. 5.

Annex 5:

Women' s Involvement with Women's Organisations

At some point in my life I have:

(percentage of respondents)

Obtained legal aid	3%
Participated in protest activities	5%
Been a member	7%
Participated in courses	12%
Placed a child in a care facility sponsored by a women's organisation	13%

Source: Na'amat. *Profile of the Israeli Woman for the Next Millenium*, October 1999.