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TRAINING
AND RETRAINING
PROGRAMS IN ISRAEL

Since late 1989 over 1 million immigrants have arrived in Israel, 85% from the former Soviet Union (FSU) increasing the Israeli population of 1989 by almost 20%. Close to 40% of these immigrants arrived between 1990-91 (375,000). In 1998, the immigration rate was around 60,000 - a drop from around 75,000 in the mid nineties. In 1999, we witnessed an increase in immigration with a record of 78,000 immigrants arrivals. However, since then immigration has dropped annually by 30%. There were only 43,000 arrivals in 2001.

What was initially seen by many policy makers as an immigrant integration problem, with only marginal effects on the economy, has become a national challenge that has required substantial structural changes in the Israeli economy. Subsequently, this has already affected the direction of the development of the economy.

This paper will deal mainly with immigration from the FSU. However, I will also devote some attention to a completely different group of immigrants, those from Ethiopia.

There are two major attributes of immigration from the FSU related to labor force integration: labor force participation is high and the occupational structure of the employed immigrants is extremely professional.

During the last quarter of 2001, the rate of labor force participation of immigrants who have arrived since 1990 aged fifteen years and above was higher compared to non-immigrants (57.8% compared to 53.6%). The unemployment rate however was higher among immigrants (10.5% compared to 9.0%) in 2001. This is a sharp decrease from the unemployment rate among immigrants who arrived in 1990-91 38.5% in the last quarter of 1991. (However, the unemployment rate of 1990-1991 immigrants was lower in the final quarter of 2001 than for non-immigrants, 7.6% compared to 9.0%.) The immigrants comprised 18.8% of the employed during the last quarter of 2001,

when they were 18.0% of the population 15+. On the other hand, they comprised 21.6% of the unemployed.¹

Over 60% of FSU immigrants were employed prior to their immigration as scientific, academic, technical employees or other professionals (there were proportionally very large numbers of scientists, engineers, physicians, nurses, technical workers and musicians among them). In 1989, prior to this wave of immigration, only 24.5% of the Israeli workforce were employed in these professions.² During the last quarter of 2001, only 24% of all immigrants were employed in these professions³ while this figure in the total population increased to 28.4%.⁴ From these figures we can note that only 40% of immigrants in these fields worked in their profession abroad or a similar profession though many experienced a downgrading process (e.g. engineers had to work as junior engineers or technicians, physicians had to work as nurses etc.).

The volume of financial and physical capital imports can relatively easily be estimated and planned. However, it is difficult to evaluate in a country like Israel, with its open immigration policy under the "Law of Return" (which guarantees the right of any Jew residing in the diaspora to immigrate to Israel and to automatically receive Israeli citizenship), the volume and composition of the human capital imports. The law does not allow the selection of preferred human capital. The employment absorption problem therefore cannot be solved by simply expanding the economy according to the preferences of local economic factors, since the necessary expansion must be directed in a manner that will conform as much as possible to the skills of the immigrants. Therefore, expansion of the economy has to be in those areas of the economy that are export orientated in those goods and services, which could utilize the human capital to a maximum. Consideration of the human capital structure of the immigrants is highly desirable from the viewpoint of the immigrants themselves. After all, most of them wish to retain the occupation in which they worked prior to their immigration.⁵ Various studies carried out over the past years have shown that immigrants' satisfaction with their job in Israel is considerably higher among those immigrants working in their original occupation or in an occupation close to their original one. Studies also show a significant correlation between overall satisfaction in the country and satisfaction with their job.

FSU immigrants are familiar with a Soviet economic system where little emphasis is given to marketing and maximizing profits. Back home most of these people were

placed in jobs upon graduation by the government and consequently had no first hand knowledge or training in finding a job. In comparison, Israel is basically a free market economy. One is expected to look for a job independently. Even though the Israeli Government maintains a Labor Office, only about 20% of the immigrants are able to find a job by utilizing this service. The service mainly provides job seekers with a certificate indicating that they are jobless and therefore eligible to get a monthly unemployment payment from National Insurance.

In an attempt to prepare immigrants for the job market and to be able to fully utilize their human capital, the Ministry of Immigrant Absorption in conjunction and coordination with other Government Ministries, (mainly the Ministry of Labor and Social Affairs) offers a wide variety of programs to help immigrants find a suitable positions in the labor market in Israel.

Hebrew: a Prerequisite

The first prerequisite is the *Ulpan*. The *ulpan* is a language acquisition program that is available to all adult immigrants for free. During the immigrants' first 6 months in the country they receive a subsistence allowance as part of the "absorption basket" grant so that they can attend the *ulpan*.⁶ The goals of the *ulpan* are to enable the newcomer to learn sufficient basic words and grammar as quickly as possible so that the learner can have a simple conversation in Hebrew and also be able to read and write simple texts. *Ulpanim* (plural of *ulpan*) are located all over the country. The number of classrooms and their locations depend on the number of immigrants and their dispersal around the country. The basic *ulpan* is 500 hours of frontal teaching in class. The *ulpan* also offers trips around the country as well as lectures on various aspects of life in Israel. There is a day program for a 5-month period and an evening program over a 10-month period for those who work during the day. Studies have shown that only about 70% of the immigrants during their first year in the country take advantage of this opportunity to learn Hebrew in an *ulpan* and almost a quarter of those that begin their studies drop out during the course. During the immigrants' first half-year in the country they receive a subsistence allowance to enable them to study. Nevertheless, many prefer to bypass the *ulpan* and enter the workforce as soon as possible. Some employed persons attend the evening programs but others do not learn in any formal context. Therefore, this year it was decided that any person who immigrated

in 1990 onwards can attend an *ulpan* for only a symbolic fee to improve their Hebrew. We do not have any figures as yet with regards how many veteran immigrants are taking advantage of this opportunity.

For immigrants from Ethiopia, the *ulpan* program is longer and offers more lectures on various aspects of life in Israel and Judaism.

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

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

Educational Degree Recognition

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

Preparatory Programs for Entering the Job Market

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

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

Training and Retraining Programs

The first type is the establishment of specialized *ulpanim* as described above. The second is the establishment of training and retraining courses that range between 200-300 hours with evening courses that include a job-searching workshop while encouraging the immigrants to take the first job they find. The purpose being that after completing an evening course, immigrants will be better prepared to search for a job in a field close to their original profession. In a few months, our Ministry will begin an evaluation study on the effectiveness of these evening courses.

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

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

During the summer of 1992, a longitudinal study was initiated on the employment situation of immigrants aged between 20-64 who arrived from the Former Soviet Union (FSU) during 1989-1991. At the time of the study, only 30% of the immigrants had participated in some sort of training, retraining or vocational course. Among the men who worked in academic, professional, technological and managerial occupations in the FSU, 46% of those who had taken training courses were employed in these occupations in Israel compared to 29% of those who *had not* taken any course; the corresponding figures for women are 48% and 12% respectively.⁷

During the second half of 1995, a study was carried out among immigrant engineers aged between 20-55 who arrived from the Former Soviet Union 1989-1994. The study found that 40% of the engineers who participated in one of the above mentioned courses were employed in their original profession or in a similar profession. Only 15% of the engineers who *did not* participate in any course were employed in their original profession or a similar profession.⁸

These studies have shown that participation in a training course contributes positively to the immigrants' chances of finding employment. Likewise, the propensity to find a job in one's original occupation or close to it increases as a result of participating in a course.

The outlay in 2000 by the Ministry of Immigrant Absorption for the courses it runs is \$8 million plus \$4 million for a subsistence allowance paid to immigrants who are in the country for less than 2 years. Immigrants who have been in the country for a longer period receive a subsistence allowance through the Unemployment Insurance program of the National Insurance. There is no specific accounting for the cost of immigrants who attend courses run by the Ministry of Labor. I would estimate that the cost per annum, including subsistence allowance, is between \$40-50 million for approximately 10,000-12,000 immigrants.

“On the job” training programs are also available to immigrants to fully utilize their human capital. In these cases, the Ministry subsidizes the salaries of the immigrants while they participate in these programs.

Programs for Immigrants from Ethiopia

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

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

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

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

The courses for women were also grouped according to the participants’ level of formal education: courses for

those with a relatively high level of education (child-care aides and practical nurses), courses for those with an intermediate level of education (geriatric aides), and courses for those with no formal education (sewing).

The primary measures of success in the study were: 1) had the course graduate found any kind of job and 2) had the course graduate found a job in the specific vocation studied.

The most successful courses were those for practical nurses, forklift operators and jewelry finishing. The less successful courses were for tractor drivers, auto mechanics welding, sewing as well as forklift operators. Since some of the courses on the same subject were found in the most successful as well as the least successful, the question was asked what made a course successful. The common denominator of all the successful courses was that the organizers provided the graduates with some form of assistance in finding a job at the conclusion of the course - either by providing letters of recommendation and referrals to places of work or by actually finding a job for each graduate.⁹

On the Job Training

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

During 1994-1997, a special project was designed to encourage the employment of older engineers and immigrants. The subsidy was between 50%-100% of the minimum wage for a period of 6-18 months. The older the immigrant and the higher the level of the job the greater the amount of the subsidy and the longer the period of subsidization. About 200 immigrants were aided each year. This program was jointly funded by our Ministry and the Joint Distribution Committee-Israel, a branch of an American-Jewish NGO very active in the field of integration of immigrants in Israel and helping Jewish refugees all over the world.

The cost of these programs for the Ministry is approximately \$4 million a year.

Program for Professional Integration of Scientists

One of the major and most costly programs run as an inducement and "on the job" training for immigrant and returning Israeli scientists is organised by the Center for Ab-

sorption in Science, a unit within the Ministry of Immigrant Absorption.

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

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

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

- Aiding the scientist to prepare a résumé according to accepted practices in the West.
- Determining the specific professional profile of the scientist.
- Directing the scientist to potential employers and where necessary accompanying them to a job interview.
- When the immigrant gets a definite job offer: a staff member negotiates with the potential employer: employment terms; the research project the scientist will be working on; determines a mentor for the scientist from among the employer's scientific staff; determines the financial subsidy to aid in paying the scientist's salary and fringe benefits for a period of 1-4 years and the amount of money that will be allocated to cover costs of the research project in which the immigrant will be engaged. This program has to be approved by an internal committee of the Ministry.
- Follow-up visits with scientists and their mentos to determine their progress and where necessary to make changes in the program. In drastic cases, the program is discontinued and a new place of employment for the scientist is sought.

The average total aid package for one scientist is \$30,000. The budget allocated in 2001 was \$40 million not including another \$45 million for funding in the year 2002 and onwards.

A study on the effectiveness of this program for 6,000 immigrant scientists who arrived during 1989-91 showed

that about a third of them had found initial employment as scientists by the summer of 1992, 80% with the aid of the Center for Absorption in Science. Very few had a permanent position and this uncertainty with regard to the scientists' future employment had a negative effect on their job performance. In a follow-up study in 1995 of those that were employed in 1992, it was found that 43% were employed full time and 3% part time in science but did not receive any direct Government support. 43% continued to receive Government aid to continue their employment and 11% were unemployed. Those that were employed without Government aid were more optimistic concerning their future than those still receiving aid.

Only 55% of the scientist respondents said they were very satisfied or satisfied with the services they received at the Center. However, 82% said that they are sure or think they are sure in light of their experience in Israel that they would immigrate again to Israel and 97% are certain or think they will stay in Israel. The latter two responses indicate optimism regarding the success of the Center's program, as well as of the integration process in Israel in general.¹⁰

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

Encouragement of Employment

Following the arrival of a huge number of immigrants that arrived in 1990 (200,000) and the resulting high rate of unemployment (11% among the total population and over 40% among the immigrants), the *Law for the Encouragement of Employment* was passed in July 1991 that was valid for a three-year period. This law was enacted in order to encourage the employment of new immigrants and to

facilitate on the job training for finding work in the business sector. The incentives given in the Law were valid whether the employer hired newcomers or veteran residents. Employees were entitled to receiving wage subsidies if the following criteria were met:

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

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

In a survey of employers on the effectiveness of this program, 80% of the respondents said that the incentive had no influence on their decision to take on new workers. In 1994, the validity of the Law was lengthened for one year. However, in 1995 it was not extended and the incentives of this Law were discontinued.

Self Employment and Entrepreneurship

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

To assist these immigrants and to help them succeed in these new endeavors the Ministry of Immigrant Absorption established an Entrepreneurship Unit that is responsible for the development of both infrastructural assistance and also of a supportive environment for immigrant entrepreneurs. It helps facilitate the efforts of these talented individuals to actualize their initiatives, to overcome

the difficulties inherent in starting to work in a new, unknown business environment, and to earn a decent salary in order to support themselves and their families. Quite often the business is a place of work for all the adult members of the family or for other immigrants mainly from the same country of origin. Many of the businesses are “ethnic” that is serving the specific needs of specific immigrant groups.

The purpose of the Unit is to discover the entrepreneurship potential that exists among newcomers. Achieving this goal is a long-term solution that will enable the immigrant entrepreneur to integrate into Israeli society. As they gain economic independence, they are also more able to contribute to the overall growth of the economy.

The services offered are:

- Exposing new immigrants to an acquaintances within the Israeli business world, and offering them the tools and monetary resources which will make best use of their entrepreneurship talents.
- Developing and advancing regional service centers – MATI (Hebrew acronym for Center for the Development and Maturation of Entrepreneurship).¹¹ These Centers provide counseling services, training courses and professional accompaniment to actualize immigrants’ initiatives and give support to already existing businesses.
- Making recommendations to the Ministry to grant financial aid for the essential initial investment while taking advantage of available business opportunities.

The activities of the Entrepreneurship Unit have been expanded considerably since 1998. The criterion of defining a new immigrant has been lengthened to include all immigrants since 1990 and their activities have included the encouragement of immigrants from Ethiopia to be self-employed and open small businesses. One of the MATIs has developed special programs for this group.

In 2000 and 2001, some 500 loans were taken out by immigrants for each year. The annual budget for loans and the subsidization of the interest on additional loans available to entrepreneur immigrants from the banks is \$2 million.

Conclusion

Israel has established a whole set of programs to facilitate and assist the Israeli economy to utilize the human capital of more than one million immigrants who arrived in the

last decade to a maximum. Some of these programs were very successful and effective, others were not. These immigrants together with the natural rate increased the labor supply on average by 3% per annum.

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

FOOTNOTES

- ¹ *Labor Force Survey*, Central Bureau of Statistics, State of Israel, Press Release February 20, 2002.
- ² *Statistical Abstract of Israel 1990*, Central Bureau of Statistics, State of Israel, p. 358.
- ³ *Labor Force Survey* cit. al. Feb. 20, 2002.
- ⁴ *Labor Force Survey* C.B.S. *Statistical Abstract of Israel 2001*. Average for 2000.
- ⁵ Flug K., Kasir N., Ofer G., *The Absorption of Soviet Immigrants into the Labour Market: Aspects of Occupational Substitution and Retention in Russian Jews on Three Continents - Migration and Resettlement*, Editors: Lewin-Epstein N., Ro'i Y., Ritterband P., Frank Cass-London, 1997, p. 434.
- ⁶ A grant given to newcomers to cover basic needs for their first year in the country. The main elements are: a rent subsidy for a year, a 6 month subsistence allowance, bus fare for half a year to cover transportation costs to and from the *ulpan*, school expenses, and other minor items.
- ⁷ Naveh G., Noam G., Benita E., *The Employment and Economic Situation of Immigrants from the Former Soviet Union - Selected Findings from a National Employment Survey in Immigrant Absorption in Israel*, Editor Noam G., JDC-Brookdale Institute, 1994, p. 79.
- ⁸ Naveh G., King J., *The Absorption into Employment of Immigrant Engineers*, JDC-Brookdale Institute, 1999 (Hebrew).
- ⁹ Lipshitz C., Wolfson M., *Follow-up Study of Ethiopian Immigrants Who Graduated from Vocational Training Courses - Summary Report*, JDC-Brookdale Institute, 1997 (Hebrew).
- ¹⁰ Shai S., et al., *The Absorption of Immigrant Scientists 1992-1995 - Evaluation of Government Aid Programs*, Gutman Applied Social Research Institute and Megama Consultants, 1996 (Hebrew).
- ¹¹ MATIs (a Hebrew acronym) serve the whole population. Many of the services are geared specifically towards the various immigrant groups and some are given in the language of the immigrants.