

# Labor Market Challenges In Israel

David Chinn

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**Before October 7th, Israel's labor market was stabilizing, approaching pre-COVID levels..**

**~3.2%** steady unemployment rate, returning to pre-COVID levels

**4.6%** decline in unemployment benefits applications in September

**22%** decrease in the number of available positions in the market

1. Measured in GDP per hour worked

2. Austria, Czech Republic, Denmark, Netherlands, Sweden, Belgium

**..however, a productivity gap still existed, creating an opportunity for accelerated growth**

**40%** lower labor productivity compared to the average of the top half of OECD economies<sup>1</sup>

**2-4X** higher GDP loss due to traffic congestion compared to OECD peers<sup>2</sup>

**>50%** of GDP growth since 2000 was driven by rapid population growth rather than productivity growth

# The ongoing war in Israel has significantly impacted the labor market, with noticeable repercussions particularly in the South

**360,000** in active reserve  
duty

**9.6%** unemployment rate<sup>1</sup>

**126,000** evacuated from their  
homes

**3X** more unemployment benefits  
applications

**~18%** of the national workforce  
disabled due to the war<sup>2</sup>

**59%** of businesses in the south  
reported minimal employment volume<sup>3</sup>

1. Including employees put on non-paid leave
2. Key categories: Employees in affected sectors; Reserve duty; Parents of young children; Those living in proximity to the borders
3. Businesses with up to 20% of active workers





# The nature of work is changing, resulting in some major barriers that jobseekers and employers face all over the world

Not exhaustive

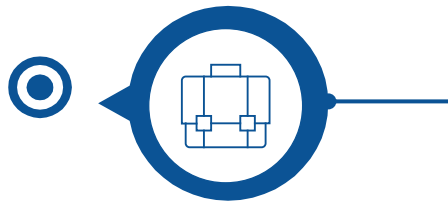
Impact of barrier on placements 









## Barriers for Jobseekers

-  Misalignment of candidates' skills and market needs
-  Lack of support in charting career paths
-  Lack of knowledge of interview/application expectations
-  Information asymmetry (e.g., difficulty to find job postings, etc.)

## Barriers



## Barriers for Employers

-  Limited pool of candidates with the required qualifications & skills to fill roles
-  Lack of time, talent or resources to put towards recruitment
-  Limited organizational capacity to manage the reskilling process
-  Limited awareness and/or use of recruitment tools & technologies
-  Difficulty attracting people to apply for roles
-  Difficulty in retaining talent

# We believe that the solution space to disparities in the Israeli labor market is...



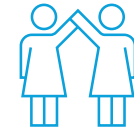
**Employer-led program** with initiatives for specific sectorial needs (based on identification of employers' demand and readiness to hire)



**Holistic life-long journey support** (support beyond trainings, e.g., in allowance/transportation/etc.)



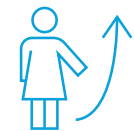
**Focus on low socio-economic groups**, often without higher education



**Collaboration with partners** (division of responsibilities and commitment among all stakeholders, incl. Employers, Academy/Courses providers, Welfare agencies, etc.)



**Sustainable job placements** (thriving wages; retention and growth opportunities are important)



**Scalability from privatized effort to government-led nationwide program** (ecosystem built after the piloting impact is proven)



**Long-term solutions** (rather than focusing on crisis management and evacuated-only)