

Benjamin Bental, Alex Weinreb, and Avi Weiss

► **Government involvement in Vocational Training during the COVID-19 pandemic – the case of Israel**

Vocational Training in Israel is sponsored and monitored through a complicated web of government ministries and agencies. In response to the COVID-19 crisis, which dramatically increased the number of workers who were separated from their jobs, the government initiated a large programme that included, among other things, funds for Vocational Training. However, due to the complexity of the system, only about a third of the allocated amount was utilized, which is reflected in the small number of workers who have actually been retrained. Currently, an ambitious training programme of the Innovation Authority is underway, providing technical skills to about 6,000 workers.

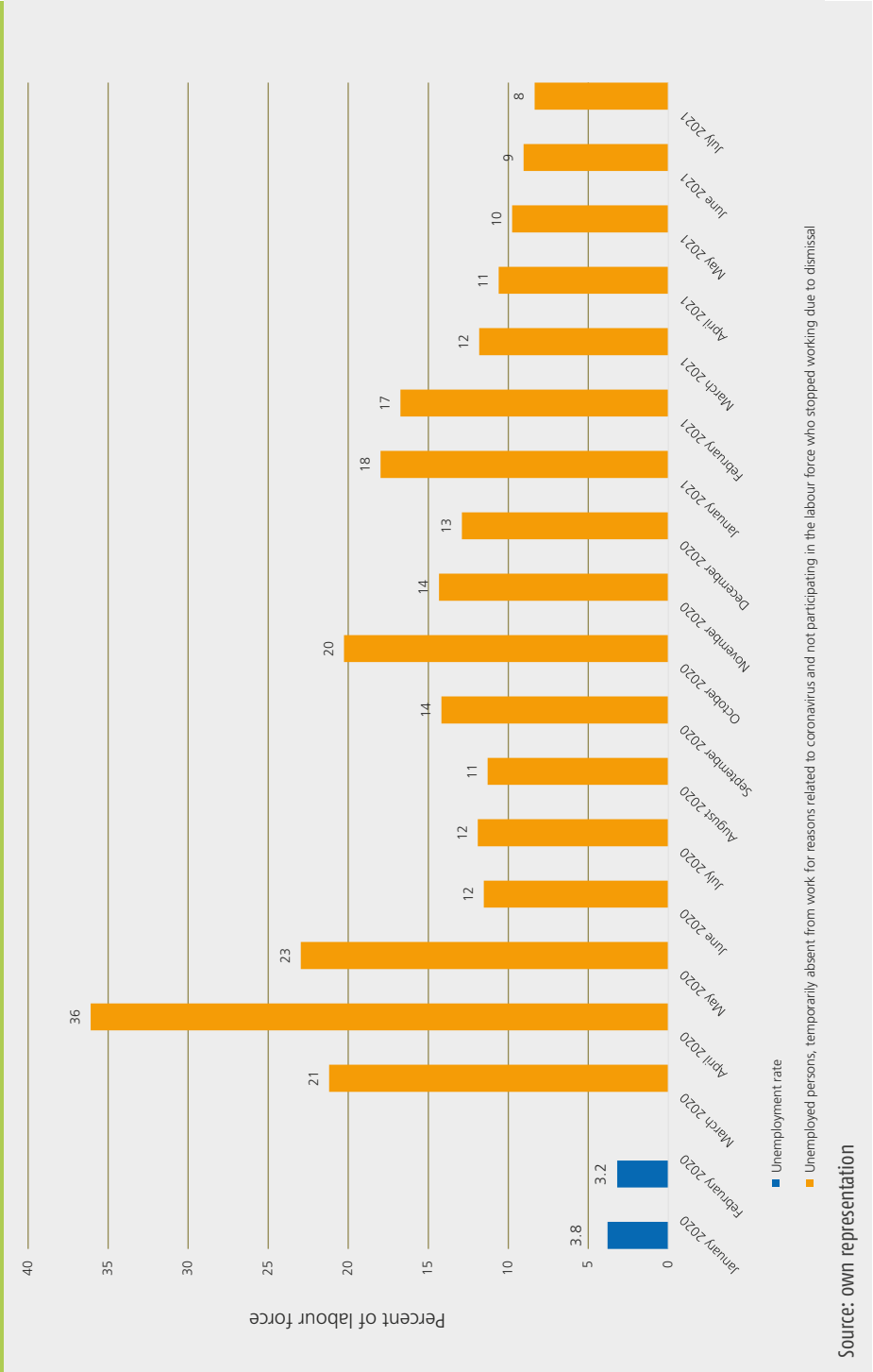
Background

When the COVID-19 pandemic hit, the Israeli economy was strong, with unemployment at a record low. This situation changed overnight, with the first lockdown starting on 15 March 2020. As a consequence of the lockdown, 875 thousand persons out of a labour force of 4.1 million found themselves jobless. In April, that number rose to 1.5 million (see Figure 1). As in other countries, the hardest hit were young, less educated workers in the service-related sectors of the economy.

The government's response to the dramatic crisis was to adjust the existing unemployment compensation scheme which had been designed to address "normal" incidence of unemployment. The new scheme treated every worker who was "temporarily" laid off as unemployed, enabling them to collect unemployment compensation payments for as long as the worker remained out of job, through the end of June 2021.

Given the magnitude of the problem and the enormous costs the government faced, various active labour market policies were enacted, particularly in the field of Vocational Training. We begin with a short description of Vocational Training in Israel and then present the changes adopted.

Figure 1: Unemployment and temporary leave of absence in Israel (in %)



Vocational Training in Israel

Israel's post-high school vocational system is complex, under-budgeted, and quite disorganized, being handled by several ministries (Labor, Education, Economic Affairs, and Defense). It is mainly carried out through formal and informal courses, with only 0.5 percent of the trainees being trained in workplaces compared to 50 percent in the UK and up to 80 percent in Germany (Porat/Kedar/Regev 2020).¹ The Ministry of Labor sponsors and monitors over 60 technical training colleges geared mainly towards individuals in their twenties (that is, after mandatory military service). This activity is budgeted at about NIS 160 million (roughly USD 50 million). During 2017/18, these institutions trained about 32,000 students.² The training lasts between two and three years. In addition, the Ministry of Education is responsible for one- to two-year practical engineering training programmes aimed at training high school graduates before their mandatory military service. Roughly 6,000 students were enrolled in that programme in 2017/18.³ Finally, an unknown number receive some Vocational Training during their military service, although this naturally excludes most Haredim (ultra-orthodox Jews, roughly 13 percent of the population) and Israeli Arabs (roughly 21 percent of the population), who for the most part do not serve in the military.

The coronavirus crisis

1. General governmental measures

The Israeli Government allocated a total of NIS 202.3 billion (about 14 percent of the 2019 GDP) to soften the blow of the crisis. Out of that amount, NIS 1.5 billion (0.7 percent) was allocated to professional (including academic) training. However, up to July 2021, only 36 percent of that sum was used.

2. The Israel Employment Service

The main body responsible for the implementation of the Vocational Training programme is the Israel Employment Service of the Ministry of Labour. This governmental service is operated through employment offices helping (in regular years) over 400,000 individuals find employment. During the pandemic, in April 2020, a peak of 1,350,000 workers were registered in the Service. This included everyone registered as out of employment and not only those actively looking for employment.

1 See also KUCZERA/BASTIANIĆ/FIELD 2018.

2 The cohort of 18-year old numbers about 140,000.

3 Israel Central Bureau of Statistics.

The Service operates a variety of programmes to facilitate job search. Among others, it helps in writing job applications, improves Hebrew language skill, and provides some basic digital training. It also refers individuals to Vocational Training programmes.

According to its 2020 annual report, the Employment Service carried out 8,273 professional training programmes, almost 4,000 less than in 2019 – this decline was due to the lockdowns that closed teaching and training facilities. However, even with this decline, the Service provided 43,081 individuals with “workshops and occupational training.” It referred 4,514 individuals to professional training courses, although only 33 percent of them actually participated in the courses. Another 2,599 individuals were given vouchers to participate in employer-sponsored training programmes. A special programme aimed at individuals characterized as high risk of becoming long-term unemployed sent 2,418 individuals to professional training courses. Twenty-five programmes that train unqualified individuals according to employers’ requirements were operated (the number of participants was not reported). About 1,000 workers were retrained in collaboration with the Ministries of Health and Education to become pharmacists, laboratory workers, and teachers, respectively. Finally, 633 individuals were enrolled in programmes that used an employer voucher to subsidize employer-provided training up to NIS 2,500 (about USD 800) per trainee. The small number of trainees in this programme resulted from the fact that this programme was not budgeted during 2020.

This array of retraining initiatives sponsored by the Israel Employment Service sounds impressive. It sounds somewhat less so when we compare the enormous number of individuals who lost their jobs during the pandemic – from 875,000 to 1.5 million during the initial stages – to the number retrained through one of these initiatives. On the other hand, Figure 1 implies that most of the newly unemployed in April 2020 did not need retraining to find a job – by July 2021, unemployment had fallen to about 8.0 percent. Yet that was still far in excess of the 3.2 percent in February of 2020. And it was occurring alongside significant labour shortages in the tech sector, pointing to one inviting area for labour mobility. That is where the third initiative, to which we now turn, came into play.

3. The Innovation Authority

The Innovation Authority, which has been recently moved to the Ministry of Science and Technology, is responsible for the promotion of R&D in Israel through various programmes that help finance risky projects. The Authority has also become involved in training programmes aimed at training professionals for Israel’s thriving hi-tech sector.

At the end of 2020, the Innovation Authority announced “an emergency program,” budgeted at NIS 120 million (about USD 35 million) and aimed at subsidizing short training programmes for over 6,000 professionals in “development support and business areas.” The programme is geared towards all industries, traditional as well as hi-tech. Firms could apply for the programme, provided they offered training to at least 10 trainees. The programme offers powerful incentives: NIS 5,000-11,000 per trainee (depending on the technological

sophistication of the training programme). In addition, the programme offers a grant of NIS 11,000-24,000 per every trainee who is hired at a sufficiently high salary and a bonus of NIS 5,000-10,000 if the hiring salary is especially high. Forty-seven organisations won the tender to participate in the programme.⁴

Clearly, the subsidy per trainee implied by this ambitious programme exceeds by almost an order of magnitude that of the Israel Employment Service. While its main goal is to increase the supply of technical personnel to the high-tech sector, it is also aimed at providing retraining to workers whose current skills no longer fit the labour market demand. Thus, the programme's impact on the unemployment rate is not likely to be significant.

Summary

The COVID-19 crisis has exposed some of the weaknesses of Israel's Vocational Training programmes. The most striking one, relative to most developed countries, is the low involvement of employers in these programmes. This has made it very difficult to build a bridge between the high supply of ill-qualified individuals and the demand for professionally trained personnel and is probably the principal reason for the low exploitation of the budgets allocated for retraining.

The aforementioned weakness has been recognized by the OECD and Israeli research institutions. The consensus recommendation is to streamline Vocational Training in Israel, organize it under the Ministry of Education, improve monitoring of curricula, provide training centres with the incentives that will depend on the placement of their graduates, and facilitate the flow between vocational and academic training. These are far-reaching reforms touching upon some deeply rooted vested interests. Therefore, their implementation requires governmental action. It remains to be seen whether such actions will take place.

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4 See <https://innovationisrael.org.il/ef> and https://innovationisrael.org.il/press_release/5299 (Retrieved on 01.12.2021) (both in Hebrew).